



The Group

A shared goal.

Agile and united. Constantly open to change, without compromising one's identity. With a clear and conscious vision, that of people who do not conform to passing trends, but anticipate the market needs to be a Solution provider for its partners.





1. The Group

1.1 Group profile and main applications

The Brembo Group — a global leader and recognised innovator in brake disc technology for vehicles — designs, develops, manufactures, assembles and sells braking systems, vehicle wheels and light alloy and metal castings. It supplies high performance braking systems, as well as clutches and other components for racing, to the most important manufacturers of cars, motorbikes and commercial vehicles worldwide.

The company currently operates in 15 Countries on 3 continents, with a staff of over 12,000⁵.



15

Number of Countries in which the Group is present



9

Number of Group brands



7

Number of research centres in different Countries

Figures for the three-year period 2019 – 2020 – 2021



Employees
10,868 – 11,039
12,225⁵



Net investments
247 – 188
236
€ million



Turnover
2,592 – 2,209
2,778
€ million



Ebitda
515 – 389
503
€ million



Net financial debt
346 – 385
412
€ million



Net profit
231 – 137
216
€ million

⁵ The figure includes J. Juan's workforce (570 people). The acquisition of the Group was finalised on 4 November 2021 and therefore the scope of the quantitative personnel data included in the Brembo Group's Consolidated Non-Financial Statement does not include these companies.



Main applications

Cars

This is Brembo's main area of operation and includes brake discs, brake calipers, wheel-side modules and complete braking systems, inclusive of the integrated engineering services that accompany the development of new models for car manufacturers. In addition to its Original Equipment Manufacturing (OEM) line, Brembo also serves the aftermarket segment, offering a wide range suited to nearly all vehicles on the road in Europe, including brake discs, pads, drums, brake shoes, drum brake kits and hydraulic components.



72.80%
on total sales

Commercial vehicles

This segment includes components for original equipment brake systems for manufacturers of commercial and industrial vehicles of all kinds (light and medium) and discs for heavy vehicles. In addition to its OEM line, Brembo offers replacement parts and maintenance products for commercial vehicle brake systems.



10.60%
on total sales

Racing

This segment includes the design and manufacture of braking systems and clutches for the racing sector, intended for teams participating in major racing competitions. Despite its limited impact on revenues, it is a market of strategic importance for the Group since it is a frontier sector for innovation by Brembo. The most advanced products, technologies, production concepts and cutting-edge development methods are conceived for the racing market and the benefits then trickle down to the series production developed by the Group for its customers. The racing line is rounded out by a range of products intended for enthusiasts, preparers and, more generally, those who wish to improve the look and performance of their vehicles using parts ready for the track.



4.70%
on total sales

Motorbikes

This area includes brake discs and calipers, but also brake pumps, light alloy wheels and complete braking systems, intended for the models offered by the world's most prestigious manufacturers. Europe, the United States and the Asian countries are the most important markets for Brembo in this sector.



11.90%
on total sales





1.2 Brembo's History

1960s Innovation

Brembo is founded in 1961, near Bergamo, by Emilio Bombassei, his sons Sergio and Alberto, and his brother-in-law Italo Breda. The Company initially carries out mechanical production for third parties, serving clients such as Alfa Romeo and Pirelli.

Thanks in part to a fortuitous event, it establishes a winning business model in 1964: producing car brake discs, the first in Italy. In 1965, Brembo has just 28 employees, but it is already focusing on innovation in both materials and production processes.

1970s Performance

Brembo invests in research and development, coming up with new solutions, and registers its first patent in 1970. It creates the first highly innovative disc brake system for Moto Guzzi in 1972. The turnaround comes in 1975, when Enzo Ferrari asks Brembo to equip his Formula 1 vehicles. Brembo enters the world of motor sport. This is followed by a partnership with MV Agusta for the MotoGP.

Challenge and innovation: providing better and better performances becomes one of Brembo's distinguishing features.

1980s Comfort

Brembo devotes itself to studying innovative materials. In 1980, it develops the first aluminium caliper — adopted by Porsche, BMW, Lancia, Nissan and Chrysler among others — followed, in 1984, by the first carbon brake disc for Formula 1.

In addition to top performances, clients demand comfort and no noise or vibrations. The Company begins to carry out its first tests on a sophisticated dynamic test bench. In 1985, Brembo becomes a strategic supplier for industrial vehicles built by Iveco, Renault and Mercedes.

1990s The internationalization

Brembo continues to grow: in 1995, the series production Company is listed on the Milan Stock Exchange. This marks the start of a strategic process that will lay the foundations for market and production globalisation. Brembo starts manufacturing in Spain, Poland and Mexico, and also for the US market, where Chrysler is its first client.

These are years of radical innovation, with the first monobloc brake calipers for cars and the first radial-mount calipers for motorbikes.

2000s Style and design

Brembo continues its expansion, encompassing Brazil, the UK, China, Japan, India and the USA. The braking system with carbon-ceramic discs makes its debut, winning the prestigious Compasso d'Oro in 2004: style and design characterise the world of Brembo more than ever before. The Brembo Research & Development Centre is opened in the Kilometro Rosso Science and Technology Park in 2007.

Its success in the world of sport continues: Brembo is world champion in the majority of racing championships.

From 2010 to 2020 Ongoing evolution

Always ready for new technological challenges, Brembo chooses industry 4.0 with conviction, a real revolution in industrial automation to improve productivity and working conditions, as well as to best address the automotive sector's electrification process.

The Group complements the launch of new sites and production lines at global level with the opening of the Research and Development department centres also in Poland, China, India and the USA. A milestone honours a history of success: in 2017, Brembo's President Alberto Bombassei is added to Detroit's Automotive Hall of Fame.



From 2020 onwards Turning Energy into Inspiration

The global economic scenario is not favourable and the pandemic that has affected the whole world has slowed down growth in the automotive sector significantly. Brembo, which has always stood out for its ability to innovate, has not stopped and has introduced a new vision and new mission with the aim of becoming a Solution provider to support its partners in the new challenges posed by the new mobility paradigms, such as electrification, autonomous driving and digitalisation.

In 2021, Brembo presented to the press the futuristic SENSIFY™, the first intelligent braking system that integrates the most advanced software with the Company's braking components — the tangible proof of the new mission. Just as ABS and airbags were breakthrough innovations in the history of the car, SENSIFY™, available from 2024, takes Brembo's braking technology to another level.

The Group's two most recent acquisitions — the Danish SBS Friction and the Spanish J.Juan — have enabled Brembo to continue to pursue its process for becoming an authoritative Solution provider, complementing its range of solutions for the motorbike braking system and to expand its brand family for the growing motorbike sector.

Brembo: 60 years of history

2021 was a special year for Brembo, which celebrated 60 years of history: in fact, in 1961, a small machining firm was the start of an extraordinary entrepreneurial adventure that made Brembo a global excellence, a brand that has become synonymous with brake all over the world.

To recount the journey we have taken in recent decades, numerous activities were organised during the year, from publication of the book 'The Beauty of Innovation', which tells the story of Brembo through the words of journalists and experts in the automotive sector, to presentation of the concept of the New G Sessanta caliper, which is inspired by the first motorbike caliper produced by the Company and which embodies the new vision of mobility of the future, to 'Brembo4Earth - A gift for you, our forest for the planet' initiative, whereby each employee received a tree as a gift, giving life to the first Brembo forest in the world, in Kenya.

The communication projects were accompanied by a special 60th anniversary celebration logo, steeped in the tradition of the celebrations organised for Brembo's 50th anniversary, to give continuity to a path of growth that has always looked to the future and to new goals.





1.3 Global Footprint

Brembo S.p.A.'s headquarters are located in Italy, Curno (Bergamo).

Manufacturing plants:

-  **Italy**
Stezzano, Curno, Mapello, Sellero
-  **Denmark**
Svendborg
-  **Germany***
Meitingen
-  **Poland**
Częstochowa, Dąbrowa Górnicza, Niepołomice
-  **United Kingdom**
Coventry
-  **Czech Republic**
Ostrava-Hrabová
-  **Spain**
Barcelona**
-  **United States**
Homer
-  **Brazil**
Betim
-  **Mexico**
Apodaca, Escobedo
-  **China**
Nanjing, Langfang, Jiaxing
-  **India**
Pune, Chennai

Research and development

-  **Italy**
Stezzano
-  **Denmark**
Svendborg
-  **Polonia**
Dąbrowa Górnicza
-  **Spain**
Barcelona**
-  **USA**
Plymouth**
-  **Cina**
Nanjing
-  **India**
Pune

Distribution and sales plants

-  **Spain**
Zaragoza, Barcelona**
-  **Svezia**
Göteborg
-  **Germany**
Leinfelden-Echterdingen
-  **China**
Qingdao
-  **Giappone**
Tokyo
-  **Russia**
Moscow

* This NFI does not include the figures regarding this production plant, as it belongs to Brembo SGL Carbon Ceramic Brakes GmbH, which has not been fully consolidated.

** Not included in the reporting scope of the present document.





15

Countries
in the world



23

Manufacturing
Sites



7

Research and
Development
Centres



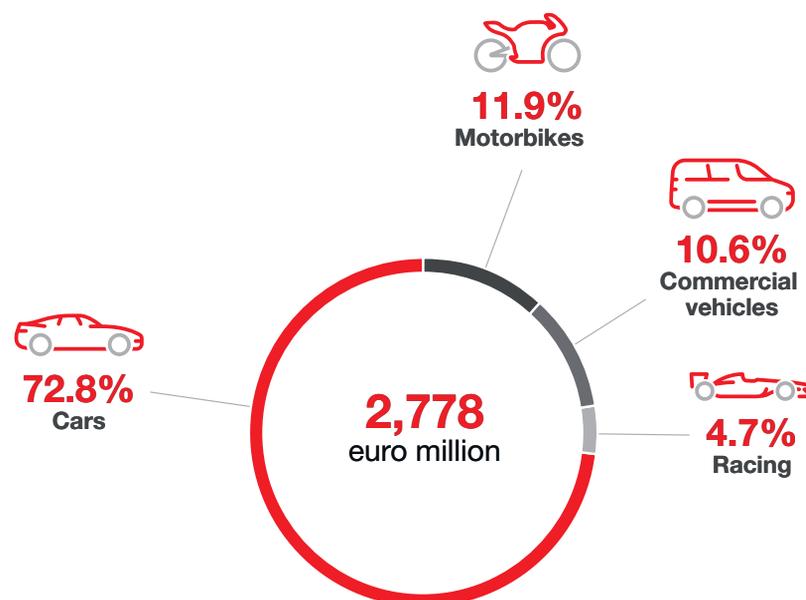


1.4 Target markets and brands

Brembo's **reference market** is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes.

Overall in 2021, Brembo's consolidated net sales amounted to €2,778 million, with a 26% increase compared to €2,209 million in 2020.

Breakdown of net sales by application (% of total)



Cars

The global light vehicle market closed 2021 with an overall 4.6% increase in sales compared to 2020, mainly driven by the growth in the Chinese and U.S. markets.

The Western European market (EU14+EFTA+United Kingdom) reported a 1.5% decline in car registrations compared to 2020.

All the main markets closed the year on a positive note, with the exception of Germany (-10.1%): +5.5% in Italy, +0.5% in France, +1.0% in Spain, and +1.0% in the United Kingdom. The trend was also positive in Eastern Europe (EU 12), with car registrations up by 1.5% compared to 2020. In Russia, light vehicle registrations closed 2021 up by 4.3% in sales compared to the previous year. In 2021, light vehicles sales in the United States grew by 2.8% overall compared to 2020.

Brazil and Argentina as well overall recorded a growth in the sale of light vehicles equal to 2.4%.

With reference to Asian markets, China closed 2021 on a positive note, with sales of light vehicles increasing by +4.3% compared to 2020, thus remaining number-one market in the

world. By contrast, Japan recorded a negative trend, ending 2021 with a 3.1% decrease in sales.

Within this scenario, Brembo's net sales of car applications in 2021 amounted to € 2,022,225 thousand, accounting for 72.8% of the Group's turnover, in growth of up to 22.1% compared to 2020.

Motorbikes

Europe, the United States and Japan are Brembo's three most important markets in the motorbike sector.

In 2021, the first five European countries witnessed a 7.8% increase of registrations compared to 2020, with Italy reporting the strongest growth (+23.6%), followed by the United Kingdom at +10.2%, France at +8.5% and Spain at +8.0%, while Germany decreased by 9.7%. In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) declined by 0.6% overall in 2021 compared to 2020. The overall decline was attributable to registrations of ATVs (down 18.6%



compared to 2020), while motorbikes and scooters together closed the year at +9.1%. In 2021, the Japanese market, considering displacements over 50cc overall, reported a 22.0% increase compared to the previous year, whilst the Indian market (motorbikes and scooters together) rose by 2.0%. In Brazil, registrations grew by 26.4% overall compared to 2020.

Against this background, Brembo's net sales of motorbike applications amounted to €330,618 thousand in 2021, in growth of up to 55.2% (42.6% in the same scope) compared to €212,983 thousand for 2020.

Commercial and Industrial Vehicles

In 2021, the European commercial vehicles market (EU+EFTA) — Brembo's reference market — showed a 9.6% increase of registrations. In the reporting period, sales of light commercial vehicles in Europe (up to 3.5 tonnes) increased by 8.5% compared to 2020, with different performances in the main markets by sales volume: Germany and Spain declined by 4.0% and 0.8%, respectively, while Italy and France grew by 7.5% and 14.7%, respectively. In Europe, the segment

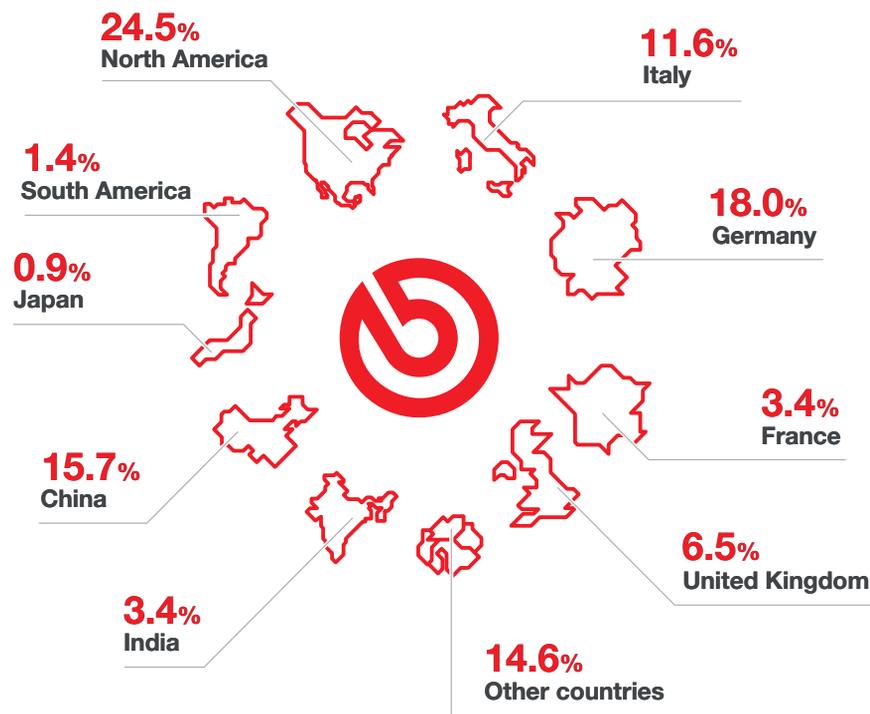
of medium and heavy commercial vehicles (over 3.5 tonnes) increased by 16.8% in 2021 compared to the previous year. Among the first four European markets by sales volume, a positive performance was reported by Germany (+5.6%), France (+5.5%), Italy (+22.3%) and Spain (+8.1%). In Eastern European countries, sales of commercial vehicles over 3.5 tonnes declined by 32.8% compared to the same period of the previous year. In 2021, Brembo's net sales of applications in this segment amounted to €293,933 thousand, in growth of up to 26.3% compared to €232,759 thousand for 2020.

Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through three leading brands: Brembo Racing (braking systems for race cars and motorbikes), AP Racing (braking systems and clutches for race cars), Marchesini (magnesium and aluminium wheels for racing motorbikes).

In 2021, Brembo's net sales of applications in this segment amounted to €130,750 thousand, increasing by 22.7% compared to €106,604 thousand for 2020.

Breakdown of net sales by geographical area (% of total)





The brands

Brembo markets its products with the following nine brands:



Brembo is the leading brand in the design and manufacturing of braking systems for high-performance road and racing cars and motorbikes and for commercial vehicles. Performance, Comfort and Design are the brand's distinctive traits, which make Brembo's products the most prestigious braking systems and components.



Brembo Racing is the Brembo brand for the racing market. It identifies all products bound for the world of car and motorbike racing.

Brembo Racing products are designed to provide maximum performance under the most extreme conditions, and they are used by the best teams in the most prestigious Formula 1, Indy, Nascar, Rally, MotoGP, Superbike, Enduro and Cross championships. Since December 2018, Brembo Racing is the exclusive supplier of braking systems for Spark Racing Technologies, the sole maker of Formula E championship racing single-seaters engaged in the new Formula E championship.



AP Racing is the leading brand in the production of brakes and clutches for racing cars and motorbikes. AP Racing designs, manufactures and assembles its cutting-edge, high technology products for the Formula 1, GT, Touring and Rally teams at worldwide level.



AP represents a brand of excellence in the world market of car braking systems and components. It embodies a long history punctuated by creativity and achievement, which guarantees top-notch levels of product quality and performance.



Marchesini is the leading brand in the design, production, and marketing of light-alloy wheels for road and racing motorbikes.



ByBre, acronym for "By Brembo", is the brand dedicated specifically to braking systems for scooters and small and mid-power motorbikes.



Breco is the brand dedicated to the sale of discs and drums in the aftermarket channel. Breco discs are certified as original or original-equivalent.



SBS Friction is the leading brand in the development, production and sale of aftermarket brake pads and friction materials for motorbikes, scooters, ATVs/UTVs, special cars and industrial applications, as well as for wind turbines. The product range also include brake discs, clutch kits, brake shoes, brake plates and much more.



J.Juan is a leader in the development of metallic braided brake hoses and is also specialised in the production of motorbike braking system components.





Brembo blows out 800 candles in Formula 1 celebrating its innovation and technological supremacy

Eight hundred Grand Prix in Formula 1, another historic milestone that Brembo celebrated on the occasion of the 2021 Russian GP: eight hundred is the number of World Championship races in which at least one single-seater equipped with one or more Brembo braking components took part.

This long series started with **a small supply of cast iron discs for the Ferrari Racing Team, way back in 1975**. A great challenge for Brembo, which had been founded just a few years earlier — in 1961 — and at the time was still a small machining firm. A close collaboration with the Maranello Racing Team that has continued uninterrupted to this day. Obviously, with the passage of time, Brembo brake discs (first in cast iron and then in carbon) have been supplemented with **brake calipers, pads, disc hats and brake master cylinders up to the development of more complex braking systems including the brake-by-wire technology**, the electronically controlled braking system that has controlled the rear braking of F1 cars since 2014. A technological escalation that spans almost 50 years and in which Brembo has played a constant leading role with the introduction of increasingly innovative and effective solutions.

During these 800 GPs, the single-seaters with Brembo brakes have done the rounds on **56 tracks around the world**, most of which are located in Europe. Since the nineties, however, there has been a large increase in the number of GPs in Asia, which had made its first appearance on the calendar in 1976, when Brembo was already present on a permanent basis. In total, 455 GPs have been won by single-seaters equipped with Brembo brakes, more than half of those contested (precisely 57%). 186 of these were won by the Ferrari Team's single-seaters with 21 different drivers, while the remaining 270 were won by other teams that brought 41 drivers to the top step of the podium. Over the decades Brembo has ensured the supply of its braking systems to almost all the teams, from the most famous to the smaller ones. Originally these were standardised parts but, over time, the solutions have become increasingly customised to adapt to the design characteristics of the single-seaters they equip.

Today, this co-design activity concerns almost all the components destined for the Formula 1 market, ranging from brake calipers to brake-by-wire technology systems, with the ultimate goal of creating products that are geometrically very different from one another.

Brembo's technological innovation has made the history of the automotive sector: initially designed for competitions but later also applied to road cars to provide enthusiasts with the same feeling and effectiveness.

Indeed, **the transfer of technology from the track to the road has always been one of Brembo's founding principles**.





The 2021 awards

2021 Ling Xuan Award - Excellent Award	The Enesys Energy Saving System® spring won the prestigious “2021 Ling Xuan Award-Excellent Award”, winning the Chassis category. The Ling Xuan Award is considered the most prestigious award of the automotive components industry in China.
2021 China Automotive and Parts Industry Development Innovation Award - Innovative Technology Award	Prize awarded to Brembo for Enesys - Energy Saving System® in the Energy Efficiency and Emissions Reduction category during the 2021 China Automotive Industry Development Innovation Forum held in Shanghai. The event, attended by leading exponents of the Chinese automotive world, addresses and explores the most topical issues, with a particular focus on aspects of environmental sustainability.
Automotive Innovation Technology Award 2021	Brembo was assigned the Automotive Innovation Technology Award 2020 for the new Greentive® disc at the 13th International Automotive Conference 2020, which was held in Shanghai. With this award, the event organisers — some of the automotive industry’s leading players in Europe and China — intend to promote the sector’s technological development in the direction of innovative smart mobility: from new propulsion technologies to network connections, autonomous driving and green mobility.
Best Brand 2021	Brembo confirmed as “Best Brand”. In 2021 as well, the readers of specialist German magazines voted for the Italian Group in a series of surveys in which the brands considered to be most prestigious amongst the different brake system producers were chosen. Brembo was revealed as the favourite brand of Auto Motor Und Sport, Motorrad, Motorsport Aktuell Autobrid and Profi Werkstatt readers.
CDP – A List 2021	To recognise Brembo’s commitment to responsible management of water resources and reducing CO ₂ emissions, the non-profit organisation CDP (ex Carbon Disclosure Project) confirmed the Group among global A-List companies both for the ‘Water Security’ and ‘Climate Change’ categories for the fourth consecutive year.
PLATINUM SUSTAINABILITY Rating by EcoVadis	In 2021, Brembo received the Platinum Sustainability Rating on EcoVadis, a rating attributed to only 1% of the companies evaluated, improving the already excellent results of previous years. EcoVadis is a sustainability performance monitoring platform, which helps companies manage relationships and exchange information with their supply chain on this issue. The lasting partnership with customers, founded on cooperation and shared objectives that put people and environment at the centre, is an aspect that Brembo believes is crucial for ever more sustainable development.
Corporate Social Responsibility Awards	Brembo confirmed its second place in the category of Corporate Leadership in CSR & Sustainable Growth-National in the eighth edition (2021) of the Corporate Social Responsibility Awards promoted by the European Union’s Chamber of Commerce in China. The CSR Awards aim to acknowledge the successes, raise awareness and share experiences of sustainability amongst companies that promote and operate corporate social responsibility in China. The initiative presented by Brembo in the 2021 competition was the Sustainability Governance Model, a model used to manage, monitor and measure all the sustainable projects promoted by the Group. Other projects of a similar nature accompanied Brembo’s 2021 proposal.



Integrated Governance Index	<p>Brembo is top of the ranking in the goods and consumer sector of the Integrated Governance Index, released by ETicaNews, which awarded Brembo the ESG IDENTITY – IGI COMPANY label, granted to companies that have accepted the challenge of the Integrated Governance Index 2021. The label attests to the Company’s ability to expose itself in terms of sustainability as a priority, governance as an enabling factor for long-term sustainable identity and transversal awareness, i.e., bringing the ESG debate to the heart of the Company and to each employee by stimulating all the multiple functions involved and accelerating the transversal sharing of information and skills. The label is not a stamp of approval, but an indicator of consistency, commitment and vision.</p>
MIB ESG Index	<p>Brembo is among the 40 Italian companies included in the new MIB ESG index launched in October by Euronext and Borsa Italiana. This is the first index designed to identify large Italian listed issuers that feature ESG best practices.</p>
Sodalitas Call for Future	<p>With the “We support SDGs” project, Brembo participated in the 2021 Sodalitas Call for Future, an initiative that involves companies committed in Italy to carrying out actions for a sustainable future according to the UN 2030 Agenda, and young people, citizens of the world of tomorrow.</p>
Workplace Health Promotion 2021	<p>For the tenth year running, Brembo (Stezzano site) received WHP accreditation (Workplace Health Promotion), confirming its high level of commitment in providing its employees with high health and wellness standards. WHP is a process in which a company becomes a workplace that promotes health choices through the gradual implementation of “Good Practices”, activities aimed at improving workers’ health.</p>
General Motors Supplier Quality Excellence Award	<p>General Motors has awarded the “Supplier Quality Excellence Award” to the Apodaca plant, in Mexico, and, for the fifth year running, to the Betim plant, in Brazil. The award recognises suppliers who demonstrate their commitment to quality excellence and is awarded only to those who can ensure maximum performance in terms of technical requirements related to quality, production and delivery of products.</p> <p>General Motors uses thousands of suppliers throughout the world, but only a fraction of these are given the “Supplier Quality Excellence Award”.</p> <p>The huge commitment to customer satisfaction, elimination of waste and pursuit of sustainable development along the entire supply chain, has enabled the Group’s plants to stand out among their suppliers and to live up to this important award.</p>
Ford Q1 certification	<p>Apodaca's disc processing in Mexico has obtained the Ford Q1 certification for the fourth time with the maximum score of 100. The Q1 is a specific certification for individual plants that have the ability to manage supplies optimally, meeting all the requirements for quality, logistics, standards, methodologies and effective communication flows with the customer.</p>
Nio Quality Premium Partner	<p>BNAC won the “Nio Quality Premium Partner 2021” for the excellent front caliper production and efficient supply service for all the car lines of NIO, a Chinese automotive manufacturer.</p>
Casco d’oro (Golden Helmet) Autosprint 2021	<p>Casco d’Oro 2021 awarded to Alberto Bombassei. The Autosprint Golden Helmets has always been the highlight event for all four-wheeled sports competitions that have rewarded the greatest in motorsport since 1966.</p>
Barsanti and Matteucci international award	<p>Chairman Bombassei received the award that recognises individuals who have stood out in the field of automotive engineering, facing the new challenges posed by energy consumption and pollution, and have made the motor vehicle famous thanks to their excellent technical skills, both in the industrial and sporting arena. This award recognises Brembo’s ability to unleash the full potential of Italian craftsmanship — excellence that combines creativity, design and technology.</p>





1.5 Stock performance

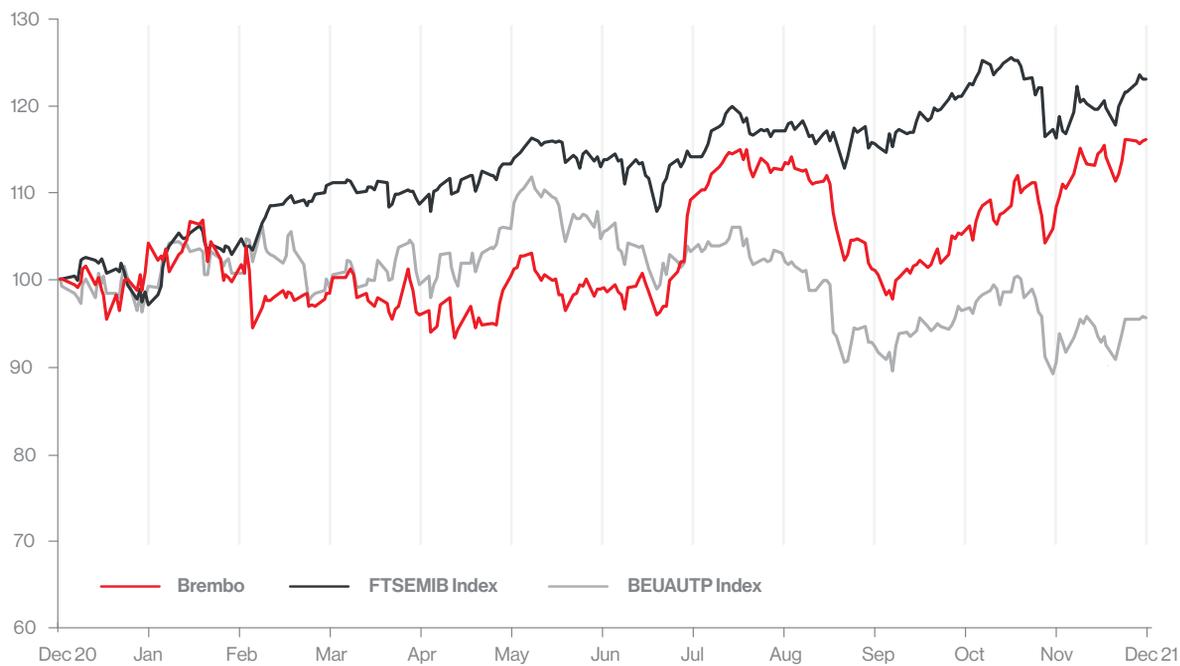
For a listed company, the value of its stock is an important indicator of its credibility and reputation. For this reason over the past few years the Group has paid particular attention to the brand's trust and relational capital and its competitive positioning.

Brembo's stock closed 2021 at €12.53, a 16.0% increase compared to year-start, reaching the low for the period on 12 May (€10.08) and its high on 23 and 30 December (€12.53). During the same period the FTSE MIB index closed upward

23.0%, whereas the BBG EMEA Automobiles Parts index declined by 4.4%.

During 2021, the Covid-19 pandemic continued to affect the global economy, although at that stage the focus was more on price dynamics than on aggregate demand. Following a strong recovery in global production in several sectors, general inflation peaked at the end of 2021, with numerous significant raw material price increases, even in the presence of widespread scarcity situations.

Brembo stock performance in 2021



1.6 Sustainable Finance: instruments adopted by the Group

In recent years, the sustainable finance market has undergone significant growth at the global, European and Italian level: the volumes of assets managed according to sustainable and responsible investment strategies are rising and a growing number of operators are integrating ESG criteria into the evaluation of their investments.

These are sustainable and responsible investments (SRIs), i.e. investments that seek to create value for the investor and for society as a whole through a strategy with a medium-to-long-term focus that integrates financial analysis with environmental, social and governance aspects in evaluating companies and institutions.

According to the Global Sustainable Investment Alliance (GSIA) 2020, investments in ESG funds increased from \$30.7 trillion in 2018 to \$35.3 in 2020, with Europe leading at \$12.017 trillion. In addition, 75% of senior executives of investment companies recognise that sustainability performance is important in investment decisions, whereas 65% of investors are ready to divest or exclude from their portfolios companies with poor sustainability performances⁶.

The World Economic Forum also indicates that in recent years there is growing sensitivity towards ESG risks amongst CEOs and company executives and a need to take an integrated, structured approach to risks in order to harness the disruptions. In particular, the Global Risk Report 2022 states that eight of the ten “top risks” are attributable to environmental or social phenomena and that the Global Risks Perception Survey (GRPS) 2021-2022 classifies the “climate action failure” as the

risk with potential to inflict the most damage at a global scale both in the medium (2-5 years) and long term (5-10 years)⁷.

Within this scenario, in which legislation is driving companies to manage and report on sustainability performances and investors to integrate the assessment of ESG risks into their processes, the United Nations have created the UN Global Compact and UNEP Finance Initiative, laying down six voluntary principles known as the Principles of Responsible Investment (PRIs). These principles offer a set of actions designed to incorporate ESG factors into traditional investment policies to foster the spread of sustainable, responsible investment among institutional investors.

In response to this scenario, Brembo has begun a process aimed at leveraging the sustainability practices that have always been a part of the Group, while taking advantage of the opportunities offered by sustainable finance: in 2020, the Group obtained a medium/long-term “positive loan” of €300 million from BNL of the BNP Paribas Group. The financial terms of the loan improve when constantly monitored and measured precise sustainability goals are met.

Brembo is committed to a plan to constantly reduce emissions thanks to improvements in production facilities through efficient energy use and the use of renewable energy sources. This plan is part of a broader strategy that also seeks to reinforce its capability to develop carbon-neutral products. This is thus a two-fold objective — supporting the transition towards sustainable mobility and significantly reducing GHG emissions and the environmental impact of Brembo’s production sites.

⁶ Source: survey Informativa Extra Finanziaria: da compliance a governance strategica dei rischi e delle opportunità by KPMG in collaboration with Nedcommunity

⁷ Source: The Global Risk Report 2022, World Economic Forum





1.7 EU Taxonomy Regulation (No 2020/852)

The European Union has developed an ambitious strategy to achieve more sustainable economic models in line with the 2050 climate neutrality target. To achieve these targets, the EU intends to promote investment in sustainable assets and activities through the use of public and private resources.

In this context, the classification system or “taxonomy” of sustainable activities is established, as set out in Regulation (EU) 2020/852, which defines the criteria to determine whether an economic activity can be considered to be environmentally sustainable so that the degree of eco-sustainability of an investment associated with that activity can be identified as a result. In particular, the taxonomy classifies economic activities that can be potentially brought into line with the six environmental objectives defined by the European Union:

- **Climate change mitigation**
- **Climate change adaptation**
- The sustainable use and protection of water and marine resources

- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Currently the legislation has defined technical screening criteria only for the first two objectives, and it is for these that compliance is required on the part of financial and non-financial companies falling within the scope of the Regulation.

Non-financial companies subject to the Non-Financial Reporting Directive are required, in fact, to notify for the 2021 reporting period the share of eligible economic activities in accordance with the taxonomy in terms of turnover, capital expenditure (CapEx) and operating expenditure (OpEx).

In 2021, the Brembo Group, in order to align itself with the requirements of the legislation and to make reporting increasingly transparent, carried out an initial analysis of its (so-called “eligible”) activities in order to assess their actual contribution to the objectives mentioned above.

Methodology

Identification of “eligible” activities

The first phase of the process made it possible to identify, through a careful analysis of the activities included in the Taxonomy Regulation, those applicable to Brembo’s business also considering the description provided and the potentially applicable NACE codes.

On the basis of this analysis, **Brembo’s activities** which can contribute to the achievement of the **Climate change mitigation and adaptation** objectives are:

	Activity	Calculated KPI	Financial statement item of reference
3.8	Aluminium production	CapEx	Tangible assets - Property, plant, equipment and other equipment
		OpEx	Other operating costs
3.9	Cast iron production	CapEx	Tangible assets - Property, plant, equipment and other equipment
		OpEx	Other operating costs
7.6	Installation, maintenance and repair of technologies for renewable energy sources	CapEx	Tangible assets - Property, plant, equipment and other equipment
		OpEx	Other operating costs
9.1	Research, development and innovation close to the market	CapEx	Intangible assets - development costs, goodwill and other intangible assets
		OpEx	Costs for capitalised internal works ⁸

⁸ This item refers to the capitalisation of development costs incurred during the year.



Scope definition

Based on the Regulation's requirements, the calculation of the percentages of "eligible" activities was carried out for the current tax year and refers to the 2021 financial year and involves all the companies consolidated on a line-by-line basis.

KPIs calculation

For each "eligible" activity identified, the percentage of capital expenditure and operating expenditure in relation to the total was calculated. The indicator relating to turnover, although equal to zero, was still reported in the schedule set out below.

Calculation of turnover proportion

According to the Regulation, the "eligible" proportion of turnover represents the portion of net revenues deriving from services or products, including intangible ones, that originate from economic activities aligned with the taxonomy divided by total net revenues⁹. As of 2021, Brembo does not carry out any activity relating to the production of products or services deemed applicable to the taxonomy.

Calculation of the capital expenditure proportion

The proportion of capital expenditure represents the portion of expenditure shown in the assets of the balance sheet that relate to economic activities associated with sustainable assets and is calculated by dividing a value that includes aligned capital expenditure by the value of a denominator that constitutes total capital expenditure. In line with the Brembo Group's

business model, for the purpose of this calculation the following **capitalised costs** have been used:

- activity "3.8 Aluminium production" and "3.9 Cast iron production", specifically referred to **melting furnaces for the production of cast iron and aluminium**, at all Group's manufacturing sites (Italy, Czech Republic, Poland, USA, Mexico, China BNAC and China BNBS);
- activity "7.6 Installation, maintenance and repair of technologies for renewable energy sources" specifically referred to **photovoltaic plant of the ecological area in Stezzano**;
- activity "9.1 Research, development and innovation close to the market" specifically referred to capitalised research and development costs linked to **experimental development projects concerning solutions and technologies which contribute to the reduction of emissions in the atmosphere**.

Calculation of operating expenditure proportion

The proportion of operating expenditure represents the portion of operating expenses related to sustainable economic activities and has to be calculated by dividing a numerator value, which includes the operating expenses aligned with the taxonomy by the denominator value, which constitutes total operating expenses. For this calculation, the **direct operating costs** related to the capital expenditure mentioned above were taken into account. In particular, **non-capitalised direct costs** related to research and development, rental costs, as well as any other direct expenses related to the maintenance of buildings, plant and machinery were taken into account in the calculation.

Table in accordance with Regulation (EU) 2020/852

KPIs	Total (EUR)	% of eligible activities as per the Taxonomy	% of not eligible activities as per the Taxonomy
Turnover	–	0%	100%
CapEx	236,175,278	0.4%	99.6%
OpEx	238,343,101	22.1%	77.9%

⁹ Assonime Circular No. 1 of 19 January 2022.

