



Piaggio & C. S.p.A.
Ethical Code

(April 2010)

SUMMARY

1.	Ethical Code.....	3
2.	Guidelines.....	7

Ethical Code

Article 1

Piaggio & C. S.p.A. (the “**Company**” or “**Piaggio**”) bases its activity, both internal and external, on the respect of the principles contained in this ethical code (the “**Ethical Code**”), with the conviction that the ethics of its business management is to be pursued in conjunction with the success of the enterprise.

Article 2 – objectives and values

The primary objective of the Company is the creation of value, so as to protect the expectations of its customers and shareholders, as well as the work of its employees. The Company’s industrial and financial strategies, and its resulting operative conduct, aiming at efficiency in the use of resources, are targeted to this goal.

Pursuing this objective, the Company abides by the following general guidelines in its conduct:

- as an active and responsible component of the communities in which it operates, the Company commits itself to the respect, both in its internal affairs and external relationships, of the laws in force in the States where it operates, as well as of those ethical principles which are commonly accepted in business management: transparency, correctness and loyalty;
- the Company rejects and condemns any recourse to unlawful or unfair conduct (towards the community, Public Authorities, clients, workers, investors and competitors) aimed at reaching its own economic objectives, which are reached exclusively through the excellence of its performance in terms of quality and convenience of its products and services, on the basis of its professionalism, experience, innovation and attention to its clients;
- the Company enforces its organisational strategies aimed at preventing any violation of the principles of lawfulness, transparency, correctness and loyalty among its workers and partners, and it ensures that such strategies are respected and updated;
- the Company guarantees full transparency as regards its actions to all investors and the community in general, in the respect of the principles of competition;
- the Company pursues excellency and competitiveness in the market, offering quality services to its clients and answering their needs in an efficient manner;
- the Company protects and empowers its human resources;
- the Company makes a responsible use of its resources, aiming at sustainable development, in the respect of the environment and the rights of future generations.

Article 3 – Shareholders

The Company guarantees equal treatment for all shareholders, avoiding any preferential dealing.

Article 4 – Clients

The Company aims at reaching excellency in the products and services that it offers, keeping its clients’ needs into account, and it commits itself to the greatest availability to

meet their demands. Its objective is to guarantee a prompt, qualified and competent response as regards the needs of its clients, behaving in a correct, courteous and cooperating manner.

Article 5 – Community

The Company intends to contribute to the economic welfare and growth of the communities in which it operates, through its activity, both in selling its products and in providing efficient and technologically advanced services.

In accordance with such objectives, and considering its responsibility towards shareholders and investors, the Company views research and development as primary conditions for growth and success.

The Company relates to local, national and international authorities with full and active cooperation and transparency, in observance of the laws in force, the mutual autonomies, the economic objectives and the values which are contained in this Ethical Code.

The Company appreciates and may support social, cultural and educational initiatives aimed at promoting the individual and improving the quality of his/her lifestyle.

The Company does not give out contributions, profits or other benefits either to political parties, workers' trade unions or their representatives or candidates, in obedience to the applicable regulations.

Article 6 – Human Resources

The Company acknowledges the primary role of human resources, in the conviction that the main factor of success of any enterprise consists in the professional contribution of the people working there, in the context of mutual trust and respect.

The Company protects health and safety in the workplace, in carrying out its economic activity, it believes that the respect of the workers' rights is fundamental. The management of working relations is aimed at guaranteeing equal opportunities and at promoting everyone's professional growth.

Article 7 – Conflict of interest

Within the trustworthy relationship with the Company, the employees and external partners must use the resources of the Company and their working capabilities in the Company's interest, pursuant to the principles of the Ethical Code.

In this respect, all employees and partners must avoid situations in which their personal and/or familiar interests may influence their professional conduct, abstaining from any activity which could set a personal interest against the Company's interest or which could interfere with and encumber the decisions to be adopted in the Company's interest.

Employees and partners must promptly report any conflict of interest, even indirect or potential, to their managers and to the supervisory body ("**Supervisory Body**") set forth by the Organisational Model of the Company ("**Organisational Model**") and, in any case, the involved subject should abstain from the relevant operative/decisional process.

Article 8 – Environment

The Company is convinced that global growth must be sustainable in the common interest of all shareholders, both present and future. The choices of investment and of industrial and commercial initiatives are therefore based on the respect of the environment and of public health.

In compliance with the applicable regulations, the Company has respect for environmental issues in determining its choices, also adopting – where operationally and economically compatible and possible – eco-compatible technologies and methods of production, with the purpose of reducing the environmental impact of its own activities.

Article 9 – Health and Safety

The Company undertakes to guarantee a safe, healthy and productive working environment for the employees, even by a safety culture, an awareness of the risks and by improving responsible conducts to be held by all employees.

All employees and external partners are liable towards the colleagues and the Company for the maintaining high quality standards of the working environment.

The employees should prevent and limit all the situations which may interfere with the working environment. Pursuant to the values of the Ethical Code, the Company must guarantee the safety and the health of its employees and of the social communities.

All the decisions having a direct or indirect impact to the health and safety of the working environment must be adopted in compliance with the following principles:

- a) avoid risks;
- b) value the avoidable risks;
- c) remove the risks originally;
- d) adjust the work to the human being and, in particular, as concerns the concept of the working place, the choice of the facilities and the working and producing methods in order to limit the monotony and the repetitiveness of the work and also in order to reduce the effects of these works on the health;
- e) take into account the technology progress;
- f) replace what is dangerous with what is less or no dangerous;
- g) plan the prevention, the working organization, the working conditions, the social relationships and the influence of the working environment;
- h) give the priority to the collective safety compared to the individual one;
- i) train the employees suitably.

The above mentioned principles are used by the Company in order to adopt all the necessary measures for guarantying employees' health and safety, included the prevention of professional risks, the information and training activities, as well as an adequate organization and the necessary instruments.

Article 10 – Intellectual Property

The Company undertakes to guarantee the protection of its trademarks, patents and industrial design rights as well as to avoid the use of ideas, models and other forms of intellectual property of third parties not recognised by the law.

Article 11 – Information

The Company is firmly convinced of the importance of correct information as regards its own activities for the market, its investors and for the community in general.

Respecting the need for confidentiality, which is required for the management of its activity, the Company's objective in its relationship with all investors is transparency. In particular, the Company conveys this objective to the market and its investors through its respect of criteria of correctness, clarity and equal access to information.

Article 12 – Respect of Ethical Code

The present Ethical Code must be respected by the Company's social bodies, management and employers, as well as all external partners, such as consultants, agents, suppliers, etc.

The Company commits itself to maintain, update and if necessary integrate procedures, regulations or instructions aimed at guaranteeing that the conduct of its social bodies, executives, employees and partners is respectful of the values mentioned here, providing for appropriate sanctions in case of violations.

Guidelines

The rules of conduct mentioned here illustrate, in operative terms, what has been ruled, in deontological terms, by the Ethical Code.

All the subjects working within the Piaggio Group, even as external partners (e.g. consultants, suppliers, customers etc.) must scrupulously comply with the rules of conduct described here in terms of 'Do's' and 'Don'ts'.

“Do's”.

All employees must commit themselves to respect the laws and the regulations in force in all the countries in which the Company operates.

The functional managers must make sure that:

- all employees are aware of the laws and of the resulting conduct to follow; when in doubt about the conduct to follow, they should be adequately advised;
- an adequate programme of constant formation and sensitisation on the issues related to the Company's Ethical Code should be carried out.

When tendering for, or dealing with the Public Administration, all employees must act in observance of the law and of the correct commercial practice.

The functional managers who are commonly in touch with the Public Administration must:

- provide their partners with guidelines regarding which operative conduct to follow in formal and informal contacts with the various public subjects, according to the characteristics of each individual area of activity, sharing their knowledge of regulations and their awareness of situations liable to offence;
- provide for adequate tracing mechanisms as regards official information channels with the Public Administration.

All consultants, suppliers, customers, and whoever is related to the Company, are committed to the observance of the laws and regulations in force in all the countries where the Company operates; no relation will be initiated or continued with those who do not intend to comply with such principles. When appointing these subjects to operate as representatives and/or in the interest of the Company towards the Public Administration, the mandate must be given in written form, with a specific binding clause to act in observance of the ethical principles of conduct adopted by the Company.

When contributions, grants or financial support are requested from the State, the public corporations or the European Communities, all the employees involved in such procedures must:

- be correct and truthful when using and presenting documents and declarations that are complete and pertinent to the activities for which such benefits can be legitimately requested and obtained;
- once the requested outpayment has been obtained, the sum should be employed for the goals to which it was originally requested and obtained.

The people in charge of administrative/accounting functions must verify that each operation and transaction is:

- legitimate, consistent, congruous, authorised, verifiable;
- correctly and adequately registered, so that the process of decision, authorisation and implementation can be verified;
- supported by correct, authentic and appropriate documentation, so that careful inspections can be carried out at any time regarding the characteristics and the motivations of the operation, and the individuation of those who have authorised, carried out, registered and verified the operation itself.

All the employees involved in the activities of budgeting or of similar documentations must behave correctly; fully cooperate; guarantee the completeness and the clarity of the information provided, and the accuracy of data and of formulations; notify conflicts of interests, etc.

Directors and their partners:

- when drawing the budget, communicating to the market, or drafting similar documents, they must depict the Company's economic, patrimonial or financial situation truthfully, clearly and completely;
- they must duly respect the requests of information on the part of the board of the statutory auditors and facilitate as much as possible the activities of control or revision which are legally attributed to partners, other social agencies or auditing boards;
- they must present the shareholders' meeting with complete acts and documents that match the accounting entries;
- they must provide the supervisory boards with correct and complete information regarding the Company's economic, patrimonial or financial situation;
- only specifically authorised employees may keep in contact with the press; the news about the Company that they circulate must be truthful and in observance of the laws and of the regulation in force;
- employees and external partners are strongly encouraged to inform the Supervisory Body of any violation (or suspected violation) of the Organisational Model. Such notifications must not be given anonymously.

The Supervisory Body protects all employees and external partners from any detrimental effect that may derive from their notification. The Supervisory Body ensures confidentiality as regards the identity of such people, in observance of the laws in force. The appropriate means of notification will be made available.

The function managers must notify the Supervisory Body of the conducts that add to all offences, concerning operative processes in their jurisdiction, that have come to their notice either directly or through notification from their partners.

In particular, in the case of attempted extortion from a public officer towards an employee (or other partners) the following guidelines must be followed:

- the request must be ignored;
- the person in charge must be promptly notified;
- the person in charge must duly and formally notify the Supervisory Body.

The Company and the employees must avoid conducts which may incur in the commission of handling stolen goods, laundering and use of money, assets or benefits whose origin is illegal.

Before starting commercial relations with clients and suppliers, the Company and the employees must obtain adequate information concerning the fair conduct of these subjects.

“Don’ts”

When relating to Public Administrators, as executives, managers or employees of the Public Administration, (“**Public Administration employees**”), as well as to private commercial representatives of public service concessionaires (either Italian or foreign), it is forbidden to:

- promise or offer (to them or to their relations, in-laws, friends, etc.) money, gifts or premiums, unless their value is moderate (trips, holidays and memberships in clubs, for example, are not considered of moderate value);
- examine or propose employment opportunities for Public Administration employees (or their relations, in-laws, friends, etc.), and/or commercial opportunities (or of any other kind) that may be advantageous to them;
- promise or offer them counselling of any kind and for any reason;
- make unjustified entertainment expenses or whose objectives are different from the mere promotion of the Company’s image;
- promise or offer, also through other companies, jobs/services of personal utility (e.g. reconstruction works of buildings owned or used by them – or by relations, in-laws, friends, etc.);
- provide (or promise to provide), request or obtain information and/or classified documents, or data that may compromise the integrity or the reputation of either, or both parties;
- favour, in purchasing processes, suppliers and sub-suppliers that are recommended by the Public Administration employees themselves as a condition for the subsequent execution of activities (e.g. entrusting commissions, granting soft financing, or franchising).

Such actions and conducts are forbidden, both if they are carried out directly by the Company through its own employees, and if they are carried out indirectly through non-employees who act on behalf of the Company itself.

Towards the Public Administration it is also forbidden to:

- exhibit false or forged documents/data;
- subtract or omit to present authentic documents;
- behave deceptively, so as to lead the Public Administration astray in the technical/economic assessment of the products and the services that are offered/supplied;
- omit due information, so as to unduly orientate the decisions of the Public Administration to one’s advantage;
- behave so as to unduly influence the decisions of the Public Administration;
- be represented by consultants or ‘third parties’ when such a situation can create conflicts of interest;
- abuse one’s position as civil servant in order to obtain benefits and advantages for oneself or for the Company.

In general, it is forbidden to employ in the Company former employees of the Public Administration (or their relations, in-laws, friends, etc.) who have personally and actively taken part in business transactions with the Company, or who have endorsed the requests made by the Company to the Public Administration.

In the course of civil, penal or administrative court cases, it is forbidden to get access without proper authorisation to the information systems used by the Public Administration, or to alter their functioning in any way, or to get access without authorisation to data, information or programmes belonging or related to a computerised or telematic system, in order to obtain and/or unduly modify information for the benefit of the Company or other parties, or in order to obtain any kind of advantage for the Company or other parties.

The Directors are forbidden to:

- return contributions to their shareholders, or release them from the obligation to carry them through, except in cases of legitimate reduction of the capital stock, and reduce the capital stock or merge with other Companies (or separate from them), in violation of the laws in defence of creditors;
- distribute profits, or advances on profits that have not been made, or that have been destined for reserve; or distribute reserve funds that cannot be legally distributed;
- acquire or underwrite stocks or capital share issued by the Company or by the controlling company, when prohibited by the law;
- fictitiously set up or augment the Company's capital by means of illegal operations.

Sanctions

Conducts that do not comply with the dispositions of the Ethical Code and of these guidelines, independently from any other type of penal action undertaken against the violator(s), will lead to the enforcement of disciplinary sanctions in accordance with the laws and/or the norms of collective trading that are currently in force.