



€ **2,440** million
Economic value distributed



5
Action areas for social projects



91%
Local managers, i.e., born in the countries where they work for





The wellbeing of local communities

Supporting the territories where we operate is our priority



The wellbeing of local communities. Supporting the territories where we operate is our priority

8.1 Creating opportunities for local areas

For more than 50 years, Brembo has contributed directly and indirectly to the economic development of the local areas and numerous communities around the world, which the Group has joined during its expansion at global level. This has stemmed from its willingness to keep strong geographical proximity to its reference markets and to its Customers' production centres, where the vehicles and motorbikes fitted with the Group's braking systems are manufactured.



In particular, the Group's expansion to the different countries in the world has always been carried out taking into account the need to support the economic, social and employment growth of the territories, as well as the responsibility towards local communities.

This vision is reflected in Brembo's investment management policy, which, in continuity with the development and modernization lines followed up to now, aims on the one hand at strengthening the Group's presence both in Italy and internationally and from another at creating and developing manufacturing districts in the various countries in which it operates, thus guaranteeing employment and income for the people who work within such manufacturing districts.

In more recent years, investment plans focussed on Italy (30.0%), Poland (27.8%), North America (19.1%) and China (15.2%). In detail:

- ▶ In Italy, Brembo started the construction of the new "Carbon Factory" in Curno. The new structure is aimed at integrating in a single manufacturing site the entire development, processing and production process of unrefined products for the production of carbon discs and pads for the racing segment. The building will occupy an area of about 7 thousand square meters, in addition to 10 thousand square meters for green areas, parking lots and logistics and storage areas. Construction work on the site was completed in 2018 and

production activities are expected to be fully operational by the end of 2019. Further investments made by the Group in Italy mainly concerned the purchase of plants, machinery and equipment aimed at increasing the production automation level;

- ▶ in Poland, Brembo completed the expansion plan launched in 2016 for the Dabrowa Gornicza (Poland) manufacturing hub, with the construction of a third casting line and the installation of new machining lines extending over a covered area of a further 22 thousand square meters. The new plant, which, once fully operational, will entail an increase in casting capacity of 100,000 tons a year, produces both 'grey' cast iron (used for brake discs) and 'spheroidal cast iron' (used for calipers intended for light commercial vehicles), to meet the steadily increasing European demand for brake discs and floating calipers;
- ▶ in Escobedo, Mexico, during the year work was completed for the construction of a new cast iron foundry, adjacent to the plant for the processing and assembly of brake calipers. The new plant extends over 25,000 square metres and has a casting capacity of about 100 thousand tonnes per year. The production of the two new sites will be delivered to the major European, Asian, and American OEM manufacturers;
- ▶ in China, Brembo has finalized the investment of about €100 million, launched in 2016 to set up a new complex in Nanjing to produce aluminium calipers. Equipped with cutting-edge process integration and automation, the new production

hub extends over about 40,000 square metres and, once fully operational, it will have a casting capacity of more than 15 thousand tonnes and a production capacity of more than 2 million pieces a year, including calipers and spindles. Production from the new site will target the main European, Asian and American original equipment manufacturers (OEMs) with production plants in China.

In addition, Brembo, which represents a reliable partner for many businesses in the supply industry, with which they can develop partnerships and grow over time, has contributed to strengthening the entrepreneurial fabric in its value chain, creating a network of ancillary companies that guarantees

additional employment and technological development. In fact, in 2018, much of the wealth distributed by Brembo went towards remunerating and supporting the system of businesses in the supply chains: overall, the Group made purchases worth over €1,700 million. More than €460 million were distributed to Brembo personnel in the form of salaries, variable remuneration and social security contributions.

The economic impact of the Group can also be measured in terms of its support for public spending through its contribution to tax revenue and its dividends to Shareholders, thereby encouraging further investments.

Economic value generated, distributed and retained (€ thousand)

	2016	2017	2018
Economic value generated	2,353,494	2,546,706	2,748,210
Economic value distributed	2,058,781	2,235,339	2,440,370
Suppliers	1,504,633	1,608,135	1,748,475
Brembo People*	387,640	436,050	465,306
Investors and lenders	101,807	120,862	148,111
Public Administration	63,494	69,215	76,997
Gifts and sponsorships	1,207	1,077	1,481
Economic value retained	294,713	311,367	307,840

* The item "Economic value distributed to Brembo People" includes the costs of Brembo's employed personnel and temporaries.

The generation and distribution of wealth by the Group had a particularly significant positive impact in those areas characterised by levels of industrialisation and wealth distribution below the national average. This is the case, for example, with the Homer production plant in the United States and the Ostrava plant in the Czech Republic — areas that are characterised by an above-average employment rate.

In recognition of the benefits produced by the presence of highly specialised manufacturing firms, in 2018 — as part of national policies designed to attract and support industrial innovation and development — the Group received more than €23 million in public grants, in the form of tax relief and research grants.



Contribution to developing the local intellectual capital

Brembo's effects on local communities are not just measured in terms of the investments channelled into these areas or the job opportunities that are created there. Even more important to their development is the Group's contribution to increasing the intellectual capital of those districts.

The main tools used to make Brembo's "knowledge" capital a resource for the local area include personnel training and partnerships developed with various research and education institutions, including the Milan Polytechnic, the Royal Institute of Technology in Stockholm, the University of Padua and the University of Trento. These partnerships have made it possible to share Brembo's legacy of expertise in materials, braking systems, technology, and industrial fusion and mechanical processing procedures, while also allowing the Group to develop highly innovative products with a view to open innovation that benefits both Brembo and the local areas.

Out of the main initiatives that demonstrate Brembo's key role in creating and promoting knowledge and innovation on a local level, the most significant are reported below:

The development of the innovation hub **Kilometro Rosso**

The Group was involved in the creation of **Kilometro Rosso** from the very start. Established on the outskirts of Bergamo, where Brembo has its roots, this district acts as a catalyst for various areas of excellence in the field of research, high-tech production and services for innovation in various sectors and areas of specialisation. This knowledge hub aims to create a meeting point for businesses with a strong propensity for innovation, scientific institutions and R&D centres, with a view to promoting the sharing of specialist expertise among businesses operating in various industries, considerably increasing the ability of the

people involved to generate product, process and service innovation.

Kilometro Rosso is now one of Italy's main science parks, accredited by the CENSIS 2009 report as one of Italy's top 10 outstanding initiatives for innovation. Brembo has its main headquarters in the park, along with a mechatronics, sensor systems and mechanical Research Centre and the laboratories of Brembo SGL Carbon Ceramic Brakes, a joint-venture set up between Brembo and SGL Group.

For further information: <http://www.kilometrorosso.com/en/>

Brembo awarded the Confindustria stamp of quality for student internships

In 2018, Brembo — along with 36 other Bergamo area companies — received the Confindustria stamp of quality for its student internship programmes. This award is intended to recognise the student internship programmes offered by companies that stand out for their ability to form positive collaborative relationships with local schools.

The award emphasises Brembo's commitment to creating strategic alliances aimed at forming educational relationships with academic institutions. Such alliances also support the promotion of the spread of teaching focused on skill-building aimed at concretely meeting the needs expressed in a time of profound change in the school system.

Accademia del Freno (Brake Academy) at the Polytechnic University of Milan

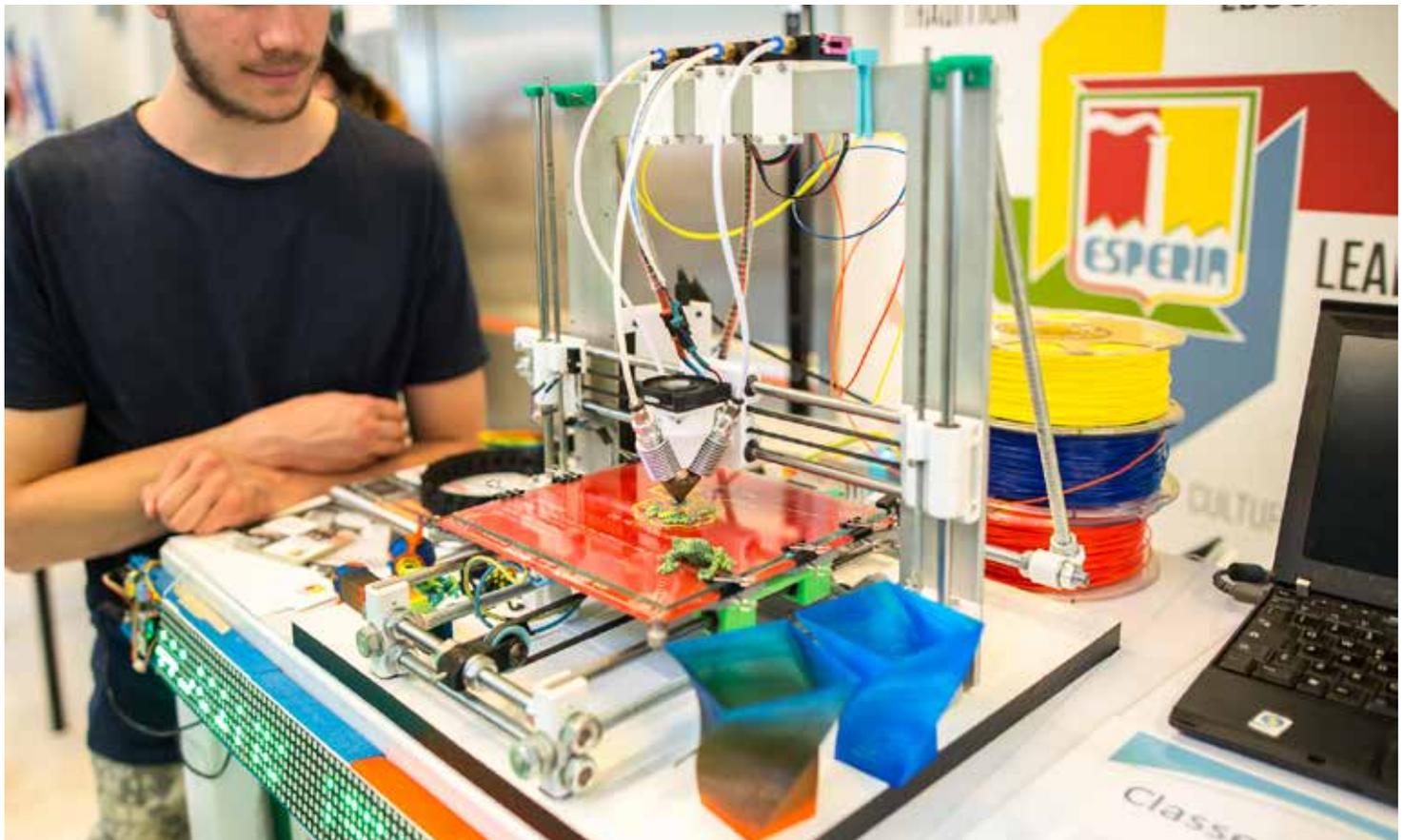
In partnership with the Milan Polytechnic, Brembo set up the Accademia del Freno [Brake Academy] in 2014. This technical and scientific advanced education initiative specialising in braking systems seeks to complement the academic curriculum of Milan Polytechnic's engineering students. The Academy features a cycle of lessons and seminars in the University and in the company. It involves Group managers and specialists, who provide students with the knowledge and expertise developed by the Group, ranging from brake disc and brake disc caliper design to further study of friction materials, thermal and structural calculations, and testing and validation processes. This partnership aims to train new braking system specialists, therefore developing the sector's future professionals.

The support to local technological institutions

The Group's partnerships with the world of education do not focus solely on universities. In fact, it is important for Brembo to develop a relationship with future generations from secondary schools onwards, so as to guide and introduce the best talents to the mechanics industry.

Enhancement of car design

In partnership with Auto&Design magazine, the Group contributed to the revival of the "Car Design Award", a prestigious award presented in Turin and aimed to promote industrial design in the automotive industry, rewarding designers who have stood out for innovations in series-production models, prototypes and showcar categories, demonstrating the best developments while remaining in keeping with the image of the brand.





8.2 Social and cultural development of local communities

Over the years, Brembo has established close ties to the local areas where it is present, paying attention to the needs they express, and defining a path of joint development and growth, which leads the Group to provide tangible support to numerous projects and initiatives in favour of local communities in the areas of greatest social needs.

In order to guarantee structured and strategic management of philanthropic initiatives, the Group set up a central Social and Cultural Sponsorships and Donations Committee. This body periodically brings together the Heads of the main corporate functions, in order to define criteria, guidelines and priorities on which to focus sponsorships and donations in the social and cultural arena, establish the annual budget set aside for these activities, evaluate projects and initiatives to support, as well as monitor the compliance and efficacy of the projects being promoted. In order to be ever closer to local communities and fully understanding their needs, the Group also actively engages Brembo's Country General Managers in listening to and supporting local socio-cultural development initiatives. In keeping with the priorities identified by the Committee, they

identify local needs and define suitable ways of providing support to the communities.

In 2018, the Brembo Group confirmed its commitment to developing various social projects and initiatives in support of local communities. In particular, during the year the Group supported initiatives in five areas of intervention viewed as priorities by Brembo:

- **Social issues and safeguarding children**
- **Education, training and research**
- **Art and culture**
- **Sport**
- **Worldwide social projects**

With respect to this latter area of intervention, which conveys the Group's desire to play an active role in the most urgent international contexts and situations, three projects — two in India, the other one in Italy — were particularly significant in the three-year period 2016-2018 and saw Brembo acting as the direct promoter of initiatives, developed through the active search for partnerships with non-profit organisations.

House of Smile

As a result of the collaboration between Brembo and CESVI, an NGO involved in supporting development and combatting poverty, the House of Smile was inaugurated in 2017 in Pune, India.

The House of Smile project aims to support highly vulnerable women and children and consists of a service centre within a brickwork building in Bidwedi, and three education centres for children and young people in poor areas on the outskirts. Swadhar, the local NGO, operates within the service and education centre hub, coordinating the psychological support, legal guidance, healthcare and career assistance services for women and the support services for young mothers. Swadhar also promotes activities for children between the ages of 3 and adolescence in favour of education and children protection.

The children, divided into classes by age, attend daily classroom sessions in the three educational centres, consisting of fully

equipped facilities offering a wealth of didactic materials, and take part in a programme aimed at encouraging literacy, supporting study, civic education and proper, healthy nutrition. Each class also has access to a small library space where children can borrow textbooks to read at home.

The three educational centres also offer professional training programmes for young women such as tailoring, hair-styling and beautician courses that award a recognised completion certificate.

The new objective is now to replicate the project in the Pimpri area, closer to the Brembo plant, thereby promoting the more ambitious project of opening an actual Brembo Village of Smiles. A modular village for women and children, which can grow over time, which can also house classrooms and professional training premises, such as an I was a Sari mechanical workshop and a

workshop for teaching young disadvantaged women the art of tailoring.

In addition to this, Brembo continued its support for the CESVI Houses of Smile in Tamil Nadu, also in India, where, with the Group's contribution, maintenance and extension work have been carried out on the existing structures and more extensive services have been provided. For example, in addition to promoting various training and educational initiatives for young people, the Group has also organised a series of programmes

at the various sites intended to improve the health conditions of the children housed in the House of Smile facilities, thanks to examinations by specialist physicians and the distribution of healthy, nutritious food. Finally, a fundamental role was played in this project by the active contribution of the local team at Brembo Brake India and Cristina Bombassei, who visited the facilities regularly, contributing their time, commitment and dedication to the success and growth of the House of Smile initiative.





I was a Sari

The “Sari” is the traditional dress for Indian women that has passed down through the centuries in local culture and I was a Sari is one of the social projects supported by Brembo since 2015. It is a social enterprise based in Mumbai, founded by an Italian entrepreneur with the aim of improving the lives of Indian women from the most disadvantaged social and economic classes. The women of I was a Sari create hand-crafted fashion accessories — necklaces, bracelets, purses, shawls — using recycled Sari fabrics or premium textiles which are selected and checked at the new Mumbai logistics centre. At this facility, awash in the unique colours of the fabrics, a group of women selects items, performs quality control and cuts the finest of the saris.

This is where the products created at the three tailoring centres, which employ approximately 60 seamstresses, are stocked and a custom label with a description of the project is affixed to each item before it is dispatched to the customer.

In 2018, thanks to Brembo’s initiatives, important efforts were made to renovate and ensure building code compliance of the fabric production area of “I was a Sari” articles. In particular, such work involved installing ceiling insulation, a new ventilation system, new window fixtures that let in more natural light, painting and renovation of the recreation room where the seamstresses’ children can pass the time after school until the end of their mothers’ shifts in a safe environment monitored

by a teacher. Through these initiatives, Brembo ensures that the women of “I was a Sari” are able to work in a comfortable environment compliant with all safety requirements. The Indian women are thus taught specialist tailoring skills and guaranteed a dignified regular wage, which provides them with precious independence.

Brembo’s contribution has made it possible to transform a social project for women’s empowerment into an independent “social business”.

The initiative was welcomed with great enthusiasm and engagement by Brembo People, who were able to purchase I was a Sari products in the temporary shops set up at three production hubs to promote awareness amongst the employees and the objectives of the “I was a Sari” project, thanks in part to the inclusion in the various garments available for sale of a custom label containing a detailed description of the project.

The “House of Smile” and “I was a Sari” projects received the Impresa Award, set up by the Italian-Indian Chamber of Commerce, in the “Community Development (Society) Awards 2017” category; this award is dedicated to corporate initiatives that have made the biggest contribution to the development of local communities in India. The two projects were judged to be the best from among more than 50 initiatives presented by as many Italian and Indian firms.



SOSTeniamoci

Given the current crisis that has led to migrants and refugees seeking refuge in Europe, landing in Italy and other southern Mediterranean countries, Brembo has launched with the NGO CESVI, in addition to the partnership mentioned above, the SOSTeniamoci project: a two-year process of assistance for a group of 23 unaccompanied foreign minors or youth who have just turned 18, resident in the Bergamo area, helping them to achieve socioeconomic independence. The young people, selected based on their strong motivation and desire to build a life in Italy, are supported not only from the psychological standpoint, but also through individual training paths aimed at improving their potential of finding a job. The young people involved in the project attend an orientation and professional training programme, Italian specialist language and civic education course, tailored to their needs and aspirations. They are therefore able to improve their abilities and skills during the project, which culminates in apprenticeship and training opportunities within various local firms.

In November 2018, at Brembo's Stezzano plant, a ceremony was held for 23 young foreign students from Egypt, Albania, Nigeria, Gambia, the Ivory Coast, Pakistan, Bangladesh and Senegal, during which they were awarded diplomas certifying the objectives achieved during the two-year academic programme designed to ensure integration and socio-economic autonomy. Some of them also entered the working world through apprenticeship or internship contracts. The latest edition of the project SOSTeniamoci, launched in October 2018, will involve 20 young people, who will be given a sound educational and professional foundation to start off their journeys in life on the right foot.

The short film "NumerUomini", by the director Gianfranco Ferraro tells the story of the young participants in the SOSTeniamoci project using fairy-tale language.

Short film "NumerUomini"

The short film examines the migration issue by taking a look at its most dramatic moments: from leaving one's homeland to the journey proper, which ends up turning people into numbers. The young migrants become part of the faceless masses, exposed to the cruelty of unscrupulous smugglers and almost always destined to brave the sea in unsound vessels. The short film shows how a painful experience can be transformed into an opportunity for redemption and evocatively and effectively tells the story of how the young participants succeed in taking back their dignity through a gradual process that lets them to go back to viewing themselves as people after being regarded as numbers throughout the migration process.

"NumerUomini" received a special mention during the Foreign Press Globi D'Oro Award Ceremony held on 13 June 2018 in Rome.



Learn more

Numeruomini





Brembo supports the communities in which it operates through local initiatives focused on the following priorities:

Social issues and safeguarding children. Within this area, Brembo makes an annual contribution to the Giocamico project at the Papa Giovanni XXIII hospital in Bergamo. Giocamico provides a psychological support to young patients through a fun activity that prepares them for surgery and diagnostic investigations. Children can therefore find out about what will happen to them in a fun manner: the operating theatre becomes a space ship, the operation an adventurous journey. Thanks to the use of sounds, images and simulations, they are not just told about their treatment, but actually experience it. Thanks partly to Brembo, Giocamico's fun-filled psychological support activities are now available in paediatric wards.

Education, training and research. In keeping with its nature as a company with a strong vocation for innovation, Brembo supports scientific research projects in various fields of application, as well as various initiatives linked to education and training for young people. In particular, the Group renewed its support and partnership with the Mario Negri Institute for Pharmacological Research, one of Italy's most important biomedical and pharmacological research centres. In addition, in 2018 Brembo provided funding for two three-year scholarships for the doctoral programme in Economics and Company Law at the University of Bergamo.

Art and Culture. Brembo has also sought to promote the artistic and cultural heritage of the areas in which it operates, as well as Italian culture around the world. In this regard, in 2018 the Group, beside supporting Fondazione Teatro alla Scala by sponsoring its Teatro alla Scala's tour in China and Hamburg, also confirmed its support to the Fondazione Accademia Carrara in Bergamo through its sponsorship of the May 2018 exhibition dedicated to Raffaello Sanzio.

Sport. Brembo believes strongly in the importance of sports as an educational teambuilding element for young people. Because of this, it has sponsored a local female volleyball team, the "Brembo Volley Team", since 2003.

Moreover since 2017, Brembo has been sponsoring the Atalanta Youth Team, in keeping with its commitment to supporting local areas of excellence and with a view to sharing important values for both the world of sport and the world of business, such as team spirit and commitment, the quest for ongoing improvement, fair play and a love of challenges.

Brembo is supporting the project "La Scuola allo Stadio" (The School at the Stadium) as part of its sponsorship of the Atalanta youth division. This programme, intended for students enrolled in elementary and middle schools and in the first two years of secondary schools, is aimed at educating young people about respect for the rules, fair play and the fight against racism. During the year, the project involved over 1,500 students and 150 teachers from 74 classes at various academic institutions. This initiative allows them to combine football and school in an academic programme that pairs educational visits to various parts of the stadium with scholastic activities aimed at learning the values of sport and civic tolerance.

Brembo Award

In 2018, Brembo bestowed the Brembo Award on 12 students in the Atalanta youth programme, eight boys and four girls regarded as the most meritorious, not only from an athletic standpoint, but also in light of their academic performance and fair play behavior on field.



