



Corporate Social Responsibility Report 2013



Contents

Letter from the Chairman	5
Methodological note	7
<hr/>	
Group profile	9
Piaggio - facts and figures	15
Main events and recognitions in 2013	16
Piaggio Group Certifications	17
<hr/>	
Piaggio. A sustainable group	19
Piaggio's Corporate Social Responsibility Model	21
Code of Ethics	22
Business Ethics Committee	23
Strategic objectives	23
Stakeholder involvement	24
Report contents	25
2013 results and future objectives	26
<hr/>	
Corporate Governance	35
Role of the Board of Directors	36
Organisational model pursuant to Legislative Decree 231/2001	38
Compliance with laws and regulations	39
<hr/>	
Economic dimension of sustainability	41
2013 financial and business performance	42
Determination and distribution of Added Value	44
Public grants and tax benefits	45
Value for shareholders	46
Communication with shareholders and Investor Relations	47
<hr/>	
Technological innovation and sustainable mobility	51
Two-wheeler Business	57
Sustainable mobility	57
Environmentally friendly design and production	61
Product safety	62
Product recyclability	64
Commercial vehicles	66
Environmental awareness and respect	66
Main projects with low environmental impact vehicles	68
Ecological and recycling potential of materials	71
Product quality and reliability	74
Quality certification	74
Supply verification/audits	74
Quality control of finished products	75
Product traceability	75
Reliability tests	76
Product information	78
<hr/>	
Environmental sustainability	81
Production sites	82
Environmental certifications	83
Reduction of energy consumption	84
Reducing emissions of CO ₂ and other pollutants	85
Conserving water resources	87
Waste handling and recovering	88

Biodiversity	89
Environmental spending and investments	89
Logistics	89
<hr/>	
The value of people at Piaggio	93
Workforce	94
Personnel management policies	95
Diversity and equal opportunity	98
<i>Female employment</i>	98
<i>Young employees</i>	100
<i>People with disabilities</i>	100
<i>Parental/maternity leave</i>	101
Developing human capital	102
<i>Training</i>	104
<i>Reward policies</i>	105
<i>Talent management: the Piaggio Way programme</i>	106
Personnel dialogue and involvement	108
Health and safety	110
<i>Health and safety certification</i>	112
<i>Information and training</i>	112
<i>Safeguarding health</i>	113
<i>Workplace ergonomics</i>	113
Industrial relations	114
<hr/>	
Dealers and Customers	121
Dealers	122
Customers	123
Vespa World Club	125
Moto Guzzi World Club	126
<hr/>	
Suppliers	129
Vendor Assessment	130
Suppliers portal	131
Supplier cooperation programmes	132
<hr/>	
Relations with the media, Public Administration and integration with the community	135
Relations with the media	136
Relations with the Public Administration and industry associations	136
Partnerships with Schools and Universities	139
The Piaggio Foundation, Museum and Historical Archive	139
Commitment to sport	142
Charity activities and sponsorships	142
<hr/>	
Table of GRI-GR3.1 indicators	145
Report on the limited auditing of the Corporate Social Responsibility Report	154



Letter from the Chairman



Today, the Piaggio Group is Europe's leading manufacturer in its sector and one of the world's most important players.

However, even with Piaggio's global dimensions, there is far more to the Group than just being a manufacturer of scooters, motorcycles and light commercial vehicles.

The Piaggio Group is a remarkable vehicle for the development of new products, new technologies and new solutions for evolved, personal mobility, in a sector where freedom and a better quality of life are at the fore.

At the end of 2014, the Group will officially celebrate one hundred and forty years of being in business, on an uninterrupted journey that very few companies worldwide can equal. And just under seventy years ago, in a fervent climate of reconstruction, with the introduction of the Vespa, Piaggio was able to re-invent the company and above all offer the world something that had not existed before: an entirely new mobility solution.

Today the Piaggio Group is committed to perpetuating the values which have turned it from a nationwide company, into a European and international business and, in less than ten years, into a global player.

The challenge has not changed, but now includes ever important factors such as safety, safeguarding the environment in production processes, making vehicles which are even more environmentally friendly, reducing consumption and researching into the use of alternative energies - all on a global market.

And it is the women and men working for the Piaggio Group that we have always relied on. We ask of all our staff - with a particular focus on an organisation that embodies and empowers the best competencies - the highest value, always, as part of the business culture of a Group that for more than a century has made its mark in history and industry.

The challenges we face on the worldwide market, with the globalisation of communication and lifestyles, can be tackled by the culture we embrace, which focuses on developing, leveraging and making visible the values we have established globally. Understanding and anticipating our clients' needs and desires - even before they do, and in cultures far from where our company was founded - means not only investing in research, development and production; it also means being present where market development is most important and knowing how to convey the value of our Group, our brands and our ability to innovate to all markets.

Chairman and Chief Executive Officer
Roberto Colaninno

Methodological note

The Corporate Social Responsibility Report of the Piaggio Group provides information on the economic, environmental and social performance of the Group and is an important form of dialogue with internal and external stakeholders.

The Corporate Social Responsibility Report is prepared annually on a voluntary basis, in compliance with the "Sustainability Reporting Guidelines" (GRI-G3.1) published in 2011 by the GRI - Global Reporting Initiative. The contents are based on principles of materiality, the inclusion of stakeholders, the context of sustainability and completeness. The quality of information and adequacy of its presentation is guaranteed by principles of fairness, clarity, accuracy, timeliness, comparability and reliability.

Information was provided and the final document was prepared involving all functions and companies of the Group, coordinated at a central level by the Group's Consolidated Financial Statements function, under the supervision of the Business Ethics Committee.

The information and figures contained in this Corporate Social Responsibility Report 2013 refer to the subsidiaries (Italian and foreign) as of 31 December 2013 and their activities developed during 2013, unless otherwise indicated.

The figures for 2011 and 2012, taken from previous editions, are shown only for comparison. Where possible, the figures in this Corporate Social Responsibility Report refer, to a three-year period, in order to allow for an evaluation of performance over time.

Financial figures are taken from the Consolidated Group Financial Statements of the Piaggio Group, which have already been audited.

The report duly indicates when aggregate data derive from estimates. In some cases, data could be affected by rounding off defects due to the fact that figures are represented in millions of Euro; please be noted that changes and incidence in percent were calculated based on data expressed in thousands and not on the rounded figures expressed in millions.

To improve the effectiveness of the reporting process and guarantee the reliability of information to all stakeholders, the independent auditors PricewaterhouseCoopers were appointed to verify reported information and issue a "Report on the limited audit of the Corporate Social Responsibility Report" based on indications provided by ASSIREVI, the Italian Association of Auditors (Research document no. 153).

In publishing this Report, Piaggio has developed a process based on a system of indicators that conforms to level B+ of the GRI standard.

GROUP PROFILE

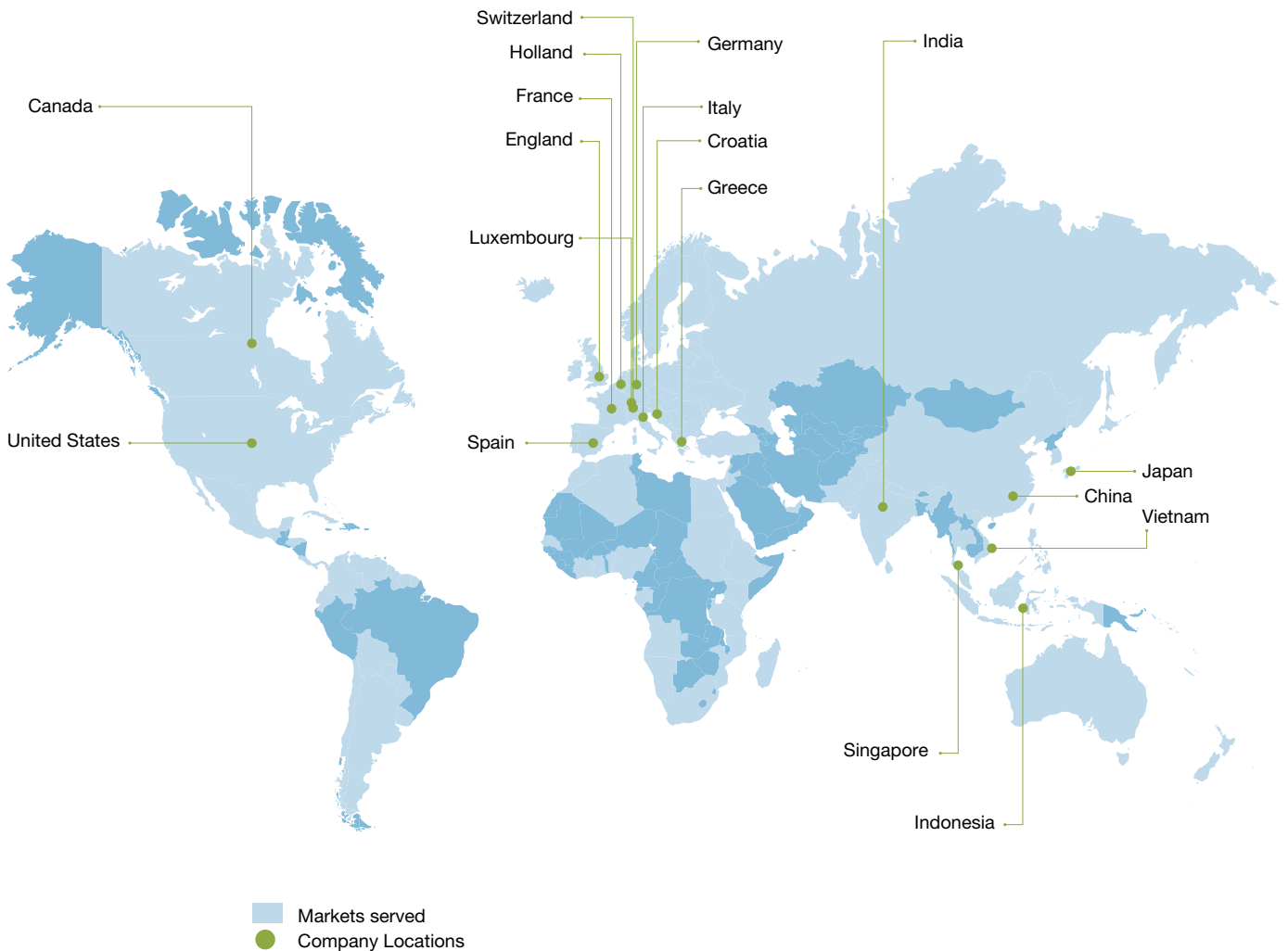
Piaggio - facts and figures	15
Main events and recognitions in 2013	16
Piaggio Group Certifications	17

Group profile

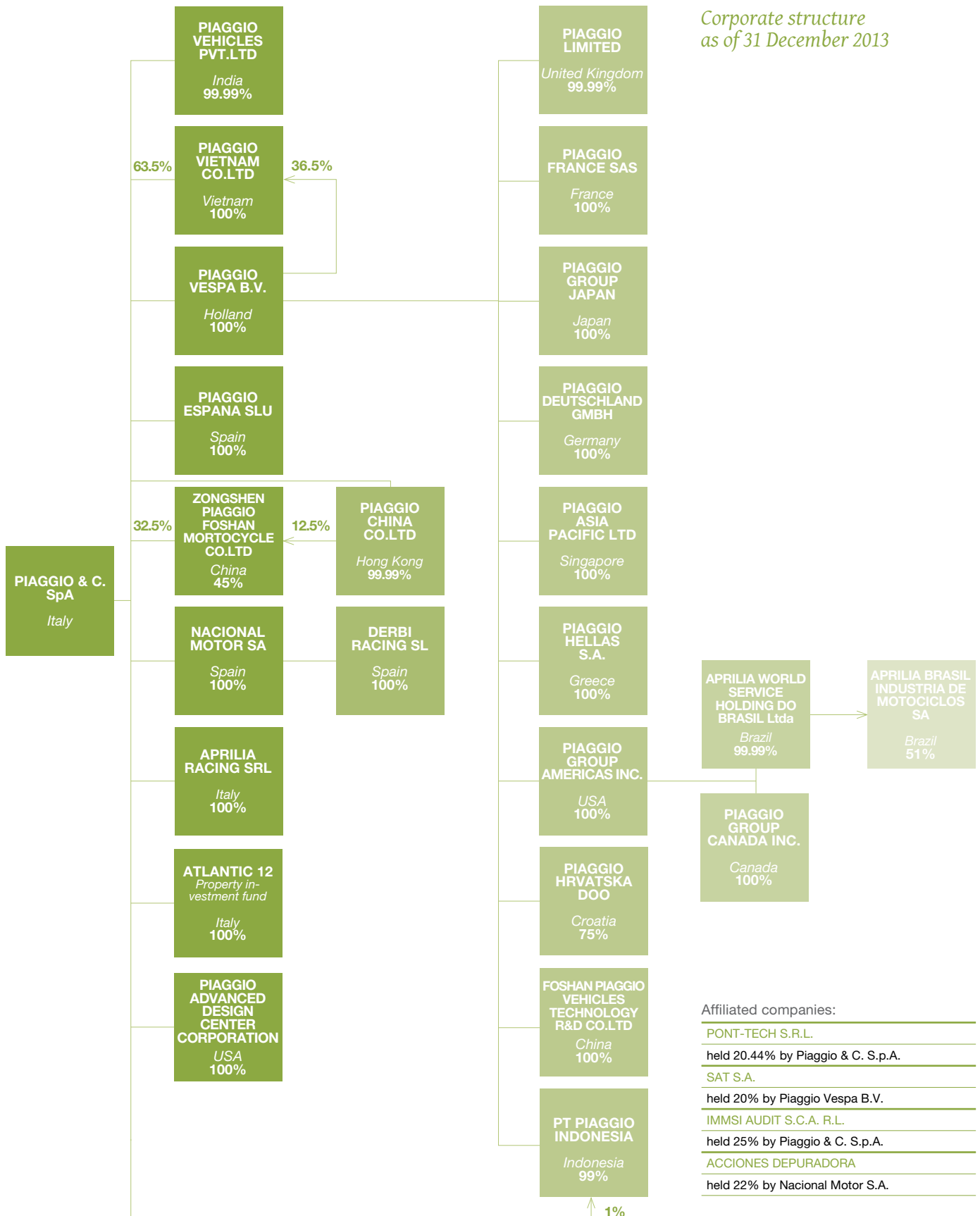
Established in 1884 and based in Pontedera (Pisa), Piaggio & C. S.p.A. is today a global player, Europe's leading manufacturer of powered two-wheelers, and an international force in the commercial vehicle sector.

As of 31 December 2013, the Piaggio Group was controlled by almost 50.66% by the Immsi Group and has been listed on the Milan Stock Exchange since 11 July 2006.

As of the end of 2013, the Group had 7,688 employees, possessed 6 research and development centres in Italy, India, Vietnam and China and operates through the sites in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).



Corporate structure
 as of 31 December 2013



Affiliated companies:

- _____ **PONT-TECH S.R.L.**
- _____ held 20.44% by Piaggio & C. S.p.A.
- _____ **SAT S.A.**
- _____ held 20% by Piaggio Vespa B.V.
- _____ **IMMSI AUDIT S.C.A. R.L.**
- _____ held 25% by Piaggio & C. S.p.A.
- _____ **ACCIONES DEPURADORA**
- _____ held 22% by Nacional Motor S.A.

Brand

The Group's product range, sold in nearly one hundred nations, includes scooters, mopeds, motorcycles and three- and four-wheelers, marketed under the Ape, Aprilia, Derbi, Gilera, Moto Guzzi, Piaggio, Scarabeo, Vespa and Commercial Vehicles brands.



Ape

Ape is a brand that has clocked up more than sixty years of success. It is associated in many areas of Europe and the world as the most compact, easy-to-handle and versatile light transport solution, to the extent that Piaggio has become an absolute market leader in India in this product segment.



Aprilia

With a product range spanning 50cc scooters to top-performing 1,200cc motorcycles, Aprilia is the only European "full liner" brand in the powered two-wheeler segment. In recent years the brand has expanded its product range significantly to feature today a completely new range of vehicles and engines boasting the most advanced technology. The symbol of the new range of 2 and 4 V cylinder engines completely designed at Aprilia is the RSV4 engine which made it possible to win the Manufacturer's title of the Superbike World Championship for the third time in 2013.

Historically tied to extraordinary performance and victories in racing, Aprilia boasts 52 world titles won in less than twenty years and in speed and off-road disciplines, and 294 victories in World Championship Grand Prix, a discipline which were the keys to success for today's greatest riders: Valentino Rossi, Max Biaggi, Casey Stoner and Lorenzo. Such a wide-ranging focus on racing has led to the development of unparalleled know-how and the transfer of the best technological solutions to our production motorcycles.



Derbi

For more than eighty years Derbi has represented the first approach to the world of motorcycles for young people. The Derbi brand is synonymous with a product range that includes 50 to 300 cc scooters and small and medium cc motorcycles, in particular 50 and 125cc. For these engine size segments Derbi offers a complete range for modern city, road, off-road and racing mobility.

With twenty-one world road racing titles to its name, Derbi is very well known in Europe and stands for excellent technical performance and superb delivery in the small and medium engine capacity sector.



Gilera

Gilera was established in 1909 and became a part of the Piaggio Group in 1969. The brand is extremely well known in the motorcycling world, with fourteen world road racing titles to its name. The brand features premium vehicles in terms of design, performance and technology, distinguished by their thrilling, top-performing, Italian style. Gilera is focused on a young, sports-oriented target clientele looking for a vehicle with superior performance and a dynamic, distinctive design that caters for their mobility needs, with advanced technological solutions that offer a highly rewarding riding experience.



Moto Guzzi

Moto Guzzi is one of the world's best known brands of motorcycle, with fans and clubs in all four corners of the globe. Founded in 1921, Moto Guzzi is part of Italy and the world's motorcycle history. The company's business has continued uninterrupted for more than 90 years, starting from the legendary Mandello del Lario site where the "Marchio dell'Aquila" originated in 1921.

Moto Guzzi has made a name for itself over the years manufacturing motorcycles renowned for their remarkable reliability, which have become famous thanks to their visibility at international rallies and première sporting events. The current Moto Guzzi range features 750cc to 1,400cc touring, road enduro, custom and naked bikes, all with 90° V twin cylinder engines and final cardan drive.



Piaggio

The Piaggio brand markets the widest range of scooters in Europe under a single brand name, covering practically every type of model. Piaggio today features a full range of original, creative and smart city bikes, and has consolidated over the years a remarkable reputation for vehicles that are reliable, safe, extremely stylish and great performers. The Piaggio brand's key values, in particular its capacity for technological innovation, led it to introduce the world's first three-wheeler on the market, the MP3, as well as hybrid engines. A leader in the lightweight two-wheeler segment in Europe and the United States, enjoying a strong market position and brand notoriety, Piaggio today is a fundamental lever driving the Group as a global player focused on conquering new markets in Asia.



Scarabeo

Scarabeo is one of the Piaggio Group premium brands, standing for elegance and uniqueness. A vehicle with timeless style, it can never be accused of being common and exudes a neo-vintage allure: in short, it is absolutely perfect to stand out in the crowded world of modern scooters. Since 1993 the Scarabeo brand has identified a range of high-wheel 50cc-500cc scooters with a unique, exclusive style that has made the Italian brand a symbol of trendy metropolitan mobility.



Vespa

Vespa is the expression of a uniquely distinctive lifestyle, and has today become one of the most famous and celebrated brands worldwide. The enduring success of the scooter is tied to its extraordinary historic, symbolic and iconographic heritage. Ever since the launch of the first model in 1946, the Vespa has satisfied the aspirations of customers seeking a "cult" product, a symbol of design, creativity and Italian technology, the star of movies and advertising campaigns all over the planet. The brand's strength lies in its technical nature. The Vespa is a two-wheeler which is reliable and easy to use, and extremely sturdy thanks to its steel body making it unique in the segment. Vespa enjoys an unparalleled level of success worldwide and a consistent brand image in all the markets it operates in. In Europe and America as much as in Asia, Vespa is a byword for an exclusive, elegant, "Made in Italy" scooter.



Veicoli Commerciali

This is the Group brand marketing four-wheelers that are compact yet have a high load capacity, for short-distance professional and business mobility. The Piaggio Porter range - along with Quargo, a heavy four-wheeler - owes its success to its wide range of commercial transport solutions that are compact, suitable for urban use and feature engines with low or zero environmental impact. Piaggio Commercial Vehicles today boasts an extraordinary range of petrol and turbo-diesel engines, with the latter developed and manufactured entirely within the Piaggio Group.

The main stages in the history of the Piaggio Group

1884	Piaggio & C. is established by Rinaldo Piaggio in Sestri Ponente to produce fittings for ships.
1938	Rinaldo Piaggio dies. The Company's management is passed on to his sons Armando and Enrico.
1946	The Vespa is created from the genius of Corradino d'Ascanio and an idea of Enrico Piaggio to get Italy on the move with a simple, cheap vehicle designed for everyone to use.
1948	The APE is created, Piaggio's first three-wheeler light transport vehicle.
1967	The Ciao is unveiled.
1992	Piaggio's first four-wheeler commercial vehicle, the Porter, is created.
1994	Piaggio's first maxi scooter, the Hexagon, is launched.
1995	The new Electric Porter is unveiled.
1996	The new Vespa is unveiled.
1999	The new production site in Baramati, India is opened.
2001	Derbi Nacional Motor, a well-established Spanish motorcycle manufacturer and leader in the small-engine sector, is acquired.
2003	Immsi Spa, an industrial holding and real estate Company listed on the Milan Stock Exchange and controlled by entrepreneur Roberto Colaninno, acquires control of the Piaggio Group. Roberto Colaninno is appointed Group Chairman.
2004	The final contract to acquire the Aprilia - Moto Guzzi Group is signed and the Group becomes the undisputed leader in the two-wheeler market.
2006	Piaggio & C. is listed on the Milan Stock Exchange. The first three-wheeler scooter, the Piaggio MP3, is unveiled.
2009	The new production site in Vinh Phuc, Vietnam, is opened and sales begin of the Vespa LX, manufactured at the site. The Piaggio MP3 Hybrid is unveiled.
2010	The new engine production site in Baramati, India is opened. Presentation of the Piaggio Concept NT3 2011.
2011	Start of production of the Liberty scooter in Vietnam. The Vespa 46 concept is unveiled.
2012	The new engine production site in Vinh Phuc, Vietnam is opened. The new Moto Guzzi California 1400 is unveiled. The Vespa 946 is unveiled.
2013	The new Vespa Primavera is unveiled.



Piaggio - facts and figures¹

¹ Figures are stated
as of 31 December 2013

1,212.5 million EUR Consolidated revenue

556 thousand units Vehicles sold

521 thousand units Vehicles Produced

146.8 million EUR EBITDA

- 6.5 million EUR Net profit

475.6 million EUR Net debt

7,688 Employees as of year end

87.6 million EUR Investments

47.7 million EUR Research & Development expenditure

Main events and recognitions in 2013

Product excellence

April 2013 – Aprilia RSV4 Factory ABS won the great comparison test dedicated to 1000cc on-road super sports motorcycles, created by the monthly magazine Motociclismo.

May 2013 – Moto Guzzi California 1400 Custom was crowned by the prestigious American magazine Robb Report as one of the “Best of the best 2013”.

June 2013 – Aprilia RSV4, won the comparison test of the “elite super sports” created by the authoritative French magazine Moto Journal and the comparison between the “most desired super sports” organised by the prestigious English magazine Bike.

July 2013 – The Vespa was included as one of the 12 objects which have marked world design in the last 100 years in a survey conducted by American TV network CNN, for the 2013 World Industrial Design Day.

August 2013 – Moto Guzzi California 1400 Custom was heralded as one of the “Ten best bikes 2013” winning the first prize in the “Cruiser” category in a competition held by the American magazine Cycle World.

November 2013 – The Piaggio Porter Maxxi Diesel D120 model, outfitted with an aerial platform by the Italian company Colombo, won the “Gold medal for product quality” at the 31st edition of “FIHAV 2013”, the Havana International Fair, held in the Cuban capital from 3 to 9 November.

Superbike world championship 2013

October 2013 – Aprilia became Manufacturer’s Champion in World Superbike 2013.

Customer center of expertise

October 2013 – SAP issued the “Customer Center of expertise” certificate to Piaggio’s IT team. This certificate is issued by SAP based on an annual certification process and certifies that Piaggio adopts what SAP considers to be the best practices for management. The certificate is valid for two years.

Certification

March 2013 – The Indian subsidiary PVPL obtained ISO 9001:2008 certification (quality management systems) for the two-wheeler plant and ISO/TS 16949:2009 (supplier quality system) for the commercial vehicle plant.

July 2013 - Piaggio received AEO-F (Authorised Economic Operator - Full) certification issued by the Customs Authority. AEO quality accreditation certifies that Piaggio meets all of the administrative, financial and customs reliability requirements as well as safety standards for transporting goods to and from abroad, in line with EU norms which govern the relations between private subjects and the authorities in charge of control activities in international trade.

September 2013 – The Indian subsidiary PVPL obtained ISO 14001:2004 (environmental management systems) and OHSAS 18001:2007 (occupational health and safety management systems) certifications for the two-wheeler plant.

December 2013 – The Vietnamese subsidiary obtained OHSAS 18001:2007 (occupational health and safety management systems) certification for the Vinh Phuc plant.

Transatlantic Award 2013

December 2013 – The American Chamber of Commerce in Italy awarded the Piaggio Group for investments made in 2013 on the transatlantic axis between Italy and the United States, in particular: “For the investment made by the Piaggio Group for the creation of the Advanced Design Center in Pasadena, California, the Group’s world centre for the development of new solutions for research projects on innovative materials and zero emission engine systems with alternative energy sources”.

KWD Webranking 2013 Italy Top 100

December 2013 - In the annual study performed by KWD Webranking in collaboration with Lunquist, which evaluates Corporate communication on the web of the top 100 Italian companies in terms of capitalisation, Piaggio ranked 10th overall.

Piaggio Group Certifications

The Piaggio Group possesses excellent environmental, quality and occupational management systems at all its production sites.

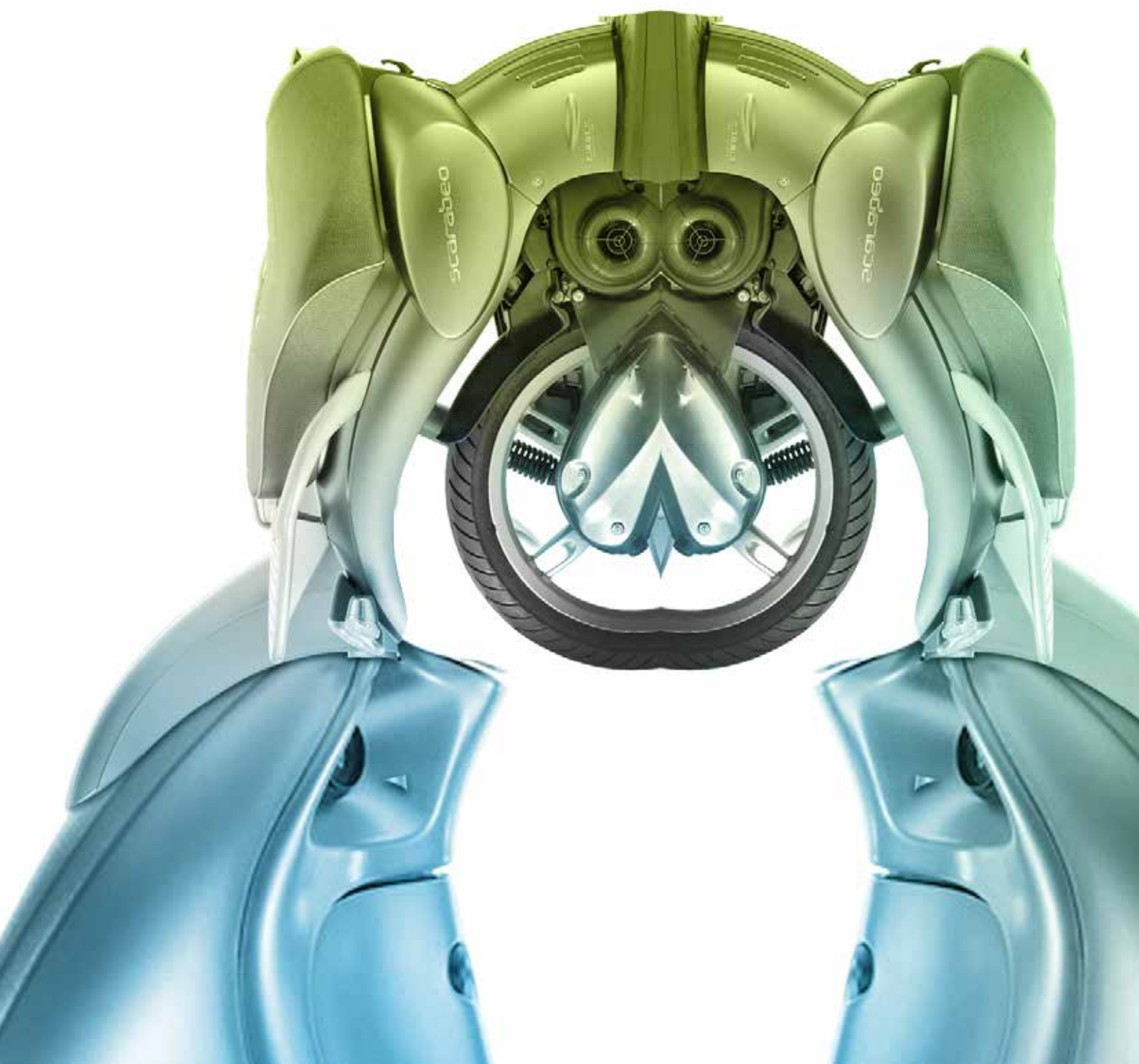
		Production sites						
		Pontedera	Noale and Scorzè	Mandello del Lario	Baramati - Engine plant	Baramati - two-wheeler plant	Baramati - Commercial vehicles plant	Vinh Phuc
Certifications	UNI EN ISO 9001:2008 Quality management systems	since 1995	since 2006	since 2010	since 2010	since 2013		since 2009
	UNI EN ISO 14001:2004 Environmental management systems	since 2008	since 2008	since 2010		since 2013		since 2011
	BS OHSAS 18001:2007 Occupational health and safety management systems	since 2007	since 2007	since 2010		since 2013		since 2013
	ISO/TS 16946:2009 Supplier quality systems				since 2012		since 2013	

During 2013, the Indian site, which manufactures the Vespa, was awarded certification for Quality (ISO 9001), the Environment (ISO 14001) and Health and Safety (BS OHSAS 18001) from the Certification Body Det Norske Veritas (DNV)². At the same time, the Indian site for commercial vehicles was awarded certification for its Supplier Quality Systems (ISO TS 16946), while the Vietnamese site obtained certification for Health and Safety (BS OHSAS 18001).

2_DNV = Det Norske Veritas is one of the world's leading certification bodies, with the parent company based in Norway; since 1864 it has been operating to "safeguard life, property and the environment". It is active in 100 nations, and has 300 offices and 7,000 employees.

As regards Italian sites, in 2013, from 29 October to 13 November, audits were conducted by the certification body Det Norske Veritas (DNV) for renewal of the three certificates held by the Company for Quality (ISO 9001), the Environment (ISO 14001) and Health and Safety (BS OHSAS 18001).

These certificates rank Piaggio as one of just a few Italian manufacturers with all three certifications. The audits, which included eight DNV auditors, demonstrated the Company’s commitment to its Quality, Health and Safety and Environmental policies desired by Top Management and are proof of reliability of Management Systems which are applied with the contribution of all functions and the individuals who work in them.



PIAGGIO. A SUSTAINABLE GROUP

Piaggio's Corporate Social Responsibility Model	21
Code of Ethics	22
Business Ethics Committee	23
Strategic objectives	23
Stakeholder involvement	24
Report contents	25
2013 results and future objectives	26

"All that is valuable in human society depends upon the opportunity for development accorded the individual".

Albert Einstein

Piaggio. A sustainable group

Piaggio is a group distinguished today by a strong international presence, but which has also been capable of preserving its Italian identity and values and a business model targeting innovation and a strong link with the places where it operates.

In its process of internationalisation, Piaggio has not only exported investments, technologies and know-how, but its way of doing business as well, which singles out social responsibility in particular. A culture of safety, respect for people and the protection of natural resources are all a common heritage within the Piaggio Group.

We are aware that to be able to successfully work in the global market a precise environmental policy needs to be at the centre of our business model which is in line with the needs of the communities where we work and helps their economic and social development.

The Group's conduct is guided by the principles and values set forth by the Group's Code of Ethics, which all Group personnel is required to observe as well as all those who interact with the Company throughout the world.

The Group's objectives include creating value for all shareholders, while complying with business ethics and adopting a number of social values.

In particular, its industrial strategy is based on technological innovation which targets environmentally friendly mobility.

In this context, the Group considers research into cutting-edge solutions as a critical factor for successful investment choices and industrial and commercial initiatives. Innovation is geared to cutting pollutant emissions and consumption, as well as increasing vehicle safety. Plus the Piaggio Group firmly believes that stakeholder involvement is fundamental for the development of the Company and communities where it works, in terms of economic and social well-being.

Safeguarding the environment while carrying out all Company operations is essential for humankind, technology and nature to coexist peacefully. The Group therefore makes sustainable products, which must be manufactured using production facilities with minimal environmental impact. Production systems are made sustainable through optimising process efficiency and converting facilities that are no longer competitive.

In particular, the environmental strategy for the Group's production sites aims for a more rational use of natural resources and minimal harmful emissions and waste from production.

People are fundamental for Piaggio. They are vital to creating added value in the long term. The Group has defined objectives for the growth, promotion and training of human resources, ensuring that each person is rewarded for the contributions they make and that their expectations and goals are met.

In order to achieve the objective of sustainable development, growth must go beyond the boundaries of the Company. It must go further afield to reach suppliers and dealers, with whom Piaggio wants to cooperate being a reliable partner, forging a common ground to work and grow together, to create value for the end customer. The success of a company is also closely linked to customer confidence and satisfaction: Customers must be listened to, informed and respected, establishing relations based on transparency and trust.

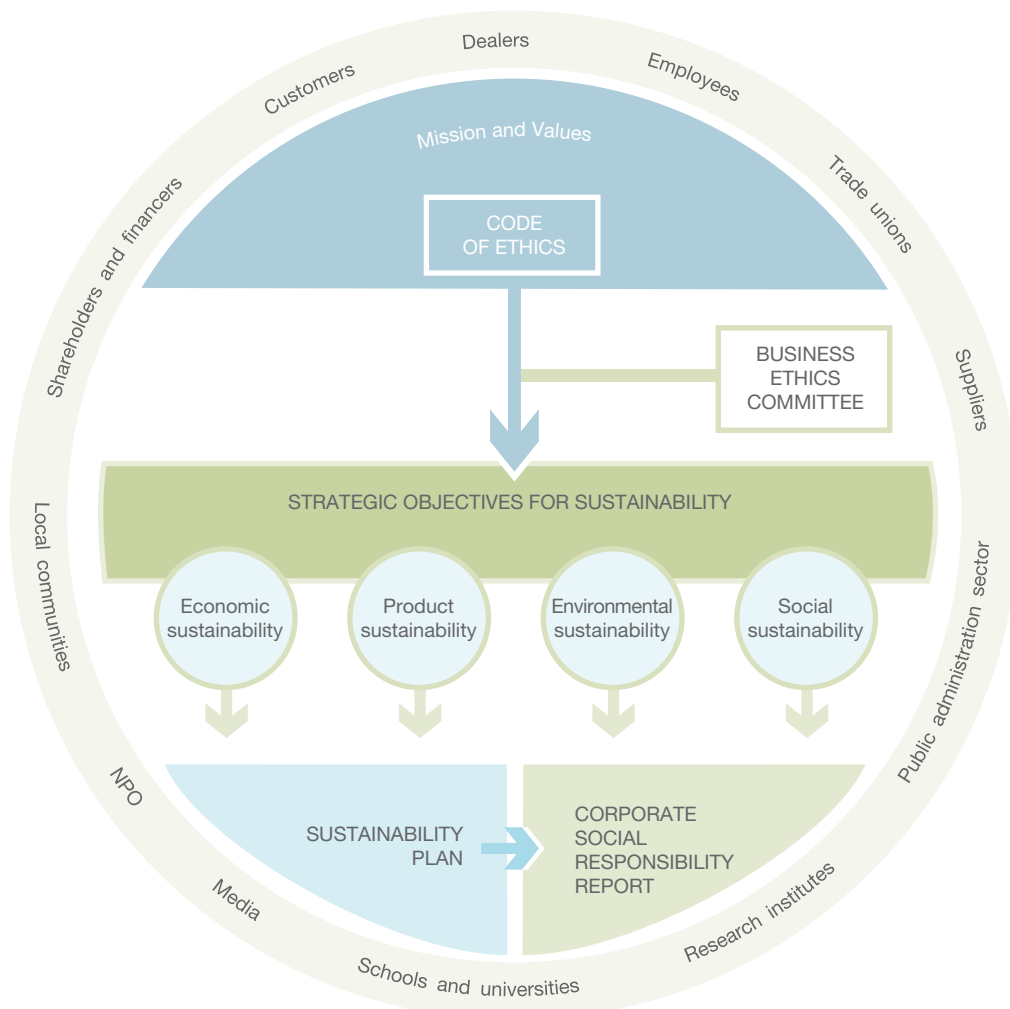
Piaggio's commitment is demonstrated by the confidence and focus given to socially responsible investors who represent approximately 5.13% of our institutional shareholders.

Piaggio's Corporate Social Responsibility Model

The Corporate Social Responsibility (CSR) model adopted by Piaggio is based on its mission and the values which have made a name for the Company over the years and which are the cornerstone of the Group's Code of Ethics, established in 2004.

The mission and values form the basis for strategic objectives for sustainability, based on contexts that are important for the Group: economic sustainability, product sustainability, environmental sustainability and social sustainability. With these and the strategic objectives it has defined, the Group has prepared a mid/long-term sustainability plan. This plan is reported on in the Corporate Social Responsibility Report with the utmost transparency and with a view to continually improving economic, environmental, social and product performance.

The entire process is led by the Business Ethics Committee, which was set up in 2008.



Piaggio's Corporate Social Responsibility Model

Mission

The mission of the Piaggio Group is to generate value for its shareholders, clients and employees by acting as a global player that creates superior quality products, services and solutions for urban and extraurban mobility that respond to evolving needs and lifestyles. To stand out as a player that contributes to the social and economic growth of the communities in which it operates, considering, in its activities, the need to protect the environment and the collective well-being of the community. To be an Italian global player in the light mobility segment, standing out for its superior design, creativity and tradition. To become a leading European Company with a world class reputation, championing a business model based on the values of quality and tradition, and on the ongoing creation of value.

Values

Value for customers

Managing and developing a fast, flexible organisation, in which all processes, persons and external partners (suppliers and dealers) are focused on the generation of value perceivable by the client.

Value for shareholders

Achieving objectives for returns on capital employed to meet the expectations of shareholders and ensure ongoing growth.

Value of people

Nurturing the capabilities and talents of each individual, attracting and retaining the highest value resources.

Value of brands

Investing in brand strength as leverage for developing market share and building a unique and distinctive market positioning.

Customer-focussed innovation

Developing innovative products that stand out for their unique style, quality, safety, energy efficiency and low environmental impact.

Internationalisation

Becoming a truly multinational business in terms of organisation, culture, global market presence and respect for local culture in each of the countries in which the group operates, and in exemplary the way its international human resources are handled.

Code of Ethics

Piaggio & C. has adopted a Code of Ethics since 2004 for the Organisational Model pursuant to Italian Legislative Decree 231/2001. The Code of Ethics was last updated in 2012 following a review of the Organisational Model pursuant to Italian Legislative Decree 231/2001, in order to tailor it more closely to the social and ethical values that the Piaggio Group is based on and that inspire its work. The Code of Ethics, available on the Company's website (www.piaggiogroup.com/Governance), has been disseminated extensively and is in force in all of the Group's companies. It defines the principles and values which the entire company organisation takes inspiration from in a clear and transparent manner:

- › complying with the laws of countries where Piaggio operates;
- › dismissing and condemning unlawful and improper behaviour;
- › preventing breaches of lawfulness, constant search for transparency and openness in managing the business;
- › seeking excellence and market competitiveness;
- › respecting, protecting and valuing human resources;
- › pursuing sustainable development while respecting the environment and rights of future generations.

The Group's Code of Ethics sets out the social and ethical responsibilities of each member of the Company's organisation. In particular, the ethical and social responsibilities of senior management,

middle management, employees and suppliers are defined, in order to prevent any party, acting in the name of and on behalf of Group companies, from adopting a conduct which is irresponsible or unlawful. The articles of the Code of Ethics also set forth an important principle on how to manage relations with policy makers: "The Company does not make contributions or offer advantages and/or benefits to political parties and trade unions or to their representatives or candidates without prejudice to compliance with applicable law".

Business Ethics Committee

The Piaggio Group was the first organisation to establish a Business Ethics Committee in Italy, in 2008. This committee develops rules and regulations for organisational conduct in line with international best practices on Corporate Social Responsibility.

In coordinating the entire corporate responsibility process, the committee:

- › monitors instruments, conduct, and relations between management and Company personnel and all stakeholders;
- › optimises relations with local communities and stakeholders;
- › measures ethical standards, which are an integral part of the good governance of a Company;
- › implements the provisions in the Code of Ethics, including the activity concerning the receipt and management of reports of frauds that may involve employees, managers, and partners of Piaggio & C. and of Group companies;
- › produces the CSR Report and manages all activities needed for the planning, implementation, monitoring and reporting of the Group's sustainability initiatives.

All operations concerning relations between the Piaggio Group and the external world are analysed and revised by the Committee, with the aim of guaranteeing to all stakeholders that the information cycle is managed transparently. Starting from the assumption that transparency best describes the purpose of corporate social responsibility today, the Committee acts as a "guarantor" for investors, consumers and opinion leaders, to make sure Company conduct is based on conformity to laws at all times, on fairness and on the truthfulness of disclosures to the public.

Lastly, it should be noted that the Business Ethics Committee, as part of the Fraud Policy, is tasked with collecting all of the reports regarding fraud, calling meetings and making opportune assessments together with involved bodies.

Strategic objectives

The Piaggio Group's strategic corporate social responsibility objectives are based on four areas:

<p>Transparency and economic value</p>	<ul style="list-style-type: none"> › Creating value while respecting business ethics › Timely, correct, in-depth information to stakeholders
<p>Product innovation and sustainable mobility</p>	<ul style="list-style-type: none"> › Technological investments to meet the need for sustainable mobility › Innovation to develop products that are environmentally friendly, safe and cost-effective
<p>Environmental sustainability</p>	<ul style="list-style-type: none"> › Reduction of energy consumption › Reducing emissions of CO₂ and other pollutants › Conserving natural resources › Waste handling and recovering
<p>Development of human resources and relations with stakeholders</p>	<ul style="list-style-type: none"> › Developing, training and promoting human resources so that everyone's expectations and aspirations are met › Listening to and assisting customers, to establish relations based on transparency and trust › Developing Company Advocacy in co-partnership with the Dealers network › Working together with suppliers, through jointly developed projects › Engaging and supporting local communities through social, cultural and educational initiatives

Stakeholder involvement

Developing a corporate social responsibility strategy goes hand in hand with defining the Company's business context and all its players (inside and outside the organisation) whose activities have an impact on Company operations. In fact stakeholders are defined as having an interest in or expectations (social, economic, professional, human) of the Company.

Based on this definition, the Business Ethics Committee has identified a number of categories of stakeholders in relation to Group operations and namely: customers, employees, shareholders and lenders, dealers, suppliers, trade unions, institutions and public administrations, local communities and non-governmental organisations, schools, universities and research institutes, the media, industry organisations and trade associations.

Map of Piaggio Group stakeholders



By pursuing a constructive ongoing dialogue with its stakeholders, Piaggio aims to develop an integrated approach to managing the environment it operates in. Careful monitoring of all its stakeholders' expectations is a great opportunity for it to further improve its operations. It is in this context that Piaggio is focussing its efforts: understanding possible areas of improvement in order to provide products that always meet the expectations of its customers, communicating its philosophy and business model clearly and effectively at all times.

The Piaggio Group's corporate website, www.piaggiogroup.com, plays a key role in communication between the company and stakeholders. This website, designed for the purposes of offering transparent and updated information regarding institutional and financial communications as well as on the Group's corporate activities, has been in the "top 10" for three years running of the prestigious "KWD Webranking Italy" classification, an annual survey which evaluated the best corporate websites of companies listed on Borsa Italiana.

Numerous functions are appointed within the Piaggio Group to maintain ongoing relations with different stakeholders.

The functions and tools used are shown below.

Stakeholder	Company function	Means of interaction
Shareholders/Lenders	› Investor Relations	› Conference calls/road shows/Piaggio Analyst and Investor Meetings
Employees	› Human Resources and Organisation › External Relations and Institutional Affairs	› Company Intranet › Piaggio InfoPoint › Piaggio Net International › Web Mail › Evaluation Management System › Wide - Piaggio Magazine
Trade unions	› Human Resources and Organisation	› Meetings › Involvement in committees › Defining agreements
Dealers	› Sales Management Emea and Americas Department › Spare Parts, Accessories and After-Sales Technical Assistance Business Unit › External Relations and Institutional Affairs	› Dealer Website › Dealer Support Services/Help desk › Wide - Piaggio Magazine
Customers	› Marketing and Communications Department Credit Management and Back Office › Sales Management Emea and Americas Department	› Contact center › Customer experience surveys (engagement panel) › Dealership relations development programmes to establish or consolidate advocacy and loyalty towards the Group's brands
Suppliers	› Tools and Services Purchasing › Materials and Components Purchasing	› Daily relations › Suppliers portal
Media	› External Relations and Institutional Affairs	› Press releases › Events and Company communication initiatives › Press product launches › Product test rides › Wide - Piaggio Magazine
Schools/ Universities / Research Institutes	› Product Development and Strategies Personnel and Organisation › Fondazione Piaggio (Foundation)	› Cooperation in research projects › Training › Work placements › Meetings, presentations
Institutions and Public Administration	› Product Development and Strategies › External Relations and Institutional Affairs	› Cooperation in research projects › Information and comparison activities
Trade associations	› External Relations and Institutional Affairs › Fondazione Piaggio (Foundation)	› Meetings, presentations
Local communities NPO	› External Relations and Institutional Affairs › Marketing and Communications Department › Fondazione Piaggio (Foundation) › Vespa World Club › MotoGuzzi World Club	› Meetings › Exhibitions / events › Rallies

Report contents

Company management conducted an in-company survey on materiality, involving all Company functions responsible for liaising with stakeholders, so that it could identify the issues to address in this report and to bring to the attention of the Group.

The influence on stakeholder evaluations and decisions and the importance of economic, environmental and social impact were considered.

The main areas considered significant are set out in the Table on Materiality.

Transparency and economic value	<ul style="list-style-type: none"> › Governance and compliance › Economic profitability
Product innovation and sustainable mobility	<ul style="list-style-type: none"> › Sustainable mobility › Environmentally friendly innovation › Vehicle consumption and CO₂ emissions › Product safety and reliability › Low running costs › Life cycle management
Environmental sustainability	<ul style="list-style-type: none"> › Pollutant emissions and energy consumption of production sites › Conserving natural resources › Waste handling and recovering › Logistics
Development of human resources and relations with stakeholders	<ul style="list-style-type: none"> › Career development and training › Workers' health and safety › Diversity and equal opportunity › Customer and dealer satisfaction › A sustainable supply chain › Education and culture promotion › Relations with local areas and local communities

Particular importance has been given in the report to information on the issues considered most significant and their performance. These issues have been grouped in specific sections.

2013 results and future objectives

As part of the entire Group's steadfast commitment to social responsibility, Piaggio has adopted a process of continual improvement based on a CSR plan which aims to provide the utmost transparency for stakeholders and continual improvement. For the purpose of defining the Sustainability Plan, stakeholder expectations and Group strategic objectives as well as international reporting standards, such as GRI and disclosure requirements of ethical investors, were taken into account.

Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives
Shareholder remuneration	› Distribution of dividends.	› Increased dividend paid per share.	› Safeguarding shareholder value	› Distribution of dividends and protection of equity for shareholders.
Conducting business operations fairly and transparently	› Continuing improvement of the corporate web site.	<ul style="list-style-type: none"> › Confirmation of the corporate website in the top ten of the prestigious "KWD Webranking Italy" classification. › Achievement of AEO certification from the Italian Customs Authority. 	› Continuing improvement of the corporate web site.	<ul style="list-style-type: none"> › Swift and timely compliance with laws and regulations. › Continuing improvement of the corporate web site. › Ongoing adaptation of the Code of Ethics to national and international best practices.

Product: Two-wheeler

Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives
<p>Study, research and development of environmentally sustainable products:</p> <ul style="list-style-type: none"> › reducing fuel consumption and emissions › increasing performance 	<ul style="list-style-type: none"> › Completion of UL certification to prepare for any commercial demand in the U.S. 	<ul style="list-style-type: none"> › MP3 Hybrid unveiled in the USA. › Four-wheeler hybrid study prototype created. 	<ul style="list-style-type: none"> › New more compact electric powertrains. 	<ul style="list-style-type: none"> › Installation of hybrid powertrains on new models, including four-wheeler vehicles.
	<ul style="list-style-type: none"> › Extension of the "Three-Valve 125/150" engine to European and Overseas models. 	<ul style="list-style-type: none"> › Sale of the new "Three-Valve 125/150" on Liberty 3V and Vespa Primavera and GTS Vietnam. 	<ul style="list-style-type: none"> › Reduction of consumption with interventions on transmission and engine efficiency. 	<ul style="list-style-type: none"> › Research and development for new devices aimed at further reducing consumption and emissions by decreasing absorption and improving engine use.
			<ul style="list-style-type: none"> › Research on electronic and electromechanical devices to reduce pollution in urban use. 	
	<ul style="list-style-type: none"> › Sale of the new 350 engine on other models. 		<ul style="list-style-type: none"> › Size extension to other engines of the range. 	<ul style="list-style-type: none"> › Size extension to other engines of the range.
			<ul style="list-style-type: none"> › Extension of the new High Efficiency engine to other range models. 	<ul style="list-style-type: none"> › Extension of the new High Efficiency engine to other models for Asian countries.
	<ul style="list-style-type: none"> › Study of technical solutions with a view to industrialise the CVT Engine/Transmission unit. 	<ul style="list-style-type: none"> › Adoption of results to improve the performance of the CVT Engine/Transmission unit. 	<ul style="list-style-type: none"> › Study of innovative high performance automatic transmissions, both simplified and high performing. 	<ul style="list-style-type: none"> › Study of innovative high performance automatic transmissions, both simplified and high performing.
	<ul style="list-style-type: none"> › Improvement of low temperature recharging, bringing the limit to -20°C. 	<ul style="list-style-type: none"> › Addition of functional improvements on the BMS (Battery Management System) to make cold use easier. 	<ul style="list-style-type: none"> › Study of modular battery applications for secondary or alternative use to the vehicle mounted ones. 	<ul style="list-style-type: none"> › Study of batteries with higher energy densities, longer ranges and greater reliability. › Study of electronic control and power systems entailing lower industrial costs.
	<ul style="list-style-type: none"> › Increased Liberty e-mail distribution. 	<ul style="list-style-type: none"> › Experimentation at European customers in terms of fleet. 	<ul style="list-style-type: none"> › Increase distribution. 	<ul style="list-style-type: none"> › Expansion of the range of electric vehicles designed for consumers (Liberty Retail etc.).
	<ul style="list-style-type: none"> › Introduction of autonomy management software for Liberty e-mail. 	<ul style="list-style-type: none"> › Experimentation in the field of autonomy management software. 	<ul style="list-style-type: none"> › Mass introduction of the software. 	<ul style="list-style-type: none"> › Implementation of specific software for fleet management.

Product:
Commercial vehicles

Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives
<p>Developing environmentally friendly products:</p> <ul style="list-style-type: none"> › low consumption and low CO₂ emissions; › good product end life recycling and recovery levels. 	<ul style="list-style-type: none"> › Type approval of Petrol and Diesel range Porter and Maxi vehicles according to the Euro 5 'B' standard. › Reduction of natural gas engine emissions to 120 g. › Set up of Euro 6 engines (Petrol and Diesel). 	<p>Porter Europe:</p> <ul style="list-style-type: none"> › Type approval obtained for all versions. › Petrol-Natural Gas bi-fuel chassis version type approved and introduced to the Porter range with CO₂ 120 g/km emissions. › Euro 6 engine (Petrol and Diesel) feasibility project completed. 	<p>Porter Europa:</p> <ul style="list-style-type: none"> › Development of Porter Euro6 in line with Business Plan approval. <p>3W India:</p> <ul style="list-style-type: none"> › Feasibility and definition of product development plan in compliance with the new BSIV type approval restrictions in line with new competition targets on consumption reduction. › LPG mono fuel version on Ape City. <p>Porter 600 India:</p> <ul style="list-style-type: none"> › Feasibility and definition of product development plan in compliance with the new BSIV type approval restrictions. 	<ul style="list-style-type: none"> › New vehicle for urban goods and passenger transportation mobility (European and Indian markets) with the following main objectives: <ul style="list-style-type: none"> - reduced consumption; - high mobility / handling in urban settings; - high specific payload; - use of environmentally friendly tractions › Use of recycled plastic.
<p>Meeting demand for professional and commercial short-distance mobility, offering a last-mile transport solution:</p> <ul style="list-style-type: none"> › compact, agile, easy-to-drive vehicles, with good handling in urban environments; › vehicles with a high load capacity and specific payload; › definition of a vehicle for new sales activities such as street food and street shop. 	<ul style="list-style-type: none"> › New Ape Calessino (Europe) with Euro 2 engine. › New Porter Mini (India) with 510 cc engine. › Weight reduction activity on entire India range. › Development of three-wheeler CKD projects for countries with high socio-economic potential (Cuba – Tunisia). 	<ul style="list-style-type: none"> › Launch of new Ape Calessino on the European market. › Launch of new Porter 600 on the Indian market. › Launch of Ape City on the Indian market with a lower weight than the previous version. › Increase of the specific payload value on 4W vehicles (Porter 600 and Porter 1000). › Three-wheeler CKD development project for Cuba and Tunisia completed. 	<ul style="list-style-type: none"> › New Ape City Diesel version. › New Ape City version specific for the Latin America market. › Continuation of weight reduction activity on entire India range. › New Ape Classic. › Opening to new developing markets. 	<ul style="list-style-type: none"> › New vehicle for urban goods and passenger transportation mobility (European and India markets) with the following main objectives: <ul style="list-style-type: none"> - reduced consumption; - high mobility / handling in urban settings; - high specific payload; - use of environmentally friendly tractions.

Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives	Environment
<p>Protecting the environment: ›reducing pollutant emissions ›conserving natural resources.</p>	<p>› Creation of a water collection and recycling system for water to wash the waste depot site in Pontedera.</p>	<p>› The project has been created and submitted to relevant agencies for their opinion.</p>	<p>› Decontamination operation for building D area (Mandello).</p>	<p>› Evaluation / application of new technologies with a lower environmental impact (for example, changing the painting cycle).</p>	
	<p>› Completion of the classification and decontamination activity in the subsoil at the Moto Guzzi site in Mandello del Lario (referred to Building D area, partly demolished).</p>	<p>› The removal has been postponed until 2014.</p>		<p>› Renovation of the Mandello del Lario production site for a more virtuous management of operations.</p>	
	<p>› Removal of asbestos cement roofs (e.g. building 25 – Pontedera).</p>	<p>› Replacement of 5000 m² of asbestos cement (building 25) Pontedera. › Attainment of environmental certification for the Vespa plant in Baramati (India).</p>	<p>› Completion of asbestos cement removal building 25 – Pontedera. › Dismantling of parts of the plant in the two-wheeler Painting Department Pontedera. › Installation of continuous air pollution monitoring systems on 3 stacks in the two-wheeler Painting Department Pontedera.</p>	<p>› Final separation of the internal sewage system serving the Pontedera production site by building a new sewage system for the industrial painting wastes. › Reduction of asbestos cement roofs (various sites in Italy)</p>	

Employees

Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives
Health and safety	<ul style="list-style-type: none"> › Completion of NIOSH at all Italian sites. 	<ul style="list-style-type: none"> › NIOSH analyses in completion phase in Pontedera. › BS OHSAS 18001 certification obtained for India and Vietnam two-wheeler plants. 	<ul style="list-style-type: none"> › Completion of NIOSH at all Italian sites. 	
Personnel development	<ul style="list-style-type: none"> › Continuation of the third year of the talent programme, with addition of the Group's Young talents. 	<ul style="list-style-type: none"> › Identification of a Group of young talents at Group level. Assessment performed and new talents added to the programme. 	<ul style="list-style-type: none"> › Continuation of global training and remote training for new young talents and other talents. 	<ul style="list-style-type: none"> › Assessment of the development tools proposed, and analysis of outcomes with a view to continuing improvement.
	<ul style="list-style-type: none"> › Consolidation of Management Review and Succession Planning process. 	<ul style="list-style-type: none"> › Completion of the Management Review process and implementation of Succession Planning for key Group level positions. 	<ul style="list-style-type: none"> › Consolidation of Management Review process at Group level and implementation of new Succession Planning process. 	<ul style="list-style-type: none"> › Improvement of Management Review tools and processes and Succession Planning.
	<ul style="list-style-type: none"> › Review of the critical professional competencies to be developed and included in the relevant model, in accordance with strategic guidelines. 	<ul style="list-style-type: none"> › Creation of new professional roles and alignment of the job system to local needs. 	<ul style="list-style-type: none"> › Monitoring of the job system during the management review processes to verify alignment of competences to actual business needs. 	<ul style="list-style-type: none"> › Assessment and alignment of competences to strategic plan requirements.
	<ul style="list-style-type: none"> › Preliminary analysis of a Learning Management System (LMS) for employees to use. 	<ul style="list-style-type: none"> › Analysis performed and investment defined and approved. 	<ul style="list-style-type: none"> › October 2014 GO LIVE LMS. 	<ul style="list-style-type: none"> › Introduction of the LMS to all the Group.
	<ul style="list-style-type: none"> › Consolidation of SAP HR and Success Factors for managing the employee review process. 	<ul style="list-style-type: none"> › Definitive implementation of Sap Recruiting at Group level. 		<ul style="list-style-type: none"> › Continuing improvement of SAP HR and Success Factors functions in field of development.

Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives	Dealers
Improve and update support tools for the management of the relationship governed by the concession contract.	<ul style="list-style-type: none"> › Dealer portal update. 	<ul style="list-style-type: none"> › Dealer Portal update, and introduction of the new Dealer Business Service in the main markets. 	<ul style="list-style-type: none"> › Introduction of the Dealer Portal to the network and completion of Dealer Business Service introduction to the remaining markets. › Optimisation of relationship management processes with the sales network. 	<ul style="list-style-type: none"> › Improvement of the service level offered to dealer and end customers. 	
Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives	Customers
Brand Advocacy & Loyalty.	<ul style="list-style-type: none"> › Addition of prevention tool used to identify potential critical customer segments and, through their customised management, to "recover them". 	<ul style="list-style-type: none"> › Analysis tool for customer segmentation and identification of critical customer clusters by brand, product and dealer created. 	<ul style="list-style-type: none"> › Activation of caring projects aimed at promoting the brands and improving customer loyalty. 	<ul style="list-style-type: none"> › Leadership in service levels. 	
Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives	Suppliers
Developing cooperation with suppliers.	<ul style="list-style-type: none"> › Creation of new Vendor Rating campaigns in India and Vietnam with a higher number of Suppliers. › No increases are expected for India, while Vietnam should exceed 100 connected suppliers. › Greater development of the Quality System in Vietnam and use of the System in India. › Addition of CSR information to supplier rating including the existence of a code of ethics and CSR report. 	<ul style="list-style-type: none"> › A Vendor Rating campaign was conducted in Vietnam with 91 suppliers. › India: 150 suppliers added (total 300) › Vietnam: 19 suppliers added (total 110), the portal is the standard for managing direct material suppliers. › Vietnam: Qualification system fully operational. › Addition of a flag indicating the presence of a CSR in the Qualification process. 	<ul style="list-style-type: none"> › Vietnam: two annual Vendor Rating campaigns. › Vietnam: extension of the portal to ancillary material suppliers. › Acquisition of the CSR in the Qualification process. 	<ul style="list-style-type: none"> › Vietnam: Use of the supplier portal as standard for Direct Materials suppliers. 	


Commitment	2013 Objectives	2013 Results	2014 Objectives	Mid-Term Objectives
Developing relations with the media, in order to have transparent and in-depth information.	<ul style="list-style-type: none"> › Further strengthening of relations with the media in Asian markets. 	<ul style="list-style-type: none"> › Consolidation of relations with the domestic market media and further strengthening of relations with the media in Asian and non-EU markets. 	<ul style="list-style-type: none"> › Consolidation of relations with the domestic market media and further strengthening of relations with the media in Asian and non-EU markets. 	<ul style="list-style-type: none"> › Overriding globalisation of communication activities aimed at ensuring that information is transparent and that market information needs are satisfied.
	<ul style="list-style-type: none"> › Continuous updating of corporate and brand websites making the surfing experience more appealing thanks to new multimedia contents. Complete website usability from various operating systems, including for tablets and smart phones. 	<ul style="list-style-type: none"> › Renewal and expansion of web presence. › Début of new e-commerce platform. 	<ul style="list-style-type: none"> › Continuous updating of corporate and brand websites making the surfing experience more appealing thanks to always new multimedia contents. Updating of the complete usability of websites and their various functionalities, including based on new operating systems for tablets and smart phones. 	<ul style="list-style-type: none"> › Reinforcement of the structured presence of Group brands on new media and social networks. › Total usability of the Group's websites on mobile system platforms (tablets and smartphones). › Strong interaction with the public, customers and potential customers by creating specific mailing lists, sending newsletters, etc.
	<ul style="list-style-type: none"> › Development of the digital version of Wide magazine, which supersedes the concept of a paper edition in terms of being constantly up-to-date and with enhanced multimedia contents. 	<ul style="list-style-type: none"> › On-line début of the corporate magazine Wide. 	<ul style="list-style-type: none"> › Continuation of the digital development of Wide magazine, which last year had already superseded the concept of a paper edition in terms of being constantly up-to-date and with enhanced multimedia contents. 	<ul style="list-style-type: none"> › Development of localised versions in terms of contents and available languages.
Development of relations with local communities where the Group operates.	<ul style="list-style-type: none"> › Continuation of the consolidation of relations with political, social and economic players operating in the various sectors in which the Group is active and especially those in the area of production sites. 	<ul style="list-style-type: none"> › Foundation and Museum: Development of relations with the local area. Development of relations with Universities and Cultural and Scientific Associations. Dissemination of culture, creativity and art. Development of teaching material aimed at students. 	<ul style="list-style-type: none"> › Continuation of the consolidation of relations with political, social and economic players operating in the various sectors in which the Group is active and especially those in the area of production sites. 	<ul style="list-style-type: none"> › Development of relations with local institutions to raise the competitiveness and attractiveness of the local areas in which the Piaggio Group operates. › Foundation and Museum: completion of cataloguing, conservation and restoration work on historical vehicles which belong to the various Group brands.





CORPORATE GOVERNANCE

Role of the Board of Directors	36
Organisational model pursuant to Legislative Decree 231/2001	38
Compliance with laws and regulations	39



“Good company management, in the deepest sense of the term, means a strong and constant commitment to do what is best”.

Phil Condit (Chairman of Boeing)

Corporate Governance

The Corporate Governance system adopted by Piaggio & C. conforms to the principles in the Corporate Governance Code of companies listed on Borsa Italiana SpA and to national and international best practices, guaranteeing the proper and responsible management of the Company, in order to promote confidence among shareholders, customers and partners.

For this purpose, in 2012 Piaggio & C. took all the appropriate measures required by the modifications in the new edition of the Corporate Governance Code for listed companies approved in December 2011. Piaggio & C. also identified and appointed the figures of Risk Manager and Compliance Officer.

LEGEND

M/m slate: indicates whether the director was drawn from the slate attracting a majority (M) or minority (m) of votes.

Exec.: indicates if the director can be classified as an executive.

Non-exec.: indicates if the director can be classified as non-executive.

Indep.: indicates if the director can be classified as independent in accordance with the criteria established by the Code.

Indep. CLF: indicates if the director has the independence requisites established by Article 148, subsection 3 of the Consolidated Law on Finance (Article 144-decies, of the Consob Regulation on Issuers).

% BoD: indicates (in percentage terms) the attendance of the Director at Board meetings.

Other offices: indicates the overall number of appointments in other companies of the Issuer's Group, in listed companies on regulated markets (including foreign), in financial, banking and insurance companies or those of significant dimensions.

The Company boards comprising the Corporate Governance system of Piaggio & C. are the Board of Directors, the Board of Statutory Auditors, the committees within the Board of Directors and the Ordinary General Shareholders' Meeting. Specifically, the Board of Directors is assisted by the Internal Control and risk management Committee, the Remuneration Committee, the Appointment Proposal Committee and the Related Party Transactions Committee. The Board of Directors has also set up a Supervisory Body pursuant to Legislative Decree no. 231/2001 as well as a Business Ethics Committee.

Role of the Board of Directors

The Company is administered by a Board of Directors (also referred to as the "Board"). The articles of association of Piaggio & C. regarding the composition and appointment of the Board require compliance with relevant provisions introduced by Law 262/2005 and Legislative Decree no. 303 of 29 December 2006.

The Board of Directors is central to the corporate organisation. It is in charge of strategic and organisational functions and responsibilities, and ascertains the existence of controls needed to monitor the performance of Piaggio & C. and of Group companies. As part of its duties, the Board examines and approves the strategic, industrial and financial plans of Piaggio & C. and of the Piaggio Group, as well as the corporate governance system and structure of Piaggio & C. and of the Group reporting to it.

The Board of Directors of Piaggio & C., appointed by the general shareholders' meeting of 13 April 2012, comprises eleven members. The professional résumés of board members are filed at the registered office of the Company and are available on the Company's web site www.piaggiogroup.com/Governance.

Names and positions of Piaggio & C. Board members as of 31/12/2013

Name	Position	In office from	List M/m	Exec.	Non-Exec.	Indep	Indip. CLF	% BoD	Other positions
Roberto Colaninno	Chairman Chief Executive Officer	13/04/2012	M	X				100	6
Matteo Colaninno	Deputy Chairman	13/04/2012	M		X			75	3
Michele Colaninno	Director	13/04/2012	M		X			100	11
Vito Varvaro	Director	13/04/2012	M		X	X	X	100	2
Daniele Discepolo	Director	13/04/2012	M		X	X	X	100	10
Mauro Gambaro	Director	13/04/2012	M		X	X	X	100	2
Andrea Paroli	Director	13/04/2012	M		X			75	5
Franco Debenedetti	Director	13/04/2012	M		X	X	X	100	5
Luca Paravicini Crespi	Director	13/04/2012	M		X	X	X	100	8
Riccardo Varaldo	Director	13/04/2012	M		X	X	X	100	0
Livio Corghi	Director	13/04/2012	M		X			100	2

The Board of Directors comprises a majority of independent, non-executive directors who, thus, due to their number and authority are able to have a significant influence on the decisions the Piaggio & C. Board makes.

These directors bring their specific competencies to Board discussions and contribute to decisions being made in the Company's interest. The independence of the independent Directors is always reviewed, as recommended by the Corporate Governance Code, by the Piaggio & C. Board of Directors on an annual basis.

Already at the moment of joining the regulated market, Piaggio & C. appointed a Lead Independent Director who, in cooperation with the Chairman of the Board of Directors, coordinates the contribution of all the independent Directors.

Committees within the Board

The Appointment Proposal Committee, the Remuneration Committee, the Internal Control and risk management Committee, and the Related Party Transactions Committee have been appointed within the Board.

Appointment Proposal Committee

The majority of the Appointment Proposal Committee members are independent non-executive directors.

Functions of the Appointment Proposal Committee

The Appointment Proposal Committee has the duty of ensuring that the presentation procedure for lists set by the Articles of Association takes place correctly and transparently, in respect of applicable legislation and the Articles of Association. After it has checked the presentation procedure for lists, ensuring specifically that documents filed with the lists are complete and filing deadlines are met, the committee arranges the formalities for presenting the lists to the General Shareholders' Meeting convened for the appointment of the Board of Directors or its members.

The Appointment Proposal Committee also has the duty to give the Board an opinion, if and when necessary, regarding the size and composition thereof or to express recommendations on the professional figures on the Board, as well as to propose candidates for directors in the event of co-optation, where independent Directors need to be replaced.

Remuneration Committee

All Remuneration Committee members are independent non-executive directors.

Functions of the Remuneration Committee

The Remuneration Committee has the duty to: (i) make proposals to the Board of Directors regarding the remuneration of the Chief Executive Officer and other directors who hold special positions, and set performance goals connected with the variable part of such remuneration, monitoring the application of decisions made and actual achievement of the performance goals; and (ii) periodically review the adequacy, overall consistency and concrete application of the remuneration policy for the directors and senior management with strategic responsibilities, including by using information supplied by the Chief Executive Officer.

Moreover, the Remuneration Committee has duties relating to the management of stock option plans approved by relevant Company bodies.

Internal Control and risk management Committee

The Internal Control and risk management Committee of Piaggio & C. consists entirely of non-executive, independent board members.

Functions of the Internal Control and risk management Committee

In 2013 the Internal Control and risk management Committee acted as a consultative body and put forward proposals to the Board of Directors; in particular has the following duties:

- I. assist the Board in carrying out activities relative to the internal control and risk management system, specifically in defining guidelines for the system and activities involved in periodic inspections of the system's suitability, efficacy and effective functioning;
- II. examine the work plan of the internal audit function manager and periodic interim reports sent by the latter;
- III. together with the Executive in Charge of Financial Reporting and auditors, assess the suitability of accounting standards used and their consistency in the drafting of the Consolidated Financial Statements;
- IV. report to the Board at least half-yearly, when the interim financial statements are approved, on activities performed and on the adequacy of the internal control and risk management system;
- V. perform additional tasks that the Board feels appropriate for the Committee, with special reference to relationships with independent auditors and consultation functions regarding transactions with related parties as envisaged by the specific procedure approved by the Board.

In the light of legislative reforms introduced by Italian Legislative Decree No. 39/2010 concerning the legal auditing and supervision of the financial disclosure, in 2013 the Internal Control and risk management Committee worked constantly with the Board of Statutory Auditors.

Related Party Transactions Committee

The Board of Directors of Piaggio & C. has appointed a Related Party Transactions Committee to supervise transactions of both minor and major relevance with related parties. The Committee consists exclusively of independent directors who, in accordance with statutory regulations, are required to be directors that are not related to the transactions reviewed by the Committee. Specifically, the members of the Related Party Transactions Committee are the same current members of the Internal Control and risk management Committee.

The Committee is responsible for the functions identified in the relevant Procedure on related party transactions, available on the Company's corporate website www.piaggiogroup.com in the Governance section.

Organisational model pursuant to Legislative Decree 231/2001

The internal control and risk management system of Piaggio & C. includes the Organisational, Management and Control Model for the prevention of corporate crimes pursuant to Legislative Decree no. 231/2001 ("Model pursuant to Legislative Decree 231/2001"), which Piaggio & C. has adopted since 2004.

The Model consists of the Code of Ethics and Conduct Guidelines, as well as Internal Control Process Charts, divided into Instrumental and Operational processes, the Disciplinary System and rules for the establishment and operation of the Supervisory Body. The Company has in place a special e-mail account on the corporate Intranet allowing Piaggio & C. employees to send a message directly to the Supervisory Body to report any relevant cases. These messages may only be read by the Supervisory Body, thereby rendering the relationship between the Supervisory Body and the actual corporation compliant with the Model as per Italian Legislative Decree no. 231/2001. The Model pursuant to Italian Legislative Decree 231/2001, widely distributed by e-mail to all Piaggio Group employees in Italy, as well as published on the company Intranet, is constantly monitored and periodically updated. Piaggio & C. has also established a "Fraud Policy" with information channels for receiving, analysing and processing reported fraud that may involve employees, directors and partners of Piaggio and Group Companies. The policy is another instrument that the Piaggio Group has adopted to prevent infringement of the principles of lawfulness, transparency, fairness and loyalty which the Model pursuant to Legislative Decree no. 231/2001 takes inspiration from.

The Model is available on the corporate web site www.piaggiogroup.com in the section Governance/
Governance System.

Compliance with laws and regulations

During 2013, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights. Moreover, no infringement procedures have been filed against the Piaggio Group for the breach of anti-competitive, anti-trust or monopoly laws.

As of 31 December 2013, there were no sanctions in place concerning non-compliance with laws and regulations, including environmental laws and regulations, marketing, advertising, promotions, sponsorships and the supply and use of products.

Finally, no cases relative to the breach of consumer privacy or loss of consumer data were reported in 2013.





ECONOMIC DIMENSION OF SUSTAINABILITY

2013 financial and business performance	42
Determination and distribution of Added Value	44
Public grants and tax benefits	45
Value for shareholders	46
Communication with shareholders and Investor Relations	47



Economic dimension of sustainability

Integrating economic choices with those of a social and environmental nature is a fundamental commitment for the creation of value in the long term.

The creation of economic value is fundamental for a Company's operations and it is what its existence and business outlook depend on. For a manufacturing Company, creating added value is the first way to be socially responsible, and this value may benefit a plurality of stakeholders in different ways.

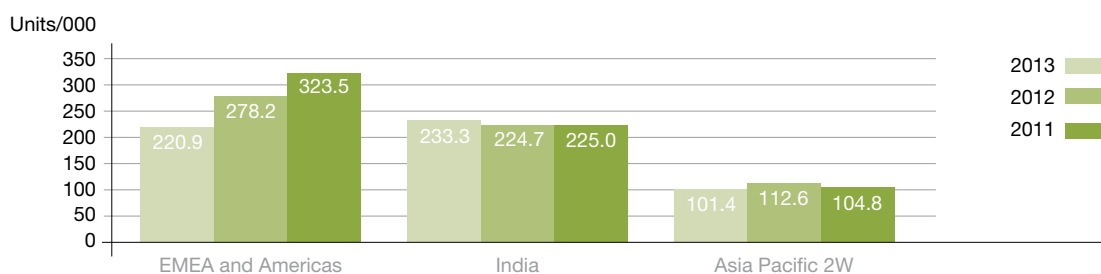
The economic dimension of acting as a company must be fully enhanced within the role that it plays for all its stakeholders. For this purpose the Piaggio Group carefully monitors the value production process and provides transparent, prompt and complete disclosures in this regard.

2013 financial and business performance

The Piaggio Group sold 555,600 vehicles worldwide in 2013, with a reduction in volumes totalling around 9.7% compared to the previous year, when 615,500 vehicles were sold.

Vehicles sold	2013	2012	Change
<i>In thousands of units</i>			
EMEA and Americas	220.9	278.2	(57.4)
India	233.3	224.7	8.6
Asia Pacific 2W	101.4	112.6	(11.2)
Total vehicles	555.6	615.5	(59.9)
Two-wheeler	351.6	406.1	(54.5)
Commercial Vehicles	203.9	209.4	(5.5)
Total vehicles	555.6	615.5	(59.9)

Sales volumes by geographic area



Sales of two-wheeler vehicles were affected by a particularly negative market context and competitive scenario, at least as regards European markets. In particular, the two-wheeler market in EMEA registered a downturn equal to approximately 12% (- 17% for scooters and - 4% for motorcycles). In the EMEA area, the Piaggio Group retained its market leadership position, with a 17.6% share. The Group achieved excellent sales results on the American market (+ 10.4%). The number of Vespas sold in India totalled 38,900.

Sales of commercial vehicles were negatively affected by the concurrent downturn on all reference markets (Italy - 12.5%, Germany -3.1%, France - 4.3% and the Indian three-wheeler market - 5.9%).

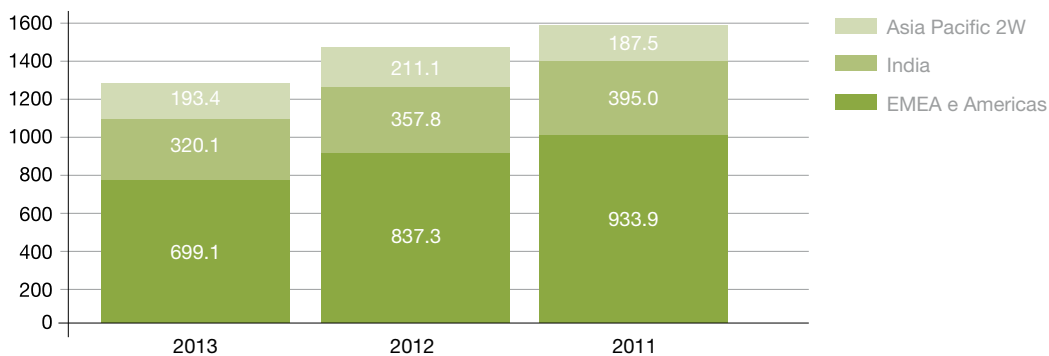
	2013	2012	Change
In millions of euro			
EMEA and Americas	699.1	837.3	(138.2)
India	320.1	357.8	(37.7)
Asia Pacific 2W	193.4	211.1	(17.7)
Total net revenues	1,212.5	1,406.2	(193.6)
Two-wheeler	852.6	993.3	(140.6)
Commercial Vehicles	359.9	412.9	(53.0)
Total net revenues	1,212.5	1,406.2	(193.6)

Net revenues

In terms of consolidated turnover, the Group ended 2013 with net revenues down by 13.8% compared to 2012, and equal to € 1,212.5 million. As for the type of products sold, the downturn mainly concerned two-wheeler vehicles (- 14.2%). As a result, the percentage of two-wheeler vehicles accounting for overall turnover dropped from 70.6% in 2012 to the current figure of 70.3%; vice versa, the percentage of commercial vehicles rose from 29.4% in 2012 to 29.7% in 2013.

All geographic segments recorded a downturn: Asia Pacific 2W - 8.4%, India - 10.5% and EMEA and the Americas - 16.5%. This downturn was exacerbated by the devaluation of Asian currencies, which had an impact of approximately € 53 million on the decrease in turnover.

Units/(ML €)

Revenue by geographic
area

Determination and distribution of Added Value

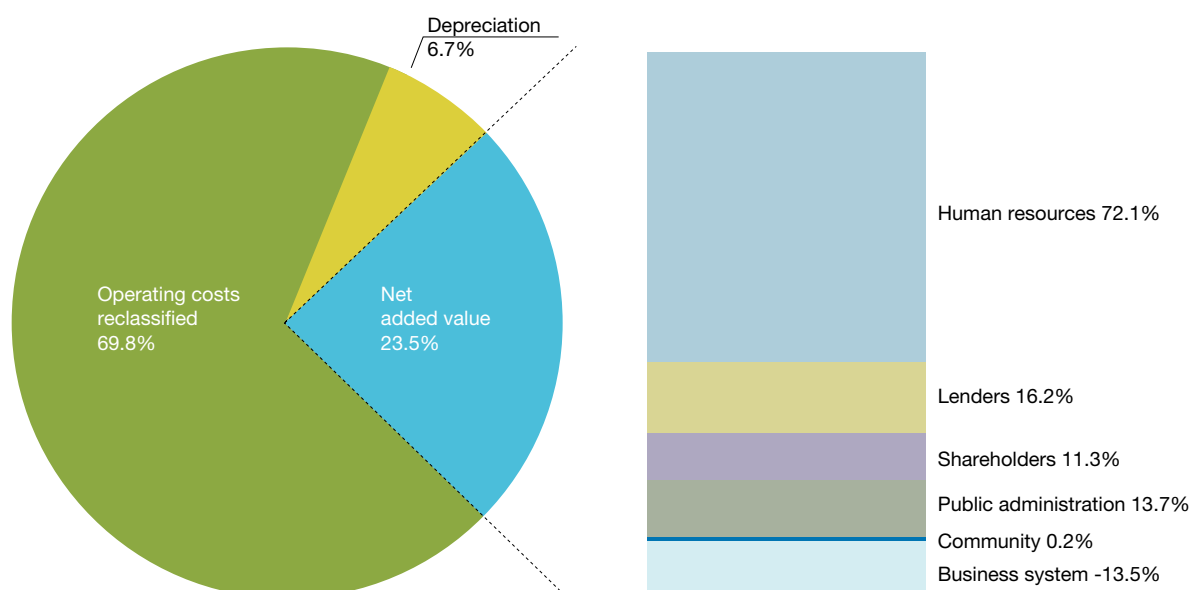
Added Value is an asset produced by the Piaggio Group, which is distributed, in different forms, to various stakeholders.

Net Global Added Value is distributed among stakeholders as: remuneration to human resources (direct remuneration comprising salaries, wages and post-employment benefits and indirect remuneration comprising social security contributions), remuneration to lenders (interest payable and exchange losses), remuneration to shareholders (dividends distributed), remuneration to the Public Administration sector (total taxes paid), external donations and donations to the community. The value held by the Group comprises retained earnings.

How added value is determined and distributed

	2013	2012	2011
<i>figures in thousands of Euros</i>			
Net revenues	1,212,535	1,406,152	1,516,463
Income/(loss) from investments	2,264	3,530	2,481
Financial income	13,095	13,032	17,236
Other operating income reclassified	21,461	25,082	42,736
Economic value generated	1,249,355	1,447,796	1,578,916
Operating costs reclassified	-872,543	-1,026,997	-1,108,400
Depreciation	-83,115	-79,621	-95,013
Net added value	293,697	341,178	375,503
Remuneration to human resources	211,656	223,419	248,356
Remuneration to lenders	47,720	45,285	45,934
Shareholder remuneration	33,087	29,877	29,893
Remuneration to the Public Administration sector	40,358	30,134	34,569
External donations and donations to the community	491	266	384
Distributed added value	333,312	328,981	359,136
Business system	-39,615	12,197	16,367
Added value retained by the Group	-39,615	12,197	16,367

Added value generated and distributed in 2013



The net Global Added Value generated by Piaggio in 2013 amounts to approximately € 293,697 thousand, equal to 24.2% of revenues. Most of this amount refers to remuneration to human resources (72.1%), followed by remuneration to lenders (16.2%) and to the public administration (13.7%). Compared to 2012, Global Added Value dropped by 13.9%.

Public grants and tax benefits

In 2013 the Piaggio Group benefited from government aid in the form of research grants, training grants, subsidised loans and tax benefits in the amount of € 7,112 thousand.

Research grants, totalling € 2,079 thousand, were obtained for research projects. The contents and results of these are commented on in the paragraph on product safety.

Training grants totalled € 430 thousand and were obtained by the Parent Company.

Piaggio Vehicles Private Limited (India) obtained a grant for exports and its amount was calculated as a percentage of the FOB value of the exports.

	2013	2012	2011
<i>figures in thousands of Euros</i>			
Expenditure of Piaggio Group in R&D	47,700	59,600	68,500
Grants	2,079	813	1,408
Export grants	1,167	905	2,004
Training grants	430	232	249

Grants obtained

Tax benefits totalling € 1,404 thousand were obtained by the companies operating in Vietnam and France.

Specifically:

- › Piaggio Vietnam benefited from an exemption on income tax resulting from manufacturing activity which led to a tax reduction of 50% compared to the rate for that activity.
- › Piaggio France received a tax credit totalling 34,362 euro, related to the total of salaries paid in 2013. Specifically, this credit is equal to 4% of the total amount of salaries which do not exceed the limit of 42,908 euro before taxes for each individual employee. The subsidised amount of 2013 totalled 859,042 euro.

	2013	2012	2011
<i>figures in thousands of Euro¹</i>			
Tax exemption Piaggio Vietnam	1,370	2,544	5,464
Tax credit Piaggio France	34		

Tax benefits

1_Values in currencies other than the Euro have been converted using the annual average exchange rate.

In addition, subsidised loans were obtained for an amount totalling € 2,032 thousand in 2013.

	2013	2012	2011
<i>figures in thousands of Euros</i>			
Loans	2,032	64,100	1,231
- of which subsidised loans	2,032	4,100	1,231
- of which EIB loans	0	60,000	0

Subsidised funds
as of 31 December 2013

Value for shareholders

The share capital of Piaggio & C. Spa as of 31 December 2013 totalled € 206,026,903.84, divided into 360,894,880 ordinary shares, Omniaholding Spa holding company possesses around 50.66%, including through the subsidiary Immsi Spa.

The Company possessed 839,669 treasury shares, equal to 0.23% of share capital, as of 31.12.2013. The other Company Shareholders who, as of 31 December 2013, possessed a number of shares greater than 5%, based on available information and communications received according to the Regulation on Issuers, are:

- › Diego Della Valle, with 5.45% of share capital;
- › Financière de L'Echiquier, with 5.13% of share capital.

Dividends will not be distributed for 2013. The dividends per share paid to shareholders for 2011 and 2012 as remuneration of share capital are illustrated in the following table:

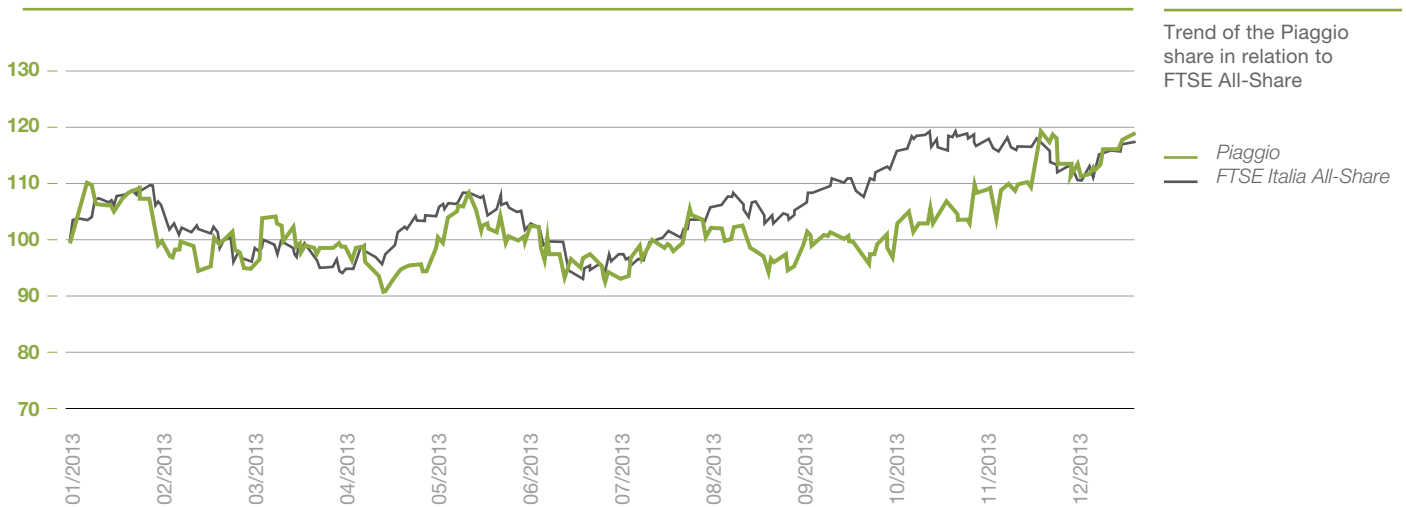
Statement of
Piaggio & C. SpA
dividends for
2011 -2012

Reference Financial Statements	2012	2011
Detachment date	20-May-13	14-May-12
Payment date	23-May-13	17-May-12
Dividend per share (euro)	0.092	0.082

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. In 2013, Piaggio shares gained 19%, performing better than the main reference index, as shown in the following graphs.

Price and daily volumes





Piaggio's corporate rating published by Moody's and Standard & Poor's, is Ba3 and BB-, respectively.

Communication with shareholders and Investor Relations

Piaggio considers financial disclosure to be of fundamental importance in building a relationship of trust with the financial market.

In particular its Investor Relations function engages institutional and individual investors as well as financial analysts in an ongoing dialogue, producing transparent, timely and accurate information to promote a correct perception of the Group's value.

In 2013, communication with the financial community was stepped up, with the Group meeting more than 130 investors on main European financial markets during road shows and conferences. Initiatives also included direct meetings and conference calls, managed daily by the IR function, and institutional communication events concerning quarterly results.

The Company's website www.piaggiogroup.com is constantly updated with exhaustive information concerning the Group and all major corporate documentation, in both Italian and English.

In particular, press releases disclosed to the market by the Press Office, the Company's periodic financial reports, the Corporate Social Responsibility Report, and the Company's business and financial performance are all published on-line, along with the material used in meetings with the financial community, Piaggio share consensus as well as corporate governance documents (articles of association, insider trading and material concerning shareholders' meetings).

The Piaggio Group website has been in the top 10 for the past three years of the prestigious "KWD Webranking Italy Top 100" classification, an annual survey of the best corporate websites of the top 100 Italian companies in terms of capitalisation.

Lastly in 2011 the Piaggio Group was awarded the financial statement Oscar in the "Listed companies and major enterprises" category.

Etica Sgr's intervention at Piaggio's general shareholders' meeting for approval of the financial statements on 15 April 2013



For the third year running, Etica SGR, the ethical investment fund management company, attended and voted at the shareholders' meeting of **Piaggio** held in Milan on 15 April 2013.

It voted to approve the **Financial Statements** and **Remuneration Report**, while it abstained from the vote to authorise and make available **treasury shares** (Etica would have preferred more detail for the objectives underlying the request for authorisation) and voted against the item in the extraordinary meeting on the cancellation of treasury shares (as regards the previous item on the agenda and increase in net debt recorded by Piaggio).

Backed by socially responsible investors, such as the UK's Cooperative Bank (23 billion euro's of managed assets) and the American company CREA, Etica SGR took the floor at the shareholders' meeting to raise management's awareness of some aspects concerning **business sustainability**.

Etica SGR referred to the increase in the **payout ratio** compared to 2011, despite the decrease in main financial performance indicators and increase in net debt, and requested updates on agreements **with trade union organisations** in Italy on the use of redundancy funds and solidarity contracts, and disclosure on figures for industrial unrest at international sites.

Given Piaggio's considerable presence in countries such as China, Vietnam, Indonesia and India, Etica SGR called for the adoption of more detailed policies on human rights and workers' rights, also as regards suppliers, and the endorsement of international programmes or guidelines on **corruption and governance**.

Etica SGR also referred to some important environmental issues, such as the use of energy from renewable sources in production processes.





TECHNOLOGICAL INNOVATION AND SUSTAINABLE MOBILITY

Two-wheeler Business	57
<i>Sustainable mobility</i>	57
<i>Environmentally friendly design and production</i>	61
<i>Product safety</i>	62
<i>Product recyclability</i>	64
Commercial vehicles	66
<i>Environmental awareness and respect</i>	66
<i>Main projects with low environmental impact vehicles</i>	68
<i>Ecological and recycling potential of materials</i>	71
Product quality and reliability	74
<i>Quality certification</i>	74
<i>Supply verification/audits</i>	74
<i>Quality control of finished products</i>	75
<i>Product traceability</i>	75
<i>Reliability tests</i>	76
<i>Product information</i>	78



"The unexamined life
is not worth living".

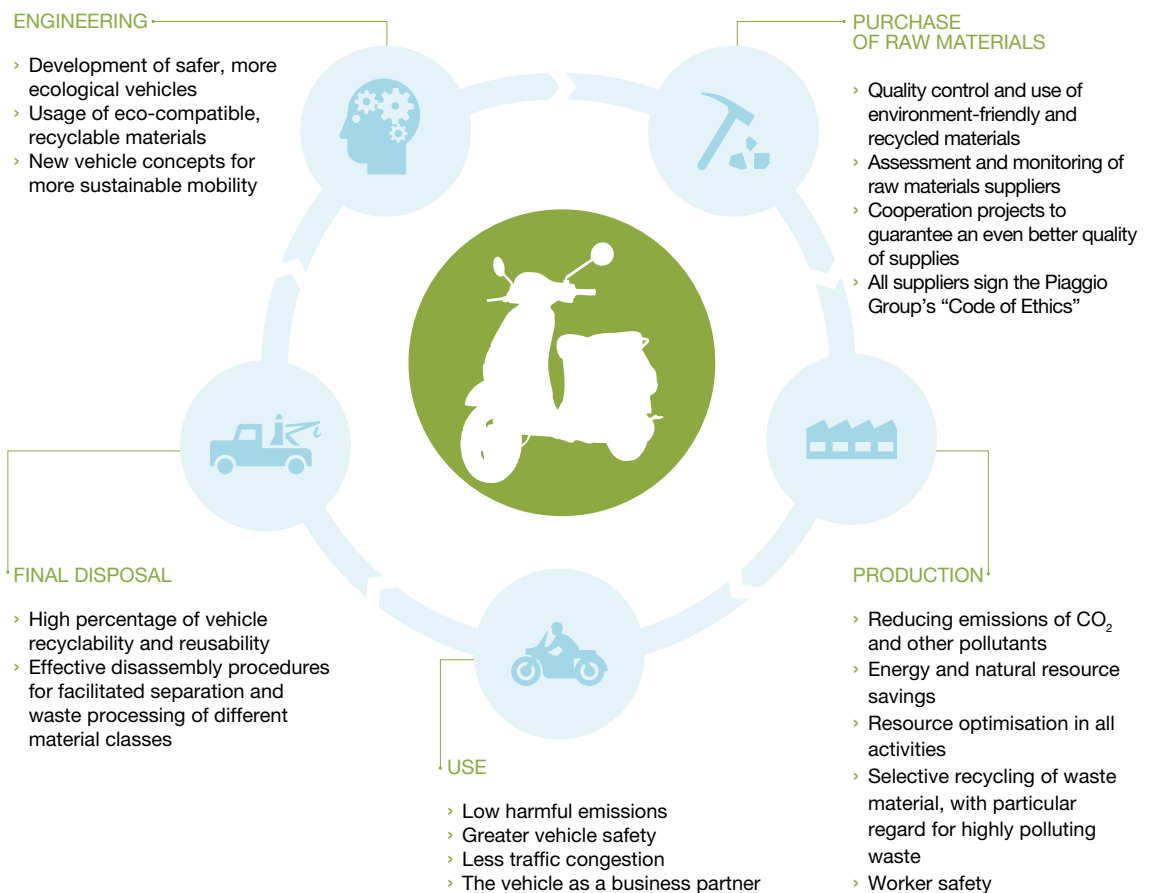
Socrates

Technological innovation and sustainable mobility

The main objective of the Piaggio Group is to meet the most progressive needs for mobility, while reducing the environmental impact and consumption of its vehicles, ensuring customers excellent levels of performance.

In its effort to ensure the sustainability of its products, the Piaggio Group takes into account the entire life cycle, which comprises the design, procurement of raw materials, production proper, use of the product by customers and, finally, decommissioning, which consists in disassembly at the end of service life and in the disposal and/or recycling of the components and raw materials.

The life cycle of the sustainable product



During its life cycle, every product interacts directly and indirectly on both the health and safety of people and the environment understood as ecosystem quality.

For this reason the Piaggio Group focuses its R&D activities on developing innovative solutions to reduce the emission of pollutants and to increase the safety, reliability and recyclability of its products.

This ongoing effort is aimed at designing and offering vehicles that are always at the cutting edge of:

- › **ecology**: products that can cut the emissions of pollutant gases and CO₂ in urban and extra-urban areas; this goal is pursued by further developing conventional engine technologies (increasingly sophisticated internal combustion engines) as well as by using renewable and sustainable energy sources;

- › **reliability and safety:** vehicles that allow a growing number of people to get about town easily, while contributing to ease traffic congestion and ensuring high levels of active, passive and preventive safety;
- › **recyclability:** products that reduce the environmental impact at the end of their life cycle to a minimum;
- › **cost-effectiveness:** vehicles with lower running and maintenance costs.

Piaggio's focus on the environmental compatibility of its products dates back several decades to 1978 when it introduced the first Ape Elettrocar, featuring an electric motor and gear reduction unit with incorporated differential replacing the powerplant, and a forerunner of zero emission vehicles such as the first electric Porter unveiled by Piaggio in 1995.



Piaggio – An "electric" story

The entire Piaggio Group is thoroughly committed to zero impact engines, as reflected by the extensive range of hybrid or full electric products available for all its brands.



Piaggio – A zero-emissions range

This general vision is applied for both types of products developed by the Group: the two-wheeler business (scooters and motorcycles) and Commercial Vehicles business. Accordingly, the Two-wheeler and Commercial Vehicle sectors are presented separately in the following sections, along with the actions taken by the Company to guarantee the sustainability of its products.

Partnerships with universities and research centres

The Piaggio Group has always acknowledged the great value of innovation and research and believes in the importance of sharing knowledge and ideas and in the stimulus that it can give to improving technologies, processes and products.

Universities and research centres are perhaps the ideal place for this type of cooperation. For this reason the Piaggio Group has always been engaged on many fronts to consolidate the synergy between the world of research and its industrial sector.

In 2013 the Group had exchange and research relations with: Pisa University, Florence University, Bologna University, Modena and Reggio Emilia University, Milan Polytechnic, Padua University, Perugia University, University of Rome Tor Vergata, Sapienza University of Rome, Engines Institute of the National Research Council in Naples, COMETA Research Consortium of Catania, Athens University, the Hellenic Institute of Transport of Athens, the Fraunhofer IAO (Stuttgart University).

Partnerships with Italian Universities and Research Centres in 2013

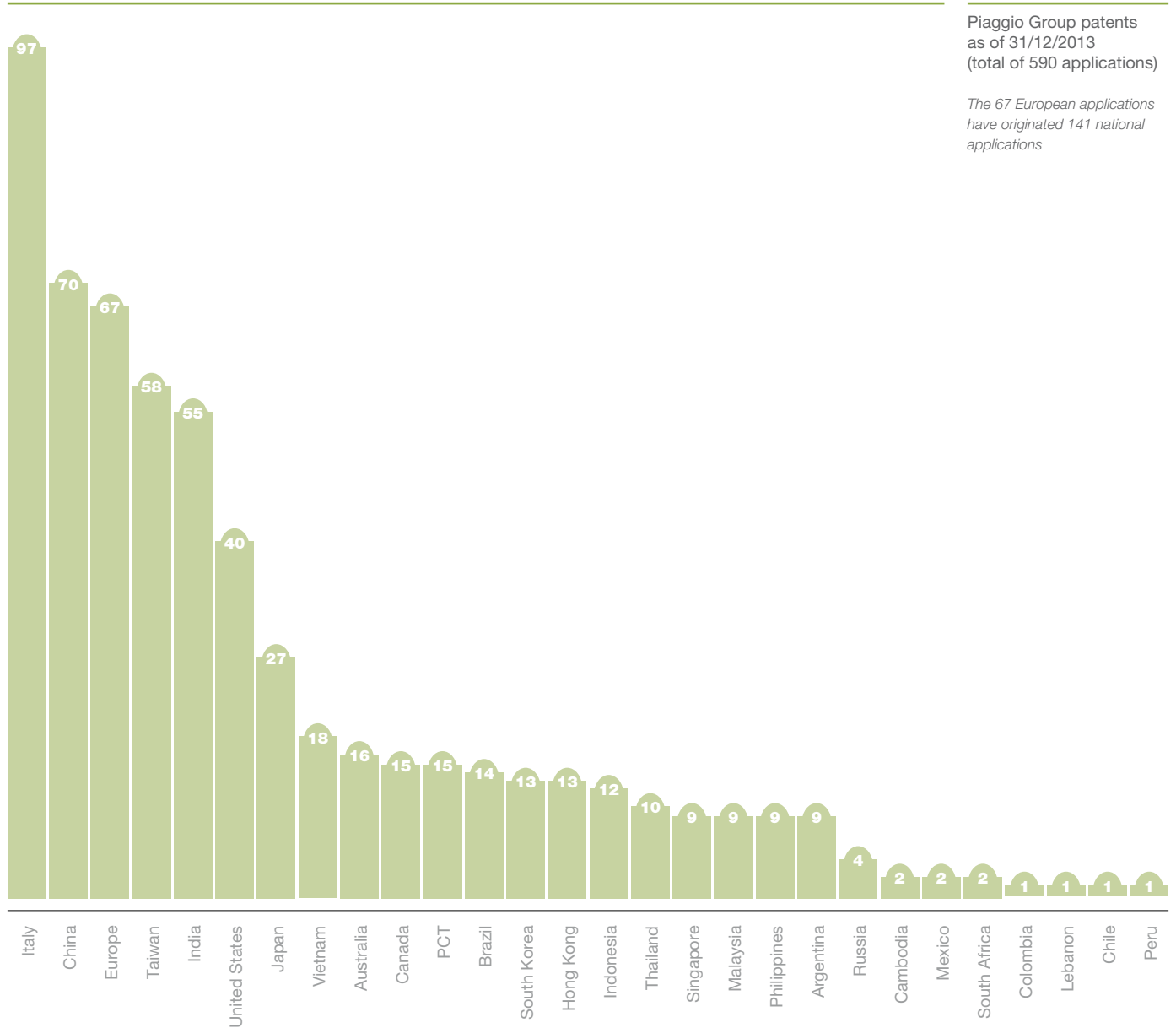


The objective of these partnerships is to support continuing innovation through:

- › partnerships in research and development projects;
- › participation in European and national projects;
- › experimental research dissertations.

Industrial patent rights

Intense research and development work has led to many new patents being filed in countries where the Group operates¹, bringing the total number of patents held to 590 (+16% compared to 2012).



Piaggio Group patents
as of 31/12/2013
(total of 590 applications)

The 67 European applications
have originated 141 national
applications

¹ Under the Patent
Cooperation Treaty (PCT),
patents can be "reserved"
internationally, by specifying
the priority date and owner,
before then filing the patent
application within a certain
number of months with national
or regional offices, requesting
that each country examine and
grant the patent.

Main patents filed by the Piaggio Group in 2013

Title	Scope	Countries
Suspension units for motor vehicles (suspension with extensible foot)	Driving comfort	Italy
Motorcycle suspension with automatic preload and shock absorber regulation device (Aprilia Automatic Preload suspension)	Driving comfort	Italy
Exhaust gas intake and recirculation system for a diesel engine	Diesel Engine	Italy
Disc assembly for disc brakes	Brake system	Italy
Excitation device for phonic wheel sensor and disc for disc brake	Brake system	Italy
Disc for disc brake and phonic wheel	Brake system	Italy
Circuit and control method of a LED external lighting unit of a vehicle (Vespa 946 headlight)	On-board lighting and electronic devices	Italy
Improved polyolefin mixture (according to PLASMIX patent)	Environmental sustainability	Italy
Motorcycle suspension (new Vespa suspension)	Driving comfort	Italy
Integrated ignition and power system for internal combustion engines	Engine management	PCT ²
Assembly comprising a seat and seat compartment for motorcycles	Vehicle component (XGT)	PCT
Vespa Primavera & Vespa Sprint	Design	EU, Australia, Argentina, Brazil, Cambodia, Canada, Colombia, Chile, China, South Korea, Philippines, Japan, Hong Kong, India, Indonesia, Lebanon, Malaysia, Mexico, Peru, Russia, Taiwan, Thailand, South Africa, Vietnam
New NT3	Design	European Community
Vespa S (India version)	Design	India
Constant velocity motorcycle transmission and motorcycles including this transmission	Vehicle component	Italy
Motorcycle including a sound reproduction system in audio band	Vehicle component	Italy
New MP3	Design	European Community
Vespa bags	Design	European Community

2_ Under the Patent Cooperation Treaty (PCT), patents can be "reserved" internationally, by specifying the priority date and owner, before then filing the patent application within a certain number of months with national or regional offices, requesting that each country examine and grant the patent.

Two-wheeler Business

Sustainable mobility

The awareness of public opinion and institutions on the issues of environmental sustainability and urban and extra-urban mobility is constantly increasing.

Rapid and often chaotic urbanisation, which is not always supported by the development of a public transport network, has increased the number of vehicles on roads and, as a result, traffic congestion and the amount of pollutants emitted in urban contexts.

This awareness underpins the Piaggio Group's commitment to providing mobility solutions designed to reduce air pollution and to improving the quality of life in towns and cities by reducing traffic congestion and noise pollution.

Extending the use of environment-friendly two and three wheeler vehicles is Piaggio's answer to these needs.

An increase in the use of motorcycles for individual private mobility must be accompanied by an increase in the actual safety of two-wheeler vehicles, achieved through the study and introduction of active, passive and preventive safety systems.

Making two-wheeler vehicles safer and more comfortable may increase their use and, at the same time, decrease the number of cars on the road, which in turn cuts fuel consumption and harmful emissions by approximately 50% (in the same traffic conditions)³.

Piaggio is involved in numerous initiatives in the two-wheeler sector, to develop vehicles which use innovative solutions to provide eco-friendly transport that is safe and can create an interconnection system within the city.

In this framework, Piaggio successfully submitted its MUSS (Safe and Sustainable Urban Mobility) project for the tender "Industria 2015" (Industry 2015) called by the Ministry for Economic Development.

MUSS Project

The project, which was completed in autumn 2013 with excellent results, targets the development of innovative solutions for environmentally-friendly urban transport which is more sustainable.

Many of the obtained results had tangible impact on production starting as early as 2011; these results were described in previous sustainability reports. In terms of the activities performed in 2013, the following results were achieved in the project's main macro areas:

- › the greatest contribution to reducing consumption and emissions was achieved by the optimisation of engine thermal fluid dynamics, with particular reference to the combustion process, as well as by a reduction in organic leaks and an improvement in the performance of the CVT transmission system. The experience gained to optimise the new 125 / 150 "Three Valve" engines, in particular from what was acquired to create the Vietnamese version, was also widely used to improve the performance of European versions;
- › technical solutions for hybrid plug-in and electric engines were studied and developed, to improve the performance and reliability of electronic control and energy accumulation systems, and guarantee greater vehicle usability with Smart Autonomy Management (GIA, Piaggio Patent). Studies continued on the development of new 1.5 kWh modular (lithium) batteries, studying the potential use up to 10 elements including in fields which are not traditional for Piaggio. Considerable focus was also paid to the regulatory framework at national and international level (Two-wheeler);

3_Research conducted by the French ADEME Agency (Agence de l'Environnement et de la Maîtrise de l'Energie), in Paris on a circular route, with 31 km travelled in different traffic conditions.

- › numerical/experimental methodologies were developed in the field of engine acoustics and timbre, with the aim of designing intake and exhaust systems and engine components with acoustic emissions that are increasingly lower and “more pleasant”;
- › aerodynamic simulation methodologies (CFD) were developed in 2013 as well, with a detailed breakdown of engine components and the virtual rider model. The virtual simulation methodology was validated by comparative analysis of experimental data obtained in the wind tunnel at Perugia University;
- › in the “Life Cycle Management” sector, Piaggio partnered Florence University in analysing the recyclability characteristics of the MP3 125 Hybrid according to ISO 22628:2002, which included vehicle disassembly and an inventory of all its components. The recyclability rate was 88%, which is considerably higher than the 85% limit of current laws (currently in force in the automotive segment only for N1 and M1 categories), demonstrating the high environmental compatibility of the Piaggio vehicle as regards end-of-life treatment;
- › in the field of active safety systems, studies and experiments led to ADD (Aprilia Dynamic Damping) semi-active electronic suspensions being used in the mass production of Aprilia motorcycles (Caponord 1200, presented in spring 2013).

The ride-by-wire technology, which has been extended to most of the Group’s vehicles, has made it possible to implement functions such as cruise control, multi-map systems and traction control systems, as in the APRC system (Aprilia Performance Ride Control) that includes ATC (Aprilia Traction Control), the Anti Wheelie System, Quick Shift (electronic gear) and Launch Control (starting control). Ride By Wire will be used on the Master 500 engine for scooters and will be assembled on the 2014 version of the MP3. This version will include Traction Control and multi-map management to adapt performance to special road surface or riding conditions.

An electrically adjustable suspension was developed for the Piaggio X10 and Aprilia Caponord, which contains the ADD packet (electronic suspensions).

The first completely led headlight for scooters debuted on Vespa 946;

- › in the field of human-machine interface and on board information systems, the Piaggio Multimedia Platform info/mobility system, based on a Bluetooth® smartphone/vehicle connection, was made available to the public as an accessory for the Piaggio MP3, Vespa 946 and Aprilia Caponord, as well as the Piaggio X10. The application software was released for iOS operating systems and Android platforms. The system implements the innovative virtual pressure system function, available on vehicles fitted with an ABS system, used to monitor tyre pressure.

<http://www.multimediaplatform.piaggio.com/eng/index.htm>

PIAGGIO MULTIMEDIA PLATFORM - putting Piaggio scooters in touch with the world

The innovative multimedia platform, called PIAGGIO MULTIMEDIA PLATFORM (PMP) connects the vehicle via Bluetooth to a smartphone (iOS or Android), making it possible to use a phone to increase on-board instruments and increase functions available for the Customer. PMP also makes it possible to connect the vehicle to Internet through a Data Network connection, offering a function and truly vast range of development possibilities.

PMP debuted on Piaggio X10 in 2012. It was installed on Vespa 946, Piaggio MP3 and Aprilia Caponord in 2013. Its development and extension will continue in 2014 adding new functions and new graphics specific for the various models.

The beta version for electric post office fleet vehicles was made available in 2013. It includes advanced functions for managing the vehicle and charging batteries, including “Smart Autonomy Management” patented by Piaggio. This version was released in November for testing in the field. Its distribution is scheduled for 2014.

The wireless connection lets users keep all vehicle parameters under control, from the customary such as speedometer and rev counter data to more technical information such as instantaneous engine power and torque, positive or negative acceleration, vehicle inclination, instantaneous and average consumption, average speed, battery voltage and so on. Riders can select the parameters they want to monitor.

PMP technology increases rider and passenger safety. The tyre control function (on ABS/ASR versions) monitors tyre wear and pressure, letting the rider know before a critical situation happens; general analysis keeps vehicle functions under control; if there is an anomaly, it suggests the best course of action to take and, if necessary, tells the rider where the nearest authorised service centre is located. For rider safety, the interaction functions are disabled when the vehicle is moving.

When the tank is low on fuel, the system automatically suggests the nearest fuel station, and sets the sat nav if requested. The PMP automatically records the vehicle position when the engine is off, making it easier to find where it is parked, in unknown areas.

The PMP records journey data on an ongoing basis, so users can easily analyse their riding style at home, on computer, if they want. They can also browse the user and maintenance manual directly on their smartphone.



Environmentally friendly design and production

Continuous improvement of its products is the basis for the Piaggio Group’s Research. Particularly for engines, the Piaggio Group has developed solutions which draw on its wide-ranging and in-depth technical expertise, honed from decades of operations in the industry, combined with the latest fluid dynamics simulation software. This allowed the Group to obtain Euro3⁴ type approval in 2006 for the entire range of over 50cc versions sold throughout the world, reducing both pollutant emissions (for example NOx emissions cut by 50%) and consumption⁵.

Piaggio’s philosophy is to keep the technological levels of its products as uniform as possible, no matter where they are manufactured and sold.

The new 350 4-stroke 4 valve water cooling engines for the GT - High Wheel “premium” and “125 and 150 three valve” segments, unveiled in 2011, are concrete proof of this commitment. In particular, the Three Valve embodies several technical solutions aimed at cutting emissions and reducing internal friction. Emissions have been reduced by adopting a unique fluid dynamics design of the suction ducts and combustion chamber, creating a “tumble” motion of the inflowing air/fuel mix that makes it possible to improve thermodynamic performance. An in-depth study was carried out to decrease internal friction (lubrication, use of roller rocking levers, roller bearings etc.) which produced outstanding results in terms of reduction and consumption.

During 2013, the 3V engine was fine tuned to cut consumption by a further 5% to 40 km/h, which is the standard comparative value. The improvement is more evident at higher speeds, reaching 60 km/h at 50 km/h.

The optimisation work involved both the thermodynamic part and efficiency of the CVT transmission.

4_It should be borne in mind that “Euro2 Mopeds” and “Euro3 Motor Vehicles” are the most advanced and stringent standards in force; even though the same name can be misleading, EuroX standards for cars are based on criteria entirely different from those for motorcycles and mopeds.

5_Piaggio was the first Company to put a Euro 3 scooter with electronic injection on the European market: the Vespa 250 GTS, unveiled in May 2005 ahead of mandatory Euro 3 regulations which came into force on 1 January 2006.

Model	Consumption l/100 km (at 40km/h)
125 3V version 2012	1.9 l/100 km
125 3V version 2013	1.8 l/100 km
Difference with 3V 2012	-5%

Comparison of the consumption of the two different 125cc engines

In recent years the most cutting-edge effort to reduce environmental impact has definitely been the development of the 125 and 300 Hybrid engine started in 2009. This innovation uses a parallel type hybrid powerplant combining an ultra-modern internal combustion engine with electronic injection and an electric motor. The integrated management of two powerplants improves overall vehicle performance and drastically reduces pollutant emissions. In 2013 the creation and development of the new 1.5 kWh modular batteries was completed which will be the forefather of future modular battery families containing numerous function improvements to increase their versatility.

New vehicles – India

The Vespa manufactured and sold in India has a 125HE engine with carburettor, with type approval based on Indian Bharat stage III regulations (that differ from Euro 3 standards).

Plans have been made to introduce electronic injection starting in October 2014, which means vehicles will comply with Euro 3 standards as well as Bharat stage III.

New models (Vespa VX 125) equipped with front disc brake have been put on the market.

New vehicles - Asia Pacific

The vehicles manufactured and sold in Vietnam and, in particular the Vespa, comply with the same requirements and standards of European vehicles, although they have functional features that make them particularly designed for the local market. These provide the same high technological, qualitative and performance standards of their European counterparts.

The engines mounted on models made in Vietnam have been specifically fine-tuned to make them more suitable for the country's specific conditions. They are rather different from Europe's and are characterised by extremely low average speeds in urban areas due to the extremely congested traffic. For these reasons, a special setting of the CVT gear change has been adopted to ensure smoother running and lower consumption (and hence also CO₂ emissions) since Vietnamese customers are not particularly interested in pure performance.

The new 125 / 150 "Three Valve" engine, complying to Euro 3 standards, is currently assembled on the Liberty Vietnam (April 2013) and Vespa LX Primavera Vietnam (September 2013). It should be noted that vehicles conforming to Euro 2 standards can be registered in Vietnam.

Product safety

Improving the safety of two-wheeler vehicles has always been a top priority for the Piaggio Group in its product research and development work. Introducing active, preventive, passive and post-accident safety systems for the scooter and motorcycle sector is becoming increasingly necessary, also to extend the use of two-wheeler vehicles for individual mobility.

Matrix approach used by Piaggio for its motor vehicle safety projects

	ACTIVE	PREVENTIVE	PASSIVE	POST CRASH
MOTORCYCLE	Suspension, brakes, ABS, ESP	Instrument interface, visibility devices	Protection, kinematics, algorithms	e-Call
RIDER	Training and education	Comfort, quick fasteners, information, visibility	Improvements to helmets and garments	
INFRASTRUCTURE	Maintenance and checks	e-Safety	Specialised in impact on riders	Maintenance and checks

Research and Development guidelines for vehicle safety



Active Safety

Piaggio continued to focus on improving the active safety of its products in 2013, extending ABS and ASR to other Group vehicles.

The ABS/ASR version of the new Piaggio X10 350 and 500 sold in 2012 features a combined, three channel ABS system, which is a first-time application for the Group's scooters, plus ASR electronic traction control. This function has also been developed for and extended to the Aprilia SRV 850 maxi scooter with twin cylinder engine. In 2013 the ABS/ASR system was also applied on Vespa 946, while the brand new Vespa Primavera (125 and 150 cc), unveiled in November 2013, adopts a single channel ABS system.

Mass production was started on Aprilia Tuono and Aprilia RSV4 in 2013 with two channel Bosch ABS and three different selectable calibration, plus a Race option where the ABS is disabled. As mentioned above, the ride-by-wire technology, which has been extended to most of the Group's vehicles, has enabled functions such as cruise control, multi-map systems and traction control to be implemented which are best represented in the APRC (Aprilia Performance Ride Control) system which includes ATC (Aprilia Traction Control), Anti Wheelie (anti-wheelie system), Quick Shift (electronic shift) and Launch Control (start-up control).

The Ride By Wire technology will be used on the evolution of the Master 500 engine for scooters, mounted on the 2014 version of Piaggio MP3. This version will include Traction Control and multi-map management to adapt the delivery to particular adherence or driving conditions.

Also in the field of active safety systems, studies and experiments led to ADD (Aprilia Dynamic Damping) semi-active electronic suspension being used in the mass production of Aprilia motorcycles (Caponord 1200, presented in spring 2013).

An electrically adjustable suspension was developed for the Piaggio X10 and Aprilia Caponord, which contains the ADD packet (electronic suspensions). The system lets the rider easily adjust the rigidity of the suspension system to load/road conditions and riding style, from the handlebar controls, for even better active safety.

Lastly, for the lighting device sector, the first completely led headlight for scooters debuted on Vespa 946.

Tilting vehicles

Certainly, as part of its research work on Active Safety, Piaggio's most ambitious objective is the study and development of new vehicles based on entirely new product formulas, such as three- and four-wheeler tilting vehicles that guarantee superior stability even on wet or uneven road surfaces, and shorter braking distances compared to conventional scooters. The benchmark in this sector is the tilting three-wheeler Piaggio MP3, which went on sale in 2006.

These new concepts, in addition to other safety devices, can achieve safety levels close to car manufacturing standards, whilst retaining all the benefits of two-wheeler vehicles in terms of size, emissions and consumption.

-
- › Safer to ride, as proven by measuring the vertical force applied to the front wheels.
Tests proved that when changing from a smooth or paved surface to a cobbled surface, the reduction in force for the MP3 was 18% and 38% less compared to an equivalent two-wheeler vehicle.

 - › Shorter braking distance.
On a smooth surface, the MP3 has a shorter braking distance compared to an equivalent two-wheeler vehicle of 12% on smooth surfaces and 20% on uneven surfaces.

 - › Better handling in traffic.
The rider does not have to put his feet on the ground when the MP3 is stationary.

Advantages of the MP3

Preventive Safety

In the field of Preventive Safety, an LED “light guide” headlight was created for the Piaggio X10, to increase vehicle visibility.

Another new Preventive Safety feature is the “virtual pressure sensor” installed on the PMP system to monitor tyre conditions (pressure and wear), and ensure optimal performance.

Funded European projects - Preparatory Activities for 2014-2020 European Projects

Piaggio actively participated during 2013 in the preparatory works for the Horizon 2020 programme in the Transport field. Specifically, it assisted ACEM⁶ to propose priority research topics in the two-wheeler sector (safety, powertrain, urban mobility). Piaggio, which is a member of ACEM, provided strong support for the issues regarding electric vehicles by joining EGVIA⁷, the European Commission’s main group for Research and Innovation on “Green Vehicles”.

Thus the foundations were laid in 2013 for a new important involvement of the Piaggio Group in European Projects whose call of tenders are imminent.

The new funding programme, called Horizon 2020, will witness the participation of Piaggio in the Sustainable Mobility sector, particularly for electric vehicles.

The new project structure includes the organisation of high level competitions which involve Industry, Universities and Research Centres.

Intelligent Transportation System development: Piaggio’s involvement

Piaggio has participated in an ACEM (the Motorcycle Industry in Europe) committee since 2010 aimed at monitoring the evolution and potential affects of the development of ITS (Intelligent Transportation Systems) in the automotive field, in particular eCall (Emergency Call) and contributing to the definition of ACEM’s strategic position on the ITS issue within Europe.

VERITAS Project

The Veritas project was completed in 2013. Piaggio worked on the development of a predictive model for the ergonomic analysis of two-wheeler vehicles, based on anthropometric measurements and scooter and motorcycle posture surveys. The results were used to develop a software programme for ergonomic controls during new vehicle configuration and develop more accessible solutions, including for older riders. Easy access functions (for users with minor physical limitations) have been designed and tested for man-vehicle interfaces for installation on the Piaggio Multimedia Platform.

Product recyclability

Although no legislation on recyclability for two-wheelers is currently in force or is planned, the Piaggio Group has taken steps in this direction. The technologies and materials used for the design and construction of the Group’s scooters and motorcycles have targeted environmental compatibility and their effective end-of-life disposal since the introduction of the Sfera 50 model (1989).

In 2007, the most representative vehicles of the range were analysed to make sure that the disassembly of main components was easy, thus ensuring a simpler disposal process for component materials. Analyses confirmed the reduced environmental impact of Piaggio two-wheeler vehicles, even at the end of their life cycle. For a

⁶ ACEM, the Motorcycle Industry in Europe.
<http://www.acem.eu>

⁷ EGVIA (European Green Vehicles Initiative Association) is a branch of ERTRAC: European Road Transport Research Advisory Council (ERTRAC).

typical widely sold scooter, with plastic body, the percentage of recyclable material identified was more than 90%, which is well above the figure in the ISO 22628 standard regulating road vehicle recyclability that requires at least 85% of the vehicle mass to be reusable/recyclable.

As from 2008, Piaggio has also changed the title blocks of drawings and information in its bills of materials so that materials used in constructing vehicles can be automatically checked and disassembly can be optimised for easier disposal.

Use of recycled plastics

On all Piaggio Group vehicles, mass-pigmented polypropylene components (floorboard, leg shield back plate, air cleaner, etc.) can be made of recycled materials, at the discretion of the supplier. The table below gives an estimate based on an analysis (Life Cycle Management study) of a product currently on sale (Beverly 2009, vehicle technologically representative of all scooters manufactured).

	%
Total weight of plastic body parts / total weight of vehicle	10
Total weight of mass-pigmented polypropylene parts (possibly of recycled materials) / total weight of vehicle	7
Total weight of mass-pigmented polypropylene parts / total weight of body parts	70

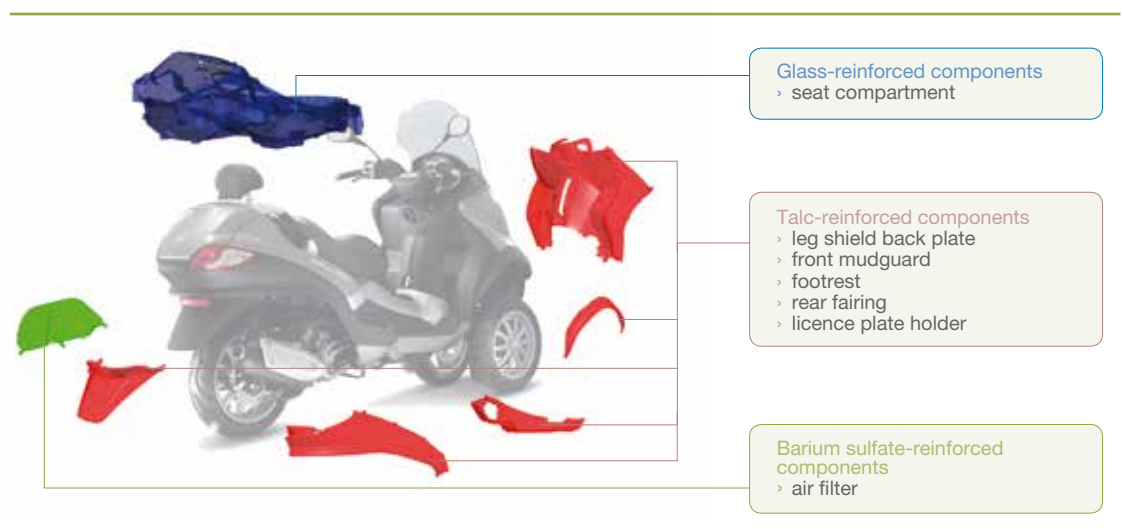
Plastic materials in body parts

Re-Produced project

The Piaggio Group has taken part in “Re-Produced”, a project promoted by the memorandum of understanding between the Region of Tuscany, Revet S.p.A. and Corepla (National Consortium for the Recycling of Plastic). It has the objective of recovering plastic directly from unsorted waste and processing it back to quality conditions for its use in moulds for painted parts in ongoing production.

Piaggio, in partnership with Revet S.p.A. and Industrie Generali, used the new composite material called Plasmix to manufacture products. The activities focused both on painted parts (leg shield, side fairings, leg shield back plate, luggage box) and mass-pigmented parts (seat compartment, helmet compartment, engine cover, filter box). Material recycled from landfill replaces a considerable amount of virgin material (usually around 30%), with clear benefits in terms of saving on oil products and lower emissions (the heat incineration of recycled material and processing of virgin material are not necessary).

Since 2011, the percentage of recycled material used in the composite plastic has been increased to 40% for some applications. Both technical aspects, including the filing of a patent on the material developed, and commercial aspects were also finalised.



Piaggio MP3 Applications

Commercial vehicles

Environmental awareness and respect

With vehicles that boast superb handling and a compact size, and the attention it pays to how its engines impact the environment, Piaggio has always set itself apart from its main competitors.

The Group has always welcomed the challenge of being a company at the forefront when it comes to low environmental impact, both in Europe and India which it faces through:

- › the study, production and sale of low consumption engines with reduced pollutant emissions;
- › the use of alternative fuels;
- › the sale of electric vehicles;
- › high transportation efficiency (ratio between transportable weight and total weight on ground).

The range of vehicles for the Indian market has been redesigned for this purpose in the last two years.

In particular, the Diesel BNA (Naturally Aspirated Twin-Cylinder) engine conforming to Bharat stage IV (BSIV), which went into production in December 2012, has been assembled on the Porter 1000 BNA and guarantees consumption lower than competitors.

Current Indian regulations call for compliance with BSIV (for Category N1 vehicles) in just 20 major cities; current forecasts estimate that BSIV standards will be extended to the rest of the Country not before 2016.

8_Last reliable prevision



This choice of anticipating needs is very important in a country such as India where the latest reports on the green economy have confirmed ground gas values not in line with world standards.

Production of the New Ape City began in December 2012 in India, a three-wheeler vehicle for Indian urban mobility, available in three engine types: Petrol, CNG (methane) and LPG. The new 200cc petrol engine complies with the Bharat III emission limits, while the other engines were designed for use in Indian cities, where the ground gas values are so high that only alternative engine vehicles are allowed to circulate.

In terms of consumption, the vehicles are highly competitive compared to rival products.

Road fuel consumption with the methane version is approximately 5% lower than the best competitor product.

A single fuel LPG version is planned for the Indian market in 2014 with the aim of lowering the cost per

kilometre and environmental impact, thanks to the characteristics of this alternative, environmentally friendly fuel.

The Diesel version will be introduced this year to complete the Ape City range in India with further improvement of the kilometres per litre.

A common goal for the entire Piaggio range manufactured in India is to reduce consumption, with constant interventions to optimise the powertrain as well as reduce the weight of the vehicle.

A specific version of Ape City will be made available for the Latin America market, designed to meet the needs of customers who need to use this vehicle over rough terrain.

The commercial vehicle range proposed by Piaggio for Europe is characterised by “intra-city” mobility, with a special focus on the reduction of fuel consumption and levels of pollutant emissions; fundamental elements for a sustainable transport system, above all during the “last mile” of goods handling and delivery, which has a direct impact on the quality of life in metropolitan areas and historical city centres.

Piaggio has directed its efforts for years to equip its vehicles with alternative fuel engines such as LPG, natural gas and electricity. The availability of these engines manufactured directly by the Parent Company has contributed to the circulation of vehicles with less polluting fuels (LPG and Natural Gas) and increase in the circulation of zero emission vehicles equipped with an electric engine. An example of the Piaggio Group’s efforts can be found in the Porter Chassis Version fuelled by Natural Gas which boasts CO₂ emission value totalling 120 g/km (level never reached before). The CO₂ emission value of the aforesaid vehicle with Diesel engine should also be noted which is 130 g/km.

In addition to the reduction in emissions, through the introduction of low environmental impact engines, Piaggio commercial vehicles contribute to low environmental impact transport of goods in city centres, especially historical city centres, thanks to the dimension and high transportation efficiency (ratio between transportable weight and total weight on ground).

More than 7,000 Porter Electric models have been sold throughout Europe since 1995.

	<p>COMPACT SIZE</p>	<ul style="list-style-type: none"> › ideal solution for mobility in historical city › easy to drive › reduced dimensions
	<p>EFFICIENCY</p>	<ul style="list-style-type: none"> › load capacity › modularity › cost-effectiveness
	<p>ECO-FRIENDLY</p>	<ul style="list-style-type: none"> › Petrol › Diesel › LPG › Methane › Electric

The electric factor – a key to success

Full Electric technology at Piaggio has grown from 1995 to date, and even strengthened and improved. This technology is still a winner as it is accessible, reliable, simple and guarantees an excellent performance in terms of both power (11 kW) and torque (55 Nm at 1,800 RPM).

The strength behind the Full Electric technology, apart from a solid technical base, is demonstrated by its cost-effectiveness.



Main projects with low environmental impact vehicles

The number of Low Environmental Impact Projects boasting a positive commercial success last year proves how popular Piaggio electric vehicles are. Some of these projects are outlined below.

Reggio Emilia and TIL Srl Project (Trasporti Integrati e Logistica)

With the purchase of 35 Electric Porters during 2013 the Municipality of Reggio Emilia continued the project started on 2001 in collaboration with TIL Srl (Local Mobility Agency) to spread the use of electric vehicles throughout the municipality.

The 35 new Electric Porters were used for a wide range of different uses:



As a shuttle service



For home care and disabled passenger transport services



For the transport of goods (medicines, food products, etc.)



For waste collection and town cleaning services



For park maintenance services

Municipality of Naples Ecorent Project (21 Electric Porters)

Supply of 21 Porters to the Municipality of Naples in collaboration with ANEA (Agenzia Napoletana Energia e Ambiente - the Neapolitan Agency for Energy and the Environment), for replacement and expansion of the vehicle fleet for “Servizio Grandi Parchi Urbani” (Large Urban Parks Service) under the management of the Assessor for the ENVIRONMENT.

The supplied Porter have the following standard outfitting:
 N° 11 electric Porters with tipper deck and alloy sides
 N° 2 electric Porters with stationary deck
 N° 5 electric Porter vans with windows
 N° 3 electric Porters vans



Pisa hospital Project (13 Electric Porters)

After the Municipality of Pisa and the Italian Post Office, the hospital also adopted the electric Porter to transport and distribute medicines, medical equipment, etc. The alliance supports electrical mobility for delivery services in hospitals and public health offices in the city of Pisa.

The supplied Porter have the following standard outfitting:
 N° 2 electric Porter vans with windows
 N° 11 electric Porter vans



Girona Spain Project (20 Electric Porters)

The mixed company Girona + Neta, which performs trash collection and street cleaning in the Catalan city, purchased 20 electric Porters for trash collection, street cleaning and technical support. The aim is to achieve savings of 30 tons of CO₂ emissions per year, a significant reduction in noise pollution and a significant fuel savings.

The electric Porters have been outfitted with urban solid waste container and standard Van and deck outfitting.



Santander Spain Project (12 Electric Porters)

Based on the Girona project, the city of Santander purchased 12 electric Porters to support trash collection, street cleaning and technical support, with the aim of CO₂ emission and noise pollution reduction and to save energy.

The electric Porters have been outfitted with urban solid waste container and standard Van and deck outfitting.

Tourism Mobility Projects

The Ape Calessino Electric Lithium was added to numerous tourism mobility projects in 2013.

Roma Go Tour (6 Ape Calessino Electric Lithium)

The Province of Rome, in collaboration with Unicredit, financed (195,000 euro) a project connected with “entrepreneurship for young people” which involved the purchase of 6 vehicles to provide a tour service of Rome with electric vehicles equipped with an IT system (IPad) with “Cicerone” app.



Mallorca Green Tour Spain (6 Ape Calessino Electric Lithium)

In the splendid capital of the Balearic Islands, the Basebatecno company, Spanish pioneer in the electric mobility sector in Mallorca, has created this innovative hire with driver and tour system for discovering the charms of this marvellous island.



Madeira Tukxi Eco City Portugal (10 Ape Calessino Electric Lithium)

After an initial supply of combustion engine Ape Calessino to this Portuguese island, a request was made for 10 Ape Calessino Electric Lithium, used for tours and a full-fledged taxi service. The vehicle is especially suited for driving around the island and the benefits in terms of emissions are clear.

New Ape Classic



The new product of the Commercial Vehicles Division in 2014 is the 'New Ape Classic for the Italian and European market.

The concept behind this vehicle is to support mobile sales businesses, such as street food and street shop, with a vehicle in line with the original shape of the famous Ape, a vehicle which has contributed to meeting transportation needs from the end of WWII to the present.

The Ape Classic thanks to its characteristics:

- > body in line with the original one
- > transformability
- > high specific payload
- > low running costs

wants to support an increase in new, original business undertakings.

In this period of crisis and recession, the demand for alternative business systems with limited costs has witnessed an opening to new activities connected with mobile sales. Our vehicles are especially suited for this purpose. Given the dimensions and cost, it is possible to open stores, cafés, restaurants, ice cream parlours and any type of sales activity with a minor investment.

The creativity of industry outfitters has done the rest. A few examples of solutions created in Italy and abroad are given below:



VS Special Vehicles



Street food mobile by Carletti



Sperotto

Ecological and recycling potential of materials

With the introduction of the European Regulation REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances) in 2007, automotive manufacturers are required to follow AIG (Automotive Industries Guidelines) which include monitoring the use of hazardous/prohibited substances, and checking the recyclability and recoverability rates of materials used.

In this regard, Piaggio has adopted a challenging process over the years to guarantee high recyclability levels of its vehicles, achieving important results such as the limited use of materials considered hazardous (lead, chromium, mercury and cadmium) and an end-of-life vehicle disposal manual.

Piaggio constantly monitors the recyclability and recoverability rates of its vehicles, which a recent in-company survey estimated as 85% and 95% respectively, higher than the limit values in the Directive 2000/53/EC. The Porter Electric EVO pick-up for example has a 91% recyclability rate and a 95.8% recoverability rate. Piaggio's passion for the environment is also channelled into its commitment to guaranteeing the environmental compatibility of its commercial vehicles, from the design stage until the end of their working life.

The survey also paved the way for a database which updates vehicle material compositions and their recyclability and recoverability rates, from the design stage onwards, in real time.

Below are the recyclability and recoverability rates updated based on vehicle BOMs at November 2013, for each vehicle fitted with a Euro 5 petrol, diesel and electric engine.

	P120	MULTITECH	EVO
Recyclability (R_{rec})	PORTER = 90.05% MAXXI = 90.94%	MAXXI = 91.1%	PORTER = 91%
Recoverability (R_{cov})	PORTER = 95.05% MAXXI = 96.03%	MAXXI = 95.9%	PORTER = 95.8%





Product quality and reliability

Quality and reliability are fundamental concepts when it comes to scooters, motorcycles and commercial vehicles, as they are the drivers behind customer satisfaction and safety.

Quality is the set of properties and characteristics of a product or service that give it the capacity to satisfy the express and implicit needs of the customer/user⁹. For manufactured products, these needs generally include conformity to specifications, reliability, ease of use and maintenance.

Reliability is the ability of an item to perform a required function in established conditions and for an established period of time¹⁰.

Pursuing continual improvement in the quality of production systems (of the Group and suppliers), auditing outgoing quality and adopting an effective product and component traceability system are essential for guaranteeing the reliability of Piaggio vehicles. In addition, the Company possesses specific functions, involved in testing the reliability of all new products from the initial design phases to marketing. Tests are not limited to laboratory testing, but also to road testing, designed based on the actual use of vehicles by Piaggio customers.

Quality certification

As regards quality, the Piaggio Group is committed to continually improving the performance of its processes and customer satisfaction. The Group was awarded ISO 9001 certification in 1995, a process which is a part of the Company's common culture and a resource for all Group employees. The results obtained in terms of product reliability, improving process performance, increasing customer satisfaction (internal and external customers) stem from the fact that all employees clearly understand the meaning of "quality, customer focus, continual improvement and excellence" and pursue these principles in their everyday activities.

ISO 9001:2008 certification for the quality management systems of its Italian production sites, are proof of Piaggio's steadfast commitment and the results it has achieved.

In addition to Italian sites, the Vietnamese plant of Vinh Phuc and engine and two-wheeler plant of Baramati in India also obtained ISO 9001:2008 certification.

Supply verification/audits

The quality of Piaggio products depends on the quality of its supplies. The Piaggio Group is very much involved in verification and audits, in order to select new suppliers, constantly monitor quality levels and approve processes for the development of new components. Piaggio's auditors carry out these activities through scheduled audits.

New suppliers are included as Piaggio suppliers only after a positive assessment of their Quality System and general Company organisation.

Audits, requested by the Purchasing Department, evaluate a potential supplier's quality system and capacity to develop the product in question.

Suppliers successfully evaluated and included as qualified suppliers, also verified concerning:

- › development processes for new products;
- › solving supply problems identified during mass production;
- › problems reported during the Piaggio vehicle warranty period.

Audits for new products are scheduled to evaluate the supplier's capacity to implement new product realisation processes and provide technical support in defining and controlling these processes.

9_UNI ISO 9000
definition

10_UNI ISO 8402
definition

Audits for consolidated products solve specific problems identified during production, verify the supplier's capacity to control processes involved in product realisation and periodically monitor improvement in services in terms of complaints¹¹ from the most critical suppliers.

Moreover, consolidated product audits are conducted to solve problems reported during the warranty period and verify the effectiveness of corrective actions defined by suppliers to prevent the recurrence of nonconformities.

Quality control of finished products

Piaggio has a comprehensive system to monitor end product quality levels, prior to dispatch to the client. Procedures, which have been adopted at all Piaggio Group sites in Italy and abroad, are followed to constantly monitor the quality level of all vehicles manufactured, ensuring high standards for the end client. Each vehicle manufactured at Piaggio Group sites is inspected for quality control after assembly. More in-depth testing and controls are conducted on a select number of vehicles, depending on product maturity. All tests are carried out with "customer-oriented" procedures, i.e. they monitor vehicle design as well as functions.

Staff select a sample of vehicles each day, from end products/identified products, prior to dispatch to the end client. These vehicles undergo rigorous testing and inspections on test benches and on the road, based on a standard check list. Any anomalies detected are classified with a score based on the severity of the defect and impact it could have on the end client.

The final quality status compared to the expected status is available for each model on a daily and monthly basis. A meeting is held each day between the Quality, Production, Design and Technologies departments, and other operating units involved, after specific reports have been compiled. In the meeting, all anomalies detected the previous day and in particular concerning functional defects are examined, and corrective actions, relative responsibilities and implementation times are determined.

If serious functional anomalies are detected, the dispatch of all vehicles from the same lot is immediately stopped, and a sample of vehicles from the previous lot is selected. These vehicles are then carefully retested and repaired, as necessary, before authorisation for dispatch.

Based on reports produced following controls at all Group sites, a weekly meeting is held with the Manufacturing department to:

- › monitor the status of controls;
- › monitor defect levels by family, line and model at different sites in relation to assigned objectives;
- › take corrective actions in a timely manner.

Final monthly data are included in the final summary document submitted to Product Development and Strategies.

Product traceability

Traceability is fundamental, to prevent the marketing of faulty products, identify and promptly separate lots with suspected nonconformities and therefore make recall campaigns possible and effective.

Piaggio has adopted a system for product traceability which identifies products, components and materials in all stages of the production cycle. In particular, all components manufactured internally and externally that have a direct impact on user health and safety, the environment and compliance with type approval are identified.

¹¹Returns, reprocessed, selected, material accepted as an exception.

The system therefore traces all identified components, maintaining records of tests, controls and inspections, certifying product quality. This makes it possible to promptly, systematically and methodically trace any product anomalies/defects identified and their causes, and adopt effective corrective actions, broadly and specifically identifying all vehicles with components from the faulty lot and, if necessary, starting a prompt recall campaign, to protect customers.

Reliability tests

To ensure the reliability of its vehicles, the first tests are performed starting from the development test phases of products, on prototypes and trial production, aimed at verifying that the product meets the project specifications by using laboratory and road tests.

2013		Product phases							
		Product Development		Post manufacturing		Communication activities			
N° of vehicles tested		Duration tests	Reliability tests	Post manufacturing audits	Audits related to directives	Spot audits	Press Bike	Loan-for-use to magazines	Press launches
Pontedera	New vehicles	29	384	-	18	40	57	21	90
	Consolidated vehicles	-	20	-	12	85	-	33	3
	Km covered	301,600	489,000	-	9,000	25,400	7,500	6,700	8,600
Noale and Mandello	New vehicles	26	3	19	-	-	-	25	33
	Consolidated vehicles	-	-	-	-	-	15	-	-
	Km covered	359,322	178,001	2,850			3,000	1,250	8,250
India	New vehicles	40	-	20,847	6	167	-	-	-
	Consolidated vehicles	6	-	470	15	2,934	-	-	-
	Km covered	933,129	-	425,040	13,800				
Vietnam	New vehicles	27	17	186	-	22	-	28	55
	Consolidated vehicles	-	-	16,694	-	250	-	-	-
	Km covered	583,661	362,465	57,362	-	500	-	740	10
Total	New vehicles	122	404	21,052	24	229	57	74	178
	Consolidated vehicles	6	20	17,164	27	3,269	15	33	3
		2,177,712	1,029,466	485,252	22,800	25,900	10,500	8,690	16,860

Reported data are also based on processing using estimates.

Vehicles assembled with prototype components, i.e. obtained based on drawing which are not final, are subjected to road (and other tests) in this first phase. The aim of this phase is to verify the feasibility of the project as it was conceived. At the end of this phase vehicle component/system drawings are defined and issued.

During the second trial production phase, the vehicles are assembled with components built based on the previously described vehicles and these vehicles, components and systems undergo laboratory and road testing which are aimed at checking the operating limits in terms of characteristics and performance.

There are basically two types of road tests in this phase: performance tests and duration tests. The latter are performed based on a trial production mission profile, which defines the number of kilometres and the

type of routes the product will be tested on (percentage of city, out-of-town, mixed and mountain roads). Usually, vehicles are tested over long distances based on their engine capacity and degree of innovation. All of the road tests are performed by a Piaggio team of expert testers.

The vehicles are assembled in the trial production phase with components built based on the final drawings which are manufactured by previously defined suppliers (the same suppliers will later supply the parts for mass production). The objective of this phase is to check the soundness of the production process which will begin shortly. The vehicles undergo additional laboratory tests and further road tests. Based on the type of vehicles and the experience gains in the trial production phase and on other reference vehicles, a reliability mission profile is devised, which may differ from the one previously used in trial production, given the different purposes of the respective tests.

The tests are performed from a “customer” viewpoint, taking into consideration the actual use of the vehicle: from operations at dealers before the sale is made, to the routes taken by the customer and routine maintenance indicated in the user and maintenance booklet. For example, a 50cc scooter is mainly tested on urban routes, motorcycles are tested on extra-urban and mixed routes, while commercial vehicles are tested with/without loads and passengers.

Vehicles are disassembled and controlled during tests, to identify any anomalies and request appropriate improvements.

After running tests on engines with a high level of innovation or when alarms have been activated during road tests, the engine is tested again on the test bench and fully disassembled to check for wear or any criticalities.

Testers rate the vehicles during each test stage, considering performance in terms of vehicle safety, comfort and handling. The reliability team¹² meets once a week to compile and discuss a report summarising any defects identified, analyses conducted and measures taken to remedy any problems.

Each defect is assigned demerits, based on the defect type (design or functional) and severity (from minimum defects not visible to the customer to serious defects that may have an impact on vehicle integrity and driver/rider safety). Each problem is therefore assigned to a manager to be remedied. To obtain approval from the reliability team, remaining demerits of each vehicle must not exceed a given number. In any case defects with a negative impact on vehicle functions are not tolerated.

After successful reliability testing, production of the pilot series begins and a further test stage starts. A fleet, composed of a significant number of vehicles of the pilot lot (300-500) undergoes road tests aimed at identifying problems related to the production phases. Tests are performed with shorter distances and with routes more targeted to the customer profile during this phase.

Distance tests are continued on three vehicles as well as specific tests according to directives regulating vehicle type approval.

Post-auditing is conducted 3-6 months after the product is marketed. Vehicles are selected at random from the warehouse and tested simulating conditions of use similar to those of the customer, even when the vehicle is stationary.

If problems are detected on the Sales Network, diagnostics are carried out on the vehicles/engines with the problem, to identify the causes and provide information to take corrective actions, if necessary.

2.5% of the vehicles leaving the production lines are tested by the quality and product auditing area.

An annual audit is conducted on all types of vehicles and engines, and the tests indicated in directives are carried out on one vehicle per family.

12_The reliability team comprises the reliability laboratory product supervisor, the vehicle/engine project leader, vehicle/engine test engineering and vehicle/engine product quality managers.

Product information

In light of its field of business, the Piaggio Group must comply with several national and international regulations on product information in terms of both advertising communication (as illustrated under “Relations with the Media” in this document) and the manuals supplied with every single vehicle. Piaggio’s LUM’s (user and maintenance booklets) provide information on how to use the vehicle correctly, while encouraging users to drive in a safe and responsible manner, for instance, by:

- › always complying with speed limits and the Highway Code;
- › using all precautions for safe driving and passive safety systems (e.g., wearing a helmet when riding motorcycles and scooters);
- › always being cautious and paying the utmost attention when driving, especially when road conditions are wet and slippery;
- › refraining from altering vehicle performance: it is forbidden by the law and dangerous for driving safety.







ENVIRONMENTAL SUSTAINABILITY

Production sites	82
Environmental certifications	83
Reduction of energy consumption	84
Reducing emissions of CO ₂ and other pollutants	85
Conserving water resources	87
Waste handling and recovering	88
Biodiversity	89
Environmental spending and investments	89
Logistics	89

“You must treat the earth well:
It was not given to you by your parents.
It was loaned to you by your children”.

Masai Proverb

Environmental sustainability

Environmental sustainability, just like technological innovation and customer satisfaction is one of the primary values Piaggio's work is based on in the various geographic areas where it operates.

This commitment, enacted in the Code of Ethics and stated by top management in the Group's "environmental policy" which is the basis for the environmental certification (ISO 14001:2004) programmes already undertaken and maintained at production sites, is a mandatory benchmark for all company sites no matter where they are working.

Continuous improvement, including towards the environment, has led the company to create sustainable products and to use "*environmentally friendly production technologies and methods, with the aim of reducing the environmental impact of its activities*" (article 8 of the Code of Ethics) to create them.

Quantitative data on the mitigation of the environmental impact resulting from the Group's operations are reported on in the sections below. Data refer to the entire Group, with the exception of business offices in various countries, whose use of resources, air emissions, exhaust and production of waste mainly concern office activities. Since their contribution to Group data has been deemed to be marginal, these have not been included in the enclosed tables.

The Piaggio Group, which has expanded some production sites (described in detail in the following section), in addition to a strong growth in productivity, continues to pursue an environmental policy aimed at rationalising the consumption of natural resources and minimising harmful emissions and production waste. With these objectives in mind, initiatives and goals for the future focus on the following areas:

- › maintaining environmental certification awarded to all production sites;
- › reducing energy consumption;
- › reducing emissions of CO₂ and other pollutants;
- › conserving water resources;
- › waste handling and recovering;
- › soil contamination;
- › biodiversity;
- › environmental spending and investments;
- › logistics.

Production sites

The Piaggio Group has a strong international presence.

At its Italian site in Pontedera (in the area near Pisa), the Group has three facilities, one for the manufacture of commercial vehicles, one for the manufacture of scooters and engines for two-wheeler vehicles, and one for the supply of aluminium and steel components for vehicles and engines. In addition to the latter, which comprise the most important industrial complex of the two-wheeler segment in Europe, two other sites operate in Italy for European production (Scorzè and Mandello del Lario). In February 2013, Piaggio decided to move the production of Derbi brand vehicles to Italy, and gradually close down the production facility in Martorelles (Spain).

The Group also has its own production sites in Vietnam (at Vinh Phuc), with a site for the manufacture of two-wheeler vehicles and a site for the production of 3V engines, and in India (at Baramati, in the state of Maharashtra) with a site for the manufacture of commercial vehicles and engines, in addition to a production site for Vespas for the Indian market.

	EMEA and Americas				India	Asia Pacific 2W	Total
	Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	
2013	143,935	23,431	7,528	2,255	237,408	106,720	521,277
2012	180,726	31,272	6,876	9,384	227,654	103,520	559,432
Change 2013-2012	-20.36%	-25.07%	9.48%	-75.97%	4.28%	3.09%	-6.82%
2011	210,458	34,783	5,637	18,597	224,716	93,667	587,858

Vehicles produced

	EMEA and Americas		India	Asia Pacific 2W	Total
	Pontedera	Baramati	Vinh Phuc		
2013	137,588	59,525	93,313	290,426	
2012	174,981	27,757	19,070	221,808	
Change 2013-2012	-21.37%	114.45%	389.32%	30.94%	
2011	184,140	33,204	0	217,344	

Engines produced

The Piaggio Group has defined a specific organisational structure to achieve the environmental sustainability objectives of its production sites.

The responsibilities and roles of the Environmental Management System (EMS) with Organisational Units / Functions involved are reported in the Quality, Environmental and Occupational Health and Safety Management Manuals, for sites in Italy.

Environmental Management System	
Management Representative	Personnel, Organisation and Quality Systems Manager
Management System Manager	General Plants Operating Unit Manager
Coordination and control	Environmental Manager
Audits	Process Auditor (Internal Auditor)

Environmental organisational structure of Italian companies of the Piaggio Group

The Environmental Management System Manager reports to the Management Representative (Personnel, Organisation and Quality Systems Manager) on management system performance and all requirements for improvement. The Environmental Management System Manager, a position held by the General Plants Manager, has power of attorney to perform his duties and responsibilities, while Environmental Managers are appointed by the Environmental Management System Manager and appointed after obtaining approval of their affiliated Manager.

The subsidiaries in Vietnam and India (PVPL) have EHS (Environment Health and Safety) teams which work full-time on environmental, health and safety issues, with clearly defined roles and responsibilities. Piaggio Vietnam's EHS team is led by the Technology and Maintenance Manager who reports to the Director of Operations while a full-time employee is responsible for the management of environmental issues. The environmental team at PVPL, consisting of Senior management, engineers and operators, is part of the Maintenance Department and reports to the Director of Operations.

Environmental certifications

ISO 14001 environmental certification is a useful tool for a structured and co-ordinated approach to processes across the Group's various production sites. The system allows Piaggio to define environmental objectives and identify risks and opportunities for improvement, enabling it to guarantee compliance with all environmental laws and regulations, reduce energy costs, manage waste and raw materials, and put in place a process for the continuous improvement of its environmental performance.

The Piaggio Group holds certification for the Environment (ISO 14001) for the three Italian sites, for the Vinh Phuc Vietnamese plant and for the Indian plant for the production of Vespas which obtained it in September 2013.

Reduction of energy consumption

Although the structure of the Company's production sites has been designed to run on fossil fuels, Piaggio is engaged in optimising the management of existing sites to cut consumption. In particular, in the course of reorganisation or renovations, analyses and studies are carried out to adopt equipment and methodologies that reduce the environmental impact to a minimum. In addition consumption reports are prepared on a monthly basis used to carefully monitor consumption, thus making attentive and virtuous management possible.

Systematic improvement and management plans are also implemented, for example through work instruction, to limit environmental impact and reduce consumption.

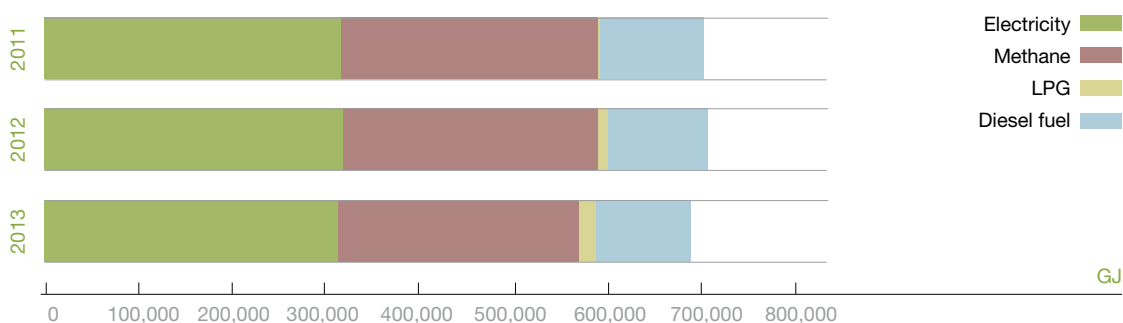
Energy consumption of Piaggio Group production sites

		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	Total
Electricity (Thousands of KWh)	2013	41,136	3,921	830	913	26,198	13,979	86,977
	2012	43,153	4,308	844	1,569	26,378	11,851	88,103
	Change 2013-2012	-4.7%	-9.0%	-1.7%	-41.8%	-0.7%	18.0%	-1.3%
Methane/Natural Gas (Sm ³)	2011	44,755	4,252	797	1,582	26,284	9,974	87,644
	2013	5,959,639	354,091	205,248	4,019	-	-	6,522,997
	2012	6,314,949	387,872	209,090	13,384	-	-	6,925,295
	Change 2013-2012	-5.6%	-8.7%	-1.8%	-70.0%	-	-	-5.8%
LPG (tons)	2011	6,306,359	429,212	163,531	22,905	-	-	6,922,007
	2013	-	-	-	-	359	21	379
	2012	-	-	-	-	239	23	262
	Change 2013-2012	-	-	-	-	50.0%	-9.4%	44.9%
Diesel (Litres) ¹	2011	-	-	-	-	30	12	42
	2013	1,692	-	-	96,000	1,898,566	790,974	2,787,232
	2012	1,626	-	-	96,000	1,880,110	913,442	2,891,178
	Change 2013-2012	4.1%	-	-	0.0%	1.0%	-13.4%	-3.6%
	2011	921	-	-	116,000	2,241,240	732,545	3,090,706

¹ Some values are based on estimates. The 2012 diesel consumption figure for the Vietnam plant, published at the time, has been updated with the actual final figure

Piaggio Group energy consumption

The figures are calculated using conversion standards defined by the GRI G3 guidelines (1 gallon of diesel = 0.138 GJ; 1,000 m³ of natural gas = 39.01 GJ; 1 Kwh = 0.0036 GJ). For LPG, a standard conversion factor of one kilogram of LPG = 46.1 MJ was used.



The comparison of 2013-2012 energy consumption figures is highly affected by the production volumes achieved by the various local companies.

The slowdown in production activities in Italian plants in 2013, with some closure periods, resulted in an overall containment of consumption.

The abnormal values of the Martorelles plant are due to a halt in production during the month of March 2013.

The Vinh Phuc production site recorded an increase in consumption attributed to increased productivity in the engine plant.

Consumption trends at the Indian plants remained in line with 2012 despite an increase in production activity.

Reducing emissions of CO₂ and other pollutants

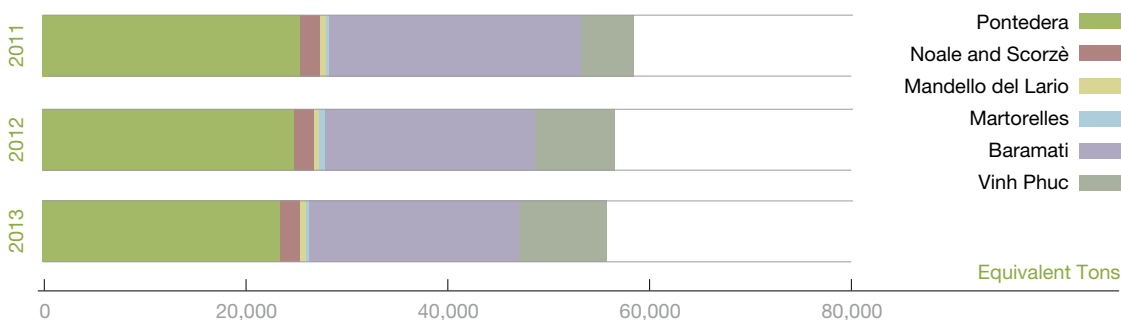
Greenhouse gases (mainly CO₂) and Volatile Organic Compounds (VOCs), released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators.

Ton	CO ₂ from sources	Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	Total
2013	direct ²	11,672	691	401	294	5,725	2,377	21,160
	indirect ³	16,701	1,592	337	274	19,328	8,057	46,289
2012	direct ²	12,392	757	408	303	5,669	2,671	22,200
	indirect ³	17,520	1,749	343	419	19,461	6,831	46,323
Change 2013-2012	direct ²	-5.8%	-8.7%	-1.7%	-3.0%	1.0%	-11.0%	-4.7%
	indirect ³	-4.7%	-9.0%	-1.7%	-34.6%	-0.7%	17.9%	-0.1%
2011	direct ²	12,374	838	319	353	6,038	1,980	21,902
	indirect ³	18,170	1,726	324	377	23,971	4,309	48,876

Direct and indirect CO₂ emissions of Piaggio Group production sites

² CO₂ emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG.

³ It should be noted that compared to the reports published in previous years, some figures were changed in 2013, following the use of different conversion parameters, based on the application of calculation factors in use in each country.



CO₂ emissions of the Piaggio Group

It should be noted that for the determination of gases with a greenhouse effect originating from Italian Plants, resulting from the combustion of diesel and methane, the conversion criteria of the “Emission Trading” Directive (Directive 2003/87/EC) were used.

With reference to CO₂ emissions, only the industrial plant at Pontedera comes under the sensitivity area classification of the “Emission Trading” directive (Directive 2003/87/EC) which implements the Kyoto Protocol. Specifically, the site is classified as a “Group A” site, relative to companies releasing the lowest

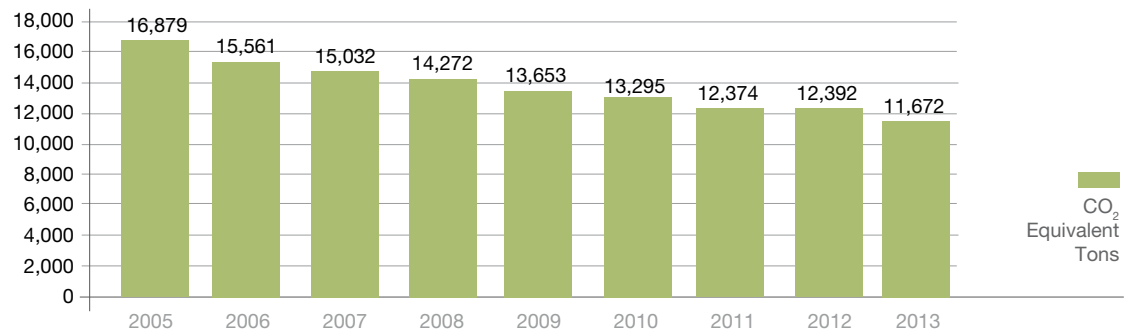
amount of CO₂ indicated in the Directive.

CO₂ emissions are almost entirely due to the combustion of methane and only marginally to the combustion of diesel fuel in back-up power generators.

The monitoring and reporting of CO₂ emissions from the plant are governed by a specific Group procedure, which is periodically audited in-company and annually audited by a certification body.

A table summarising CO₂ emissions from Piaggio's plant at Pontedera for the year 2005 onwards is provided below. Amounts have been certified by a verification body accredited by the National Competent Authority (NCA).

Direct CO₂ emissions of the Pontedera site



Other significant emissions of Piaggio Group production sites⁴

Ton		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	Total
COV	2013	118.0	0.0	0.0	0.0	411.1	4.4	533.5
	2012	140.0	-	-	10.3	344.0	4.4	498.7
COV	Change 2013-2012	-15.7%	-	-	-100.0%	19.5%	-0.5%	7.0%
	2011	141.0	-	-	10.8	444.0	2.9	598.7

⁴ Reported data are also based on processing using estimates.

The emission of VOCs which has decreased over time and compatibly with production volumes, has basically stabilised. There was no emission of VOCs in 2013 for the Martorelles plant, since painting activity was stopped there at the end of 2012.

Assessments are constantly in progress for the use of technologies with a lower impact on air and water pollution. Specifically, studies are underway to further reduce the impact of painting systems.

Conserving water resources

Piaggio has always recognised the immense value of the natural resources it uses and has developed production processes designed to reduce water consumption. At its Pontedera site, water supply wells have inverters that can regulate system flow rates based on the amount of water required by the hydraulic loop. The inverters, which were installed in 2004 and 2005, have reduced consumption by more than 40%.

m ³		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	Total
2013	Water from wells	327,855	5,113	16,929	1,496	-	-	351,393
	Water from the mains	52,267	7,967	1,012	908	282,912	89,300	434,366
	Total	380,122	13,080	17,941	2,404	282,912	89,300	785,759
2012	Water from wells	378,928	8,286	25,482	3,711	-	-	416,407
	Water from the mains	63,958	6,891	854	1,485	343,340	113,902	530,430
	Total	442,886	15,177	26,336	5,196	343,340	113,902	946,837
Delta 2013-2012	Total	-14.2%	-13.8%	-31.9%	-53.7%	-17.6%	-21.6%	-17.0%
2011	Water from wells	435,121	6,199	24,101	15,624	-	-	481,045
	Water from the mains	62,416	11,219	1,047	2,017	349,289	83,670	509,658
	Total	497,537	17,418	25,148	17,641	349,289	83,670	990,703

Water procurement of Piaggio Group production sites

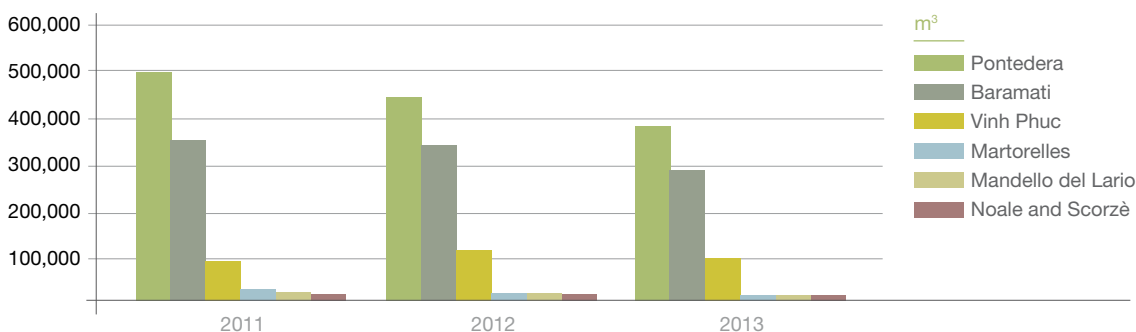
Water consumption has been reduced across the board. This result is not only due to a decrease in production activities but also to continuous actions and tests which Piaggio continues to undertake to further reduce this consumption.

At Pontedera the reduction is partly due to changes made to painting booths in 2012, where the water chutes in the air pollution control systems have been eliminated.

Changes have been made to painting at the Vinh Phuc Plant as well making it possible to recover demineralised water and reuse it.

Underground pipes have been replaced at the Baramati Plant increasing the reuse of water treated during the production cycle.

Lastly, the decrease in consumption at the Mandello Plant is linked to the use conditions of the vehicle test booths which are water cooled.



Water supplies of the Piaggio Group

As regards waste water, environmental respect is ensured with processes to treat and purify waste water.

Below we report the destination of waste water produced, estimated to be equivalent to the amount of water supply used, for each production site.

- › **Pontedera:** all industrial and most non-industrial waste water is conveyed to a chemical/physical purification plant outside the site. After biological treatment, the waste is discharged into an open channel. A small part, from toilet facilities of the two site areas, is directly conveyed to the public sewer system;
- › **Noale:** all buildings are connected to the public sewer system. The waste water is of a non-industrial origin only (from toilets and the site canteen);
- › **Scorzè:** the plant is not served by the public sewer system, so waste water is biologically purified at the site and then conveyed to the local Rio Desolino canal;
- › **Mandello del Lario:** the plant discharges a part of waste water directly into the public sewer system (non-industrial waste water, canteen waste water, etc.), while waters used in the cooling plants are discharged into the Torrente Valletta stream;
- › **Martorelles:** the plant pre-treats waste before it is conveyed to the local authority industrial waste water purification plant;
- › **Baramati:** waste water is treated and used for irrigation purposes;
- › **Vinh Phuc:** the site has a chemical/physical purification plant to purify pre-treated waste from painting operations before it is conveyed to the public sewer systems, where all other site waste (non-industrial waste) is sent. Final discharge of sewage is into the public sewer system.

In terms of recycled and reused water, only the sites of Baramati and Vinh Phuc reuse part of the drawn water. Specifically, approximately 149,566 m³ of water were recycled and reused by the Indian site in 2013, equal to 52.9% of the total amount drawn by the site.

The increase in waste water recovery at the Vietnamese plant jumped from 11,192 m³/y in 2012 to 11,493 m³/y in 2013, with a recovery percentage which grew from 9.8% at 12.9%.

Waste handling and recovering

Where possible, the Piaggio Group tries to recover rather than dispose of waste and, reconditioning and reuse have been a common practice at all sites for several years now. The Company is also committed to using environmentally compatible processes and technologies that can reduce the production of waste. Moreover, it has a priority objective of further increasing its recovered waste/disposed of waste ratio. Sites have activated and defined specific procedures to facilitate waste disposal and recovery, thus avoiding operations that are harmful for the environment or that may affect activities.

Waste produced at
Piaggio Group
production sites

Ton		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	Total
2013	Total waste	2,578	633	207	196	2,018	996	6,628
	Hazardous	15.1%	3.2%	2.2%	23.3%	25.7%	80.5%	26.9%
	For recycling	83.8%	87.7%	98.5%	70.2%	75.5%	22.8%	72.5%
2012	Total waste	1,595	595	161	121	1,866	1,111	5,449
	Hazardous	15.6%	3.2%	2.2%	15.4%	23.7%	47.2%	22.9%
	For recycling	86.2%	88.4%	98.5%	59.6%	76.3%	31.4%	71.6%
Change 2013-2012	Total	61.7%	6.4%	28.3%	62.2%	8.2%	-10.3%	21.6%
2011	Total waste	1,961	706	233	195	1,884	550	5,528
	Hazardous	14.0%	3.1%	4.3%	17.3%	25.7%	35.1%	18.4%
	For recycling	87.3%	85.7%	97.9%	54.9%	34.4%	64.9%	66.1%

The quantitative increase in waste at the Pontedera plant is due to the first time inclusion of waste quantities generated in the aluminium part machining production site (PM01) located outside the main site, as well as occasional obsolete material scrapping (mainly containers).

The Martorelles site, as described above, has stopped production and been closed. The increase in the quantity of produced waste is attributable to equipment decommissioning activities.

Soil contamination

We report that in 2013, as in 2011 and 2012, no spills or polluting events of significance occurred at any of Piaggio's production sites.

Biodiversity

Piaggio's production sites are not located in protected areas or areas with high levels of biodiversity. The sole exception is the Scorzè site, which although located in an industrial zone, conveys its waste water into the drainage basin of the Venetian Lagoon. As such the production site is subject to restrictions imposed by specific laws.

Environmental spending and investments

The Group's commitment to environmental sustainability is further proven by the € 1,035 thousand invested in the environment by Italian production sites in 2013. These investments regarded mainly projects aimed to prevent and monitor environmental aspects, impacts and risks.

	2013	2012	2011
figures in euro			
Waste disposal, emission treatment and environmental clean-up	390,172	448,886	389,000
Costs for prevention and environmental management	645,230	410,212	356,000
Total	1,035,402	859,098	745,000

Environmental spending
and investments in Italy

Logistics

The Group has consolidated its logistics model aimed at benefiting from the synergies among the various distribution centres in Europe and identifying opportunities for optimisation, paying particular attention to service quality aspects.

To optimise distribution the model calls for targeted management of departures and routes to travel.

The procedure also disciplines:

- › the vehicles and equipment used by logistics operators certified by Piaggio, in accordance with the relevant quality standards;
- › replacement of vehicles for internal shuttling with others equipped with systems to cut CO₂ emissions;
- › the packaging collection service to manage the pick-up of packaging from dealers and its disposal according to local regulations in force;
- › disposal and waste sorting of waste material (e.g., due to decontainerisation) and packaging substitution;
- › printing of only the documents which are necessary.

To reduce transfer needs to a minimum the model requires that produced vehicles are stored in the distribution centre adjacent to the production site and that importing of overseas products is centralised.



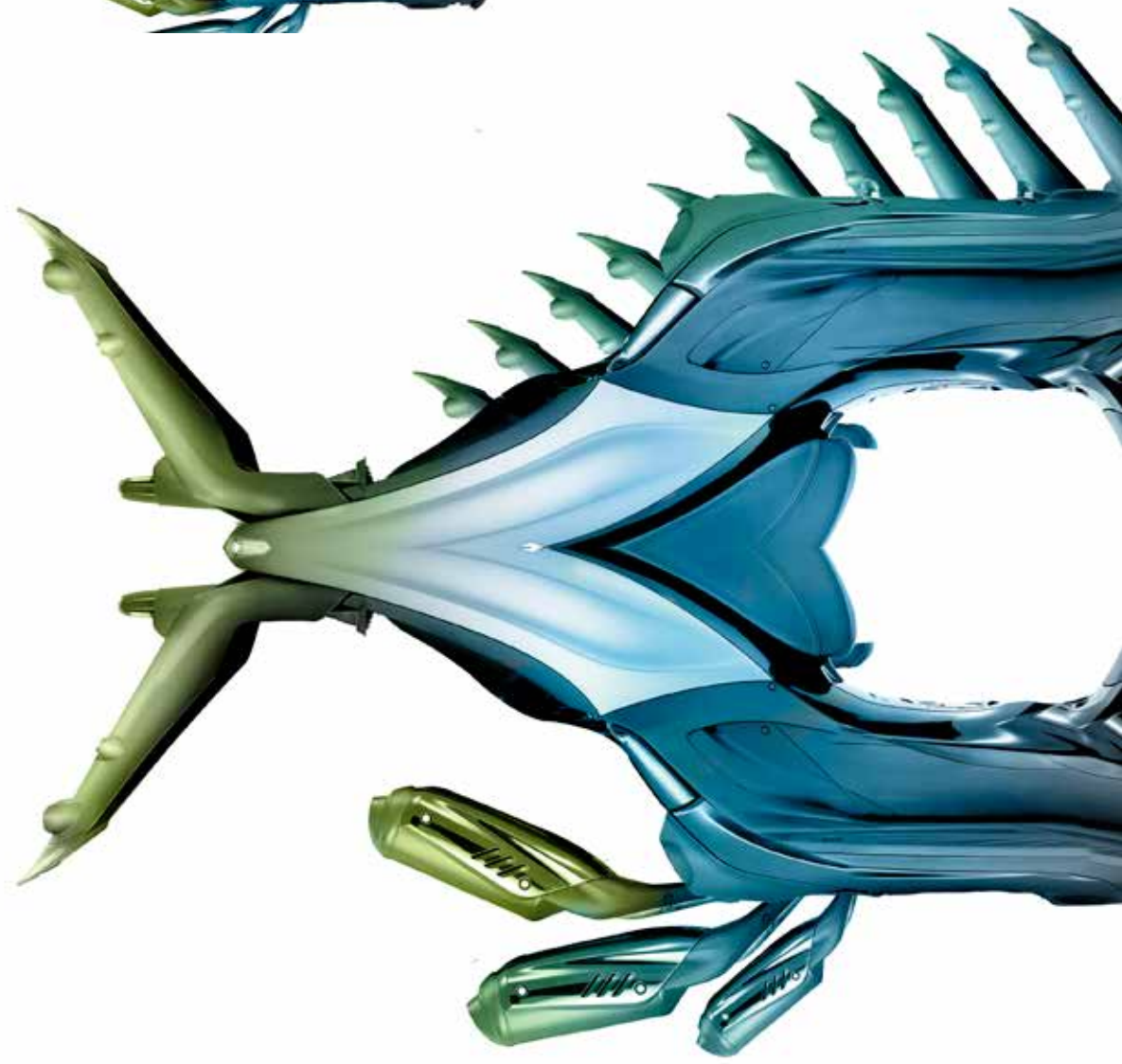
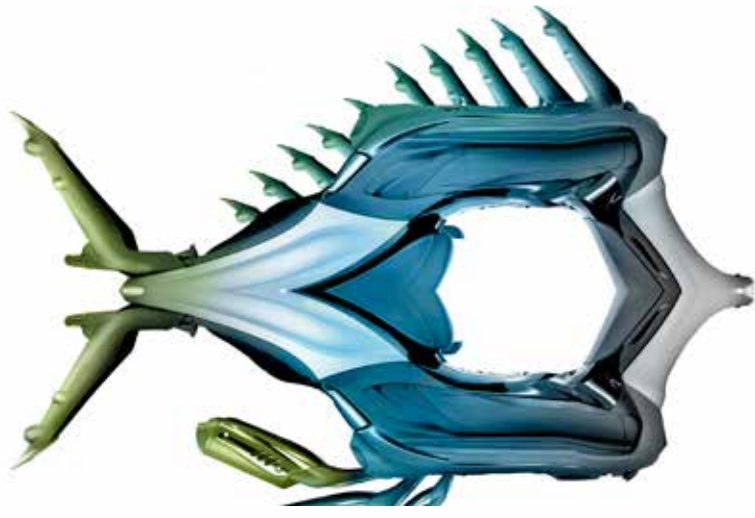
Thanks to centralised management of all logistics centres (Pontedera, Quinto di Treviso, Mandello):

- › the number of trips needed to transfer stock between centres has been reduced;
- › the use of electronic archives for storing shipment documents has been consolidated and paper copies eliminated;
- › printing of shipping documents to send to end customers has been abolished, and electronic documents are used.

Additional optimisations were made to European distribution in 2013, reducing the number of lorries used.

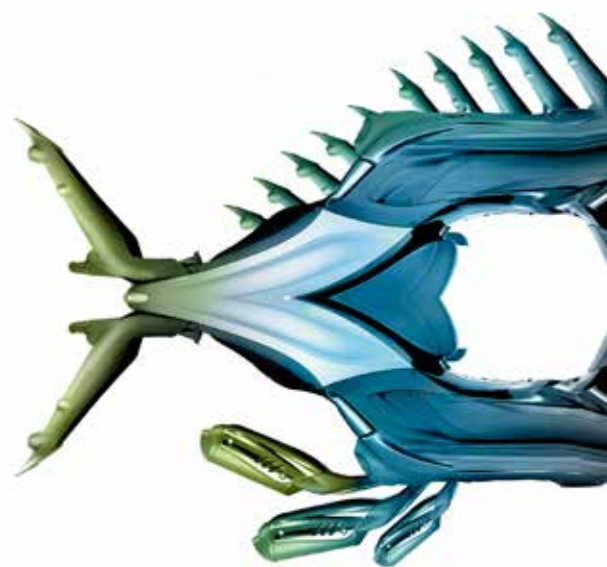
When the contract for two-wheeler distribution was renewed, an in-depth study was conducted for 2014-2016 on distribution to reduce the number of total transactions and number of km travelled. A cut of around 7% in operations and 2% of the number of km travelled is expected with the same amount of goods handled.

The production centres in India and Vietnam also set up procedures aimed at minimising the number of trips for shipping produced vehicles and consumption of packing materials.



THE VALUE OF PEOPLE AT PIAGGIO

Workforce	94
Personnel management policies	95
Diversity and equal opportunity	98
<i>Female employment</i>	98
<i>Young employees</i>	100
<i>People with disabilities</i>	100
<i>Parental/maternity leave</i>	101
Developing human capital	102
<i>Training</i>	104
<i>Reward policies</i>	105
<i>Talent management: the Piaggio Way programme</i>	106
Personnel dialogue and involvement	108
Health and safety	110
<i>Health and safety certification</i>	112
<i>Information and training</i>	112
<i>Safeguarding health</i>	113
<i>Workplace ergonomics</i>	113
Industrial relations	114



The value of people at Piaggio

Human resources, with their skills, capacities and dedication, are a key factor in Piaggio's competitiveness and growth.

A strong focus on results, commitment to customer satisfaction, innovative drive and a sensibility for the future needs of the market are what must steer both individuals and teams in their work, with the aim of creating value for all our stakeholders. With this mentality, our people are the fundamental element that allows us to take up each and every challenge presented by an international scenario that is becoming increasingly more dynamic and competitive.

It is for these reasons that Piaggio places such central importance on people in the organisation, assuring them our respect and protection in all Group companies.

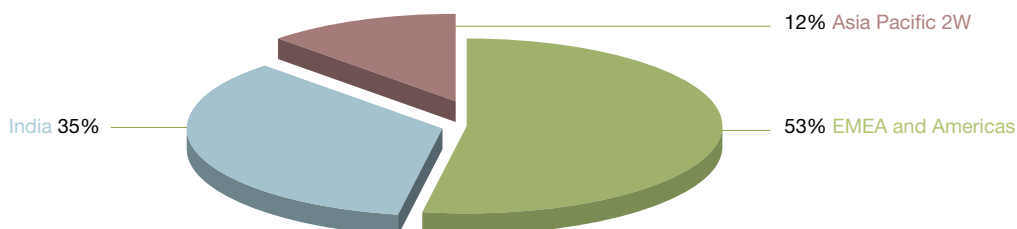
Workforce

In 2013 the Group's overall workforce decreased by 5.4% compared to the previous year. This decrease is primarily the effect of restructuring, rationalisation and organisational overhaul operations within the EMEA area.

Company employees by geographic segment as of 31 December

Employee/staff numbers	2013	2012	2011
EMEA and Americas	4,098	4,318	4,356
of which Italy	3,805	3,873	3,871
India	2,677	2,814	2,331
Asia Pacific 2W	913	997	932
Total	7,688	8,129	7,619

Company workforce by geographical segment as of 31 December 2013



Company employees by professional category as of 31 December

Employee/staff numbers	2013	2012	2011
Senior Management	95	96	97
Middle Management	572	573	515
White collars	2,132	2,214	2,127
Blue collars	4,889	5,246	4,880
Total	7,688	8,129	7,619

Company employees by education level as of 31 December 2013



Employee/staff numbers	2013	2012	2011
Senior Management	96	95	100
Middle Management	573	574	504
White collars	2,161	2,202	2,100
Blue collars	5,343	5,477	5,033
Total	8,173	8,348	7,737

Average number of
Company employees by
professional category

An entering turnover rate of 1.21% and leaving turnover rate of 3.13% was recorded in Italy in 2013.

Employee/ staff numbers	Staff as of 31 December 2013	Men	Women					Total	% Turnover
				< 31	31 - 40	41 - 50	> 50		
Incoming									
Senior Management	67	4	0	0	1	1	2	4	5.97%
Middle Management	217	2	1	0	1	1	1	3	1.38%
White collars	956	4	4	6	2	0	0	8	0.84%
Blue collars ¹	2,565	26	5	13	6	7	5	31	1.21%
Total	3,805	36	10	19	10	9	8	46	1.21%
Leavers									
Senior Management	67	8	1	0	1	5	3	9	13.43%
Middle Management	217	14	1	0	7	5	3	15	6.91%
White collars	956	27	9	6	20	5	5	36	3.77%
Blue collars ¹	2,565	46	13	13	11	15	20	59	2.30%
Total	3,805	95	24	19	39	30	31	119	3.13%

Company employee
turnover in Italy as of
31 December 2013

¹ Figures for the blue collars
category does not include
fixed-term contracts

Personnel management policies

The central importance of human resources and the development of core competencies for the growth of our business represent the underlying foundations of our relationship with our employees, shaping company policy for the placement, development, training and rewarding of staff.

Recruitment and internal mobility

The Recruitment process is aimed at aligning instruments and methods to the company's strategic decisions, interpreting changes in progress regarding the internal organisation, external job market, reference market for the company's business, laws, society and technology.

Normal Selection activities for vacancies considered open is accompanied by intensive scouting and mapping activity of the national and international job market to offer an external integration for any lack of internal solutions found in Succession Planning for strategic positions.

Review

Importance is placed on using transparent criteria and methods used for reviewing employees.

Such reviews focus on:

- > performance
- > managerial and professional competencies
- > potential

in relation to the employee's role, company needs and possible development paths.

Career development

The Group promotes the development of its human resources and keeps a “portfolio” of resources ready and able to cover key management and professional positions. Career ladders and development paths are based primarily on the review of an employee’s competencies, conduct, performance and potential.

Training

The Training System at Piaggio is aimed at creating and/or maintaining aligned technical-specialistic competencies and managerial skills.

The educational procedures include types of actions effective for both areas of competencies, differentiating the procedures based on the contents and aim of the training action.

Technical specialistic competencies are indicated for each role by the Evaluation Management System, in the same manner as the managerial skills are taken from the Piaggio managerial model and included in the Evaluation Management System.

The training needs analysis process is positioned upstream from the annual Training Plan and starts from an analysis of gaps identified by the Evaluation Management System.

Rewards

The Group rewards people and their work on the basis of competitive, fair and merit-based criteria that are transparent, and aimed at motivating and retaining the human resources that contribute the most to achieving the company’s results.

Diversity and equal opportunity

The Group rejects any form of discrimination on the basis of gender, age, nationality, ethnic background, ideology or religion. It operates in strict compliance with law and contractual requirement, and in keeping with the customs, practices and usages of each country in which the company operates.

Industrial relations

Workers and their representatives are encouraged to contribute to the pursuit of the company’s objectives, while promoting the underlying values of the company and its competitive standing in full compliance with existing regulations and collective labour agreements.

Competitive organisation

Organisational innovation is pursued as a means of sharpening the company’s competitive advantage and promoting the creation of a multinational, lean, customer-oriented organisation that generates value and works in an integrated way with a network of all the partners (supplier, dealers) that contribute to the company’s value chain.

In its relations with staff and regardless of the work they carry out, Piaggio respects the principles set forth by the Group’s Code of Ethics in all circumstances, as well as the laws in force in the geographic areas where it operates.

Piaggio does not resort to child labour according to the age limits in force in the various countries or to forced labour and adheres to main international laws, such as the UN Convention on the Rights of the Child (UNCRC) and the 1998 Human Rights Act.

Actions taken by Piaggio Vietnam to improve the work environment

Piaggio Vietnam is strongly committed to the consolidation of bonds between the company and employees and the improvement of workplace climate. The main initiatives are:

- › quarterly meetings with managers to discuss business results achieved and challenges for the next three months;
- › quarterly “Chat with the BOD” sessions, where employees meet Board Directors to discuss strategic company objectives, share experience and ask questions;
- › annual events for employees, including women’s day, summer camping trips for families and an end-of-year party. A football tournament with trade unions was held again in 2013, aimed at developing team work;
- › technical/professional and managerial training and development was provided, as well as safety training, to guarantee a conduct in line with company health and safety procedures;
- › a health insurance programme for managers and their families;
- › a free home/work shuttle service if employees work at the Vinh Phuc site, and travelling expenses for employees working at the Hanoi office;
- › events to celebrate “birthdays in the month”;
- › free canteen for employees working at Vinh Phuc and lunch expenses for employees working at the Hanoi office.

Actions taken by Piaggio Vehicles Private Limited (India) to improve the work environment.

The Indian subsidiary is strongly committed to the consolidation of bonds between the company and employees and the improvement of workplace climate. The main initiatives are:

- › Organisation of an end-of-year party and other celebrations, for example if significant business results are achieved, that are organised at function level by the respective managers. Other programmes are also planned to encourage getting together and team thinking for specific occasions such as Children’s Day celebration, Women’s Day celebration, Quality Month etc.
- › Employee birthdays and anniversaries are celebrated in the teams with cards, cakes and bouquets. For employee weddings the Company participates with a small gift.
- › Company cricket games are organised among the employees at Baramati. Chess, badminton and carom billiards games are organised as well, at times involving employees’ families.
- › Sessions run by experts are planned related to employee health, awareness of safety and environmental issues and the assistance programme for employees.
- › The health insurance programme is part of the employee benefits and is included in the individual contract of employees.

Diversity and equal opportunity

Piaggio operates globally with a diversity of employees, in terms of age and gender, in Europe, the Americas and Asia. For Piaggio, managing diversity means acknowledging and respecting difference as part of the shared substratum of company culture.

The Group's concrete commitment to embracing diversity is reflected by its adoption of a Code of Ethics, conformity to international laws on equal opportunities and use of policies that protect forms of diversity already found within the Company.

The Group seeks to spread its culture and values throughout the world with a view to creating the conditions for promoting an international spirit and a truly multinational organisation in which all employees can benefit from equal opportunities.

For these reasons, human resources management – and in particular:

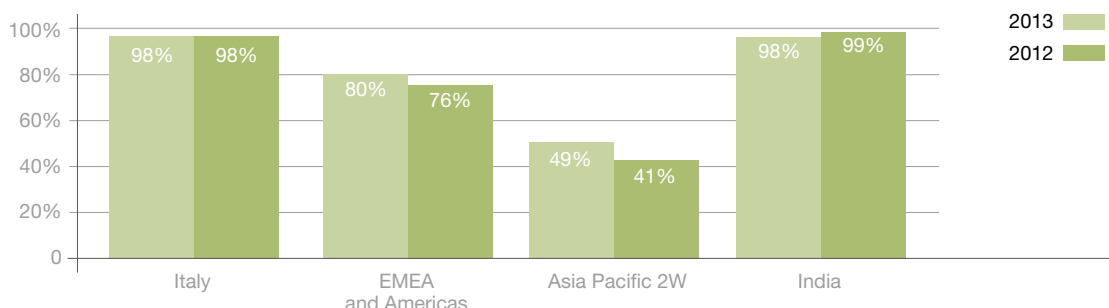
- > strategies and policies concerning employees,
- > the recruitment and placement process,
- > development, career and training tools,
- > reward policies,
- > talent management programmes,

is conducted applying the same principles of merit, fairness and transparency in all the countries in which the Group operates, with the accent placed on aspects of relevance for the local culture.

Piaggio has not adopted specific procedures for the recruitment and placement of local residents where operations are located, focusing instead on the characteristics and experience of candidates and the requirements of the role to be filled. The Group does, however, ensure the development of staff from local communities, as illustrated in the following table².

2_ Figures include senior managers, first- and second-level executives reporting to top management at Piaggio & C SpA, and the first- and second-level executives of subsidiaries. The term local refers to the national level and local senior managers means senior managers with nationality the same as the country where they work.

Percentage of senior managers of local nationality divided by geographic segment as of 31 December



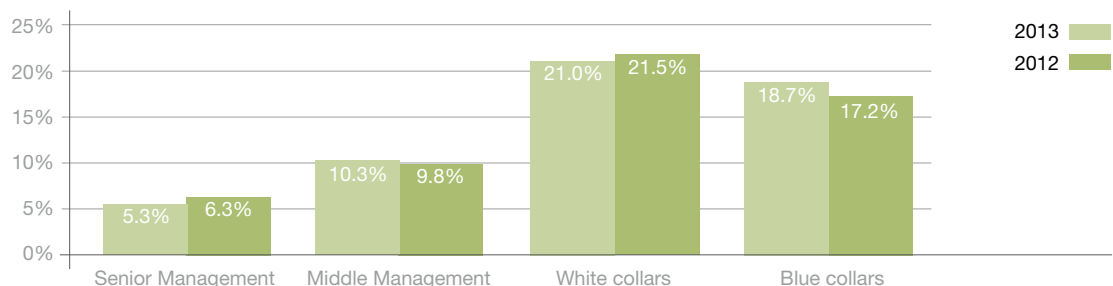
In order to promote and sustain intercultural exchange and diversity management, the Group encourages the international mobility of its people, enabling the reciprocal secondment of employees between Group companies.

Female employment

Female employees at Piaggio play a fundamental role at all levels of the organisational structure. They account for a significant percentage of white collars (21.0%) and blue collars (18.7%), and a lower percentage of higher-ranking positions.

Employee/staff numbers	2013		2012	
	Men	Women	Men	Women
EMEA and Americas	2,899	1,199	3,068	1,250
<i>of which Italy</i>	2,679	1,126	2,731	1,142
India	2,610	67	2,787	27
Asia Pacific 2W	752	161	835	162
Total	6,261	1,427	6,690	1,439

Company employees by gender and geographic segment as of 31 December



Number of women employees as of 31 December

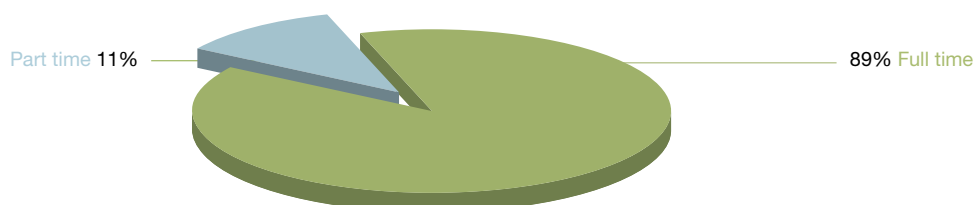
Employee/staff numbers	Fixed-term contract			Open-ended contract		
	Men	Women	Total	Men	Women	Total
EMEA and Americas	0	2	2	2,899	1,197	4,096
<i>of which Italy</i>	0	0	0	2,679	1,126	3,805
India	1,166	34	1,200	1,444	33	1,477
Asia Pacific 2W	225	44	269	527	117	644
Total	1,391	80	1,471	4,870	1,347	6,217

Company employees by contract type, gender and geographic segment as of 31 December 2013

Equal opportunities are offered to employees of both genders, with concrete initiatives in place to help people strike a balance between work and domestic life. Such initiatives include alternatives to full time work.

Employee/staff numbers	Full time			Part time		
	Men	Women	Total	Men	Women	Total
EMEA and Americas	2,792	875	3,667	107	324	431
<i>of which Italy</i>	2,572	808	3,380	107	318	425
India	2,610	67	2,677	0	0	0
Asia Pacific 2W	745	168	913	0	0	0
Total	6,147	1,110	7,257	107	324	431

Company employees by profession, gender and geographic segment as of 31 December 2013



Part-time employment in Italy as of 31 December 2013

Piaggio's aim over the next few years is to increase its number of female employees and make their working conditions easier. To this end, alternatives to full time work have been in use for several years in Italy and are becoming increasingly popular with employees. In 2013 425 employees had a contract different from full-time in Italy: in particular, 3.9% of the workforce was employed with a horizontal part-time contract, and 7.1% on a job-share contract. The promotion of part-time and job share contracts in Piaggio Group has undoubtedly helped working mothers who want to spend more time bringing up their children or on family commitments.

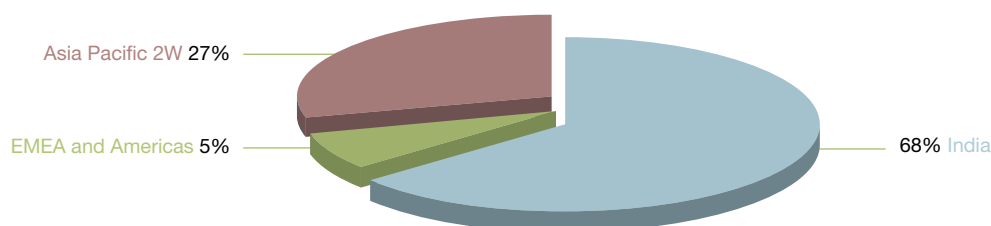
Young employees

Most Company employees in the group are in the 30 years age bracket and this is a fundamental condition for more expert staff, capable of taking the initiative and handing down the skills they have learnt, to disseminate their knowledge and expertise to younger, enthusiastic employees.

Company employees by professional category and age bracket as of 31 December

Employee/staff numbers		<31	31-40	41-50	>50	Total
2013	Senior Management	0	8	35	52	95
	Middle Management	3	178	265	126	572
	White collars	400	892	540	300	2,132
	Blue collars	2,019	852	1,143	875	4,889
	Total	2,422	1,930	1,983	1,353	7,688
2012	Senior Management	0	7	39	50	96
	Middle Management	1	201	254	117	573
	White collars	478	925	536	275	2,214
	Blue collars	2,123	1,213	1,059	851	5,246
	Total	2,602	2,346	1,888	1,293	8,129
2011	Senior Management	0	13	40	44	97
	Middle Management	2	193	209	111	515
	White collars	510	801	526	290	2,127
	Blue collars	2,045	1,061	987	787	4,880
	Total	2,557	2,068	1,762	1,232	7,619

Company employees up to 30 years of age by geographic segment as of 31 December 2013



People with disabilities

Piaggio not only guarantees people with disabilities the chance to work, but also recognises the value of their diversity and importance of dialogue in any activity, from the simplest to the most complex. In agreement with trade union organisations and laws in force, which require companies to employ a certain number of people with disabilities, the Company has also forged alliances with social cooperatives, convinced that work can contribute to personal development.

The insertion and integration of disabled people into the workforce is also made possible in practice by the accessibility of company facilities and the existence of a relative company procedure.

Employee/staff numbers	2013	2012	2011
Middle Management	1	1	2
White collars	10	9	10
Manual labour	130	134	136
Total	141	144	148
Percentage out of total employees	3.7%	3.7%	3.8%

Employees in Italy classified as protected categories (pursuant to Law 68/1999) as of 31 December

In 2013, 141 people with disabilities and from legally protected categories were employed at sites in Italy. The breakdown in the table above shows that people with disabilities account for 3.7% of the total work force.

Parental/maternity leave

Our companies apply the laws passed by pertinent national legislation. Specifically, in Italy as of 2013 two leaves have been established for the father which can be used within the 5th month after the birth of a child:

- › mandatory leave (1 day), in addition to the mother’s leave. This is due regardless of the mother’s right to mandatory leave;
- › optional leave (2 days) as an alternative to the mother’s maternity leave. Use of such leave is subject to the mother’s decision not to use the same number of days for her maternity leave.

Vietnam provides a maternity (before and after the birth) leave for a total of 6 months. In the case of multiple births, the mother is entitled to an additional 1 month leave per child. Maternity leave prior to the birth cannot be over 2 months.

The employee receives the same wages and contributions during maternity leave as when she is on the job.

The mother may ask to return to work before the total duration of her maternity leave. To do so she must have used at least 4 months of maternity leave, obtain approval from her employer and submit a medical statement saying that an early return to work will not be harmful for her health.

Once the 6 months of maternity leave have elapsed, the mother can ask for an extension of leave without pay, as long as her employer is in agreement.

The mother has the right to a 1 hour reduction in work hours during the first 12 months of the baby’s life.

The Group does not discriminate in any way against women who take maternity leave. On the contrary, to try to help balance family and work life, 119 employees have been granted horizontal part-time contract in Italy.

As proof of the above, the following information has been provided for the companies where the phenomenon is more numerically significant.

Employee/staff numbers	Employees on maternity	Employees returned to work after maternity in 2013	Employees returned to work after maternity and still in force after 12 months	Return to work rate
Italy	46	36 ³	38 ⁴	100%
Vietnam	27	12 ³	12	100%
Europe/ Piaggio Group America	5	1 ³	1	50%

Parental leaves as of 31 December 2013

3_it should be noted that the change compared to employees on maternity leave is due to continuation of maternity leave in 2014.

4_the change compared to data of employees on maternity leave is due to 1 employee seconded to another company of the IMMSI Group, 1 employee on a mobility scheme, 6 temporary contracts from 2012 which have ended.

Developing human capital

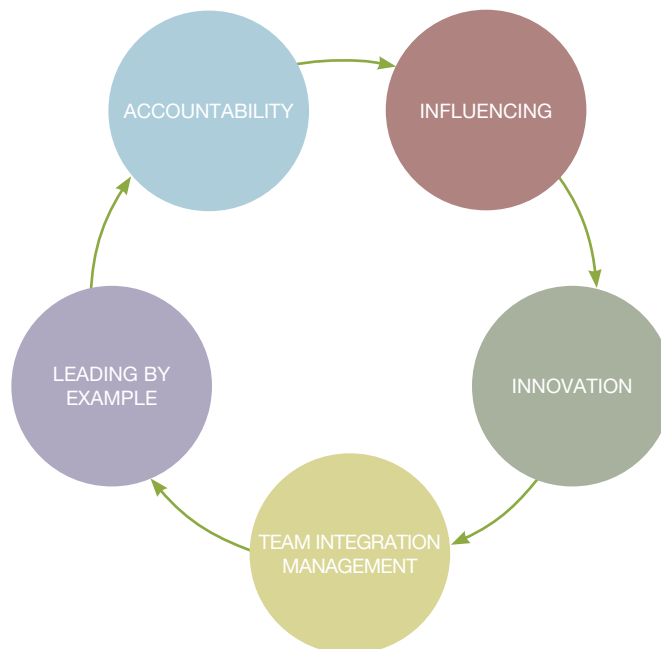
The development of the core competencies required by a changing business and market is a priority for the Piaggio Group. This is why the development of people and careers are rooted in building, maintaining and developing these competencies.

The Group's managerial competencies model

On the basis of the Group's strategic plan and in line with its core values, Piaggio has identified a managerial competencies model that represents the set of skills to be implemented day by day to ensure personal success and the success of the company.

This model is touchstone of reference for the entire Group for the development of the company culture and the growth of our people. In 2013, the model was fine-tuned and managerial skills were extensively disseminated to office and managerial staff at Group level.

The Group's managerial competencies model



The Group's professional competencies model

The store of professional competencies and know-how in the Group is the true foundation and only real guarantee assuring the continuity and quality of our results. For this reason, the Piaggio Group has developed a professional competencies model which is updated and expanded in accordance with the strategic plan, and in line with changes in technology and the market.

The model identifies thirteen professional groups and their specific competencies. Development tools and training are aimed at helping people acquire the level of competence required by their role.

In 2013, the specific roles of Group operating units were added to the professional system, used as the basis for the evaluation and systematic development of professional competencies of the entire office and managerial staff of the Group.

The identification of technical/professional competencies was also updated at Group level, and development and training plans were configured to overcome gaps identified in 2013.

Reviews

On the basis of the position they hold, staff reviews focus on the following key aspects, taking into account professional growth and company objectives reached:

- › managerial and professional competencies;
- › performance;
- › potential;
- › international mobility.

Review outcomes regarding performance and mastered competencies are directly shared and discussed by reviewers with the people they review, and may form the basis of a development and training plan.

Employees are reviewed by comparing their competencies, as evidenced by concrete and observable action in their everyday work, with the company's competencies model for the specific position. The review process is managed in an integrated way, and provides the information necessary for full management reviews and a gap analysis of professional competencies, which are conducted uniformly at Group level.

Performance reviews are conducted using specific tools in relation to the employee's role and responsibilities in the company.

Specifically:

- › for top and middle managers, performance reviews are based on quantitative and qualitative objectives for the year, set as part of a reward system;
- › for white collars, performance reviews are of a qualitative nature, based on overall results achieved during the previous year.

In both cases, performance reviews affect development paths and career opportunities, as well as rewards (see "reward policies" section).

During 2013, the Evaluation Management System was consolidated at Group level. This standard evaluation system is for all office and managerial staff, assisted by computer tools (SAP HR and Success Factors) for the real-time management of all evaluations, for human capital development purposes.

Geographic segment	Italy	EMEA&Americas (not including Italy)	Asia Pacific 2W	India
Senior Management (Executives and Senior Managers)	90%	86%	n.a.	25%
Middle management	99%	83%	100%	100%
White Collars	100%	82%	100%	100%
Blue Collars	n.a.	n.a.	100%	n.a.

Percentage of employees who received performance and career development reviews in 2013⁵

5_ The definition of this indicator considered all employees who had worked at least six months during the year and had not left the company before six months from the evaluation.

Development paths

Development tools are provided with the objective of building and continuously improving the managerial and professional competencies identified in the respective models, while at the same time bringing out people's potential and identifying and rewarding outstanding performance.

The set of tools provided by Piaggio includes:

- › development plans, which identify the action to be taken for the growth of the employee;
- › job rotation and participation in strategic or international projects;
- › management and professional training (see "training" section);
- › Piaggio Way - the talent management programme (see "talent management" section).

During 2013, development actions to consolidate the Company's international focus were stepped up, in particular with international job allocations and rotation.

Career paths

For our highest value human assets, management and professional career paths are designed in order to cover key roles and ensure that strategic and technological know-how is kept and developed in the Group at the international level. In 2013, tools for monitoring and managing plans for taking over key positions within the Group were consolidated.

Training

In 2013, the number of hours' training for managerial staff, and for health and safety aspects, went up considerably.

During the year 101,577 hours of training were provided, of which 47% taking place in Italy - surpassed by the combined figures for India (42%) and Asia Pacific (9%).

The trend of training by type and area of action was reversed.

Managerial training figures were higher than technical-professional training figures due to a need to align resources mainly on managerial skills considered as core.

In addition, the figure on the training hours provided by professional category related to blue collar workers is also extremely significant, impacted by considerable training interventions in the Health and Safety area.

The growth in volume and importance of the contents of the training provided in India and Asia Pacific is the driver for the creation of a Learning Management System, an integrated and computerised system which standardises the training needs analysis process, assessment of training action impact and Management's handling of the consistency of the message.

Hours of training by training area

Thematic area	2013 ⁶	2012 ⁶
Managerial training	31,764	26,824
Technical – professional training	27,663	34,806
Language training	5,948	9,629
Safety and environmental training	36,202	22,647
Total	101,577	93,906

6_ The figure does not include hours of on-the-job training.

Total training hours by professional category

Professional category	2013 ⁷	2012 ⁷
Senior Management	2,058	1,618
Middle Management	12,307	16,137
White collars	43,225	48,771
Blue collars	43,411	19,890
Project workers	576	7,490
Total	101,577	93,906
Total per-capita	13.2	11.5

7_ The figure does not include hours of on-the-job training.

Thematic area	2013		
	Male employees	Female employees	Total
Managerial training	29,169	2,595	31,764
Technical – professional training	24,684	2,979	27,663
Language training	4,215	1,733	5,948
Safety and environmental training	29,316	6,886	36,202
Total	87,384	14,193	101,577

Training hours by gender 2013

Reward policies

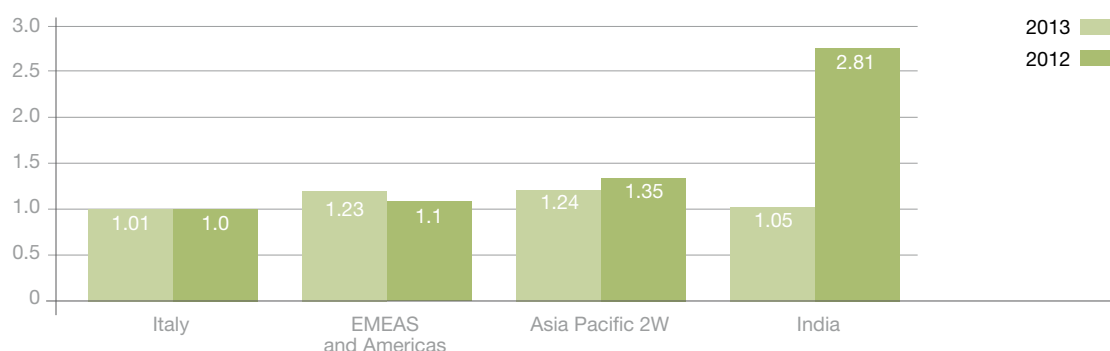
Reward policies aim to reward people and their work on the basis of competitive, fair and merit-based criteria that are transparent and used in review processes (see “Developing Human Capital” section).

The Group reward system is differentiated for the different professional groups in the company, and consists of a salary component, a variable objective and benefits-based incentive system. More specifically, rewards are contemplated for executives, managers, professionals, new graduate recruits and people participating in programmes dedicated to talented individuals.

Salary packages

Piaggio offers new recruits and all its employees a salary package in line with the best market practices. Accordingly, Piaggio has adopted a structured salary review process that involves:

- › comparing salaries with market benchmarks, considering the market positioning of the company as a whole and the review by individual organisational roles. Comparisons are conducted using internationally-recognised methods, with the support of specialist consultants;
- › setting out guidelines for the salary review process that take into account company results and focus on merit-based, fair and competitive criteria;
- › identification of fixed and variable salary components, in accordance with guidelines and in consideration of employee review outcomes and retention needs.



Ratio of standard minimum wages for new recruits to the local minimum wage⁸

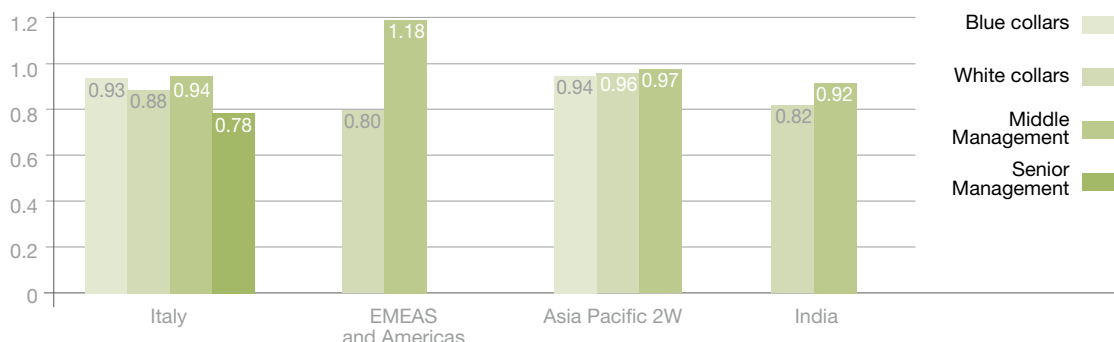
⁸ Figures include all blue-collar workers on open-ended, full-time contracts at all Group production sites. Figures on the EMEA and Americas take into account Spain alone, as there are no blue collars in the EMEA and Americas.

Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Any type of discrimination is explicitly forbidden by the Code of Ethics.

An analysis performed on a single country basis where Piaggio works did not reveal any significant differences between the basic salary and remuneration of men compared to women with the same category, experience and assigned duties.

Ratio of average basic salaries for women to average basic salaries for men of the same professional category⁹

⁹ Figures for Asia Pacific 2W do not include expatriate staff, which are included in figures for Italy. Categories not reported in individual geographic segments do not have any women employees.



Objective-based incentive systems

The company uses incentive systems to reward the achievement of outstanding results that exceed company targets. Specifically, Piaggio adopts the following systems:

- › MBO for executives;
- › Performance Management for managers;
- › Sales incentive system for the sales force in which the size of the reward is based on the achievement of a set of quantitative and qualitative objectives.

The full process of setting objectives and reviewing results is conducted with employees, using objective criteria.

Benefits

Piaggio offers a benefits package in line with the best local market practices, which is structured on an organisational basis. Benefits include, by way of example:

- › company car;
- › private health insurance;
- › agreements with local groups and facilities of interest for employees.

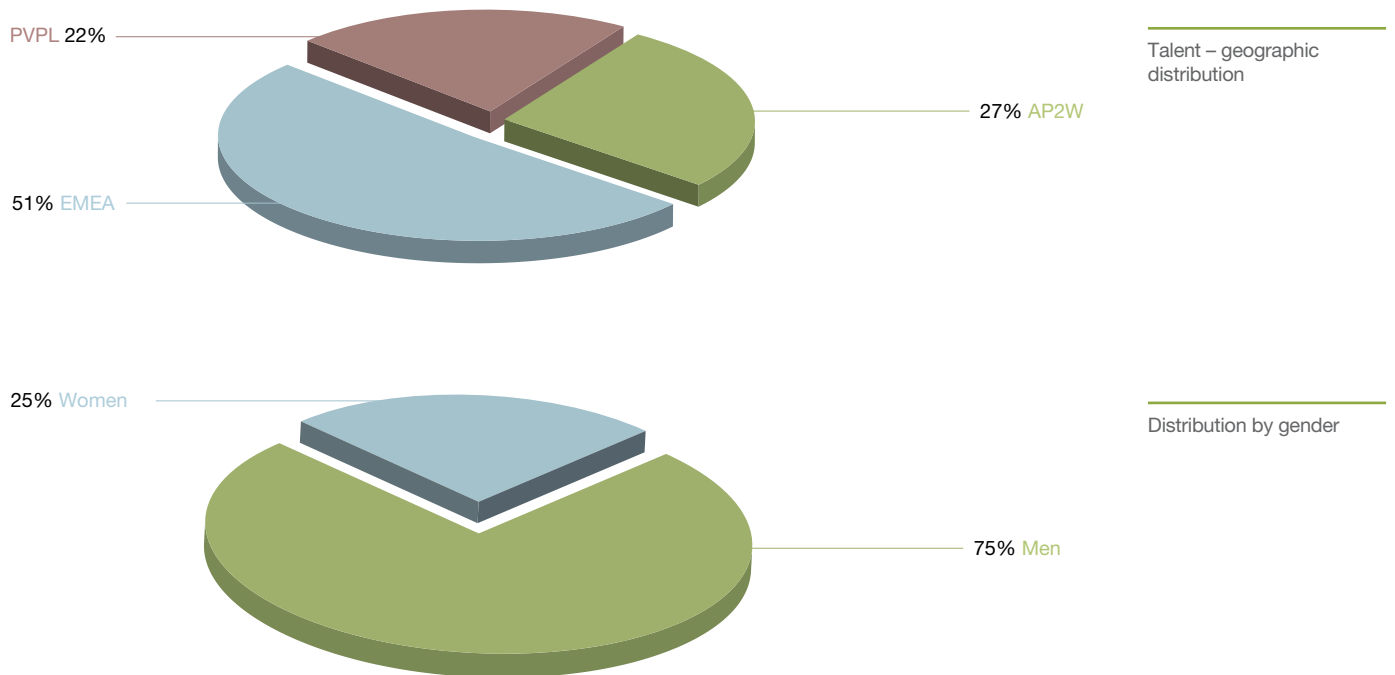
Benefits are offered to full-time, part-time and temporary employees without distinction.

Talent management: the Piaggio Way programme

The Piaggio Way talent management programme is one of the development tools adopted by the Group. It is aimed at employees who show a high potential, great enthusiasm for their work and the courage to undertake new paths, in order to identify and ensure a growth path for the most deserving resources.

It was started in 2010 and since then three assessment sessions have been performed, involving a total of 193 employees of all the Group's companies and geographic areas (52% EMEA, 31% PVPL, 17% AP2W).

Currently, there are approximately 70 participants in the programme. Piaggio Way boasts a community of 17 students who have completed their development plan and who still remain active in the programme.



During 2013, the programme was improved in countries where the Group operates, with strong participation from Asian talents.

Lasting a maximum of four years, the programme is distinguished by its:

- › high selection bar to be included and to remain in the programme;
- › overriding focus on managerial competencies and performance;
- › fast-lane approach to developing management skills and internationalisation.

The talents added to the programme are given fast-lane access to development, involving:

- › job rotation;
- › strategic and international projects;
- › events involving top management;
- › coaching;
- › personalised training.

To remain on the programme participants undergo a structured annual Talent Review conducted with the involvement of Piaggio top management.

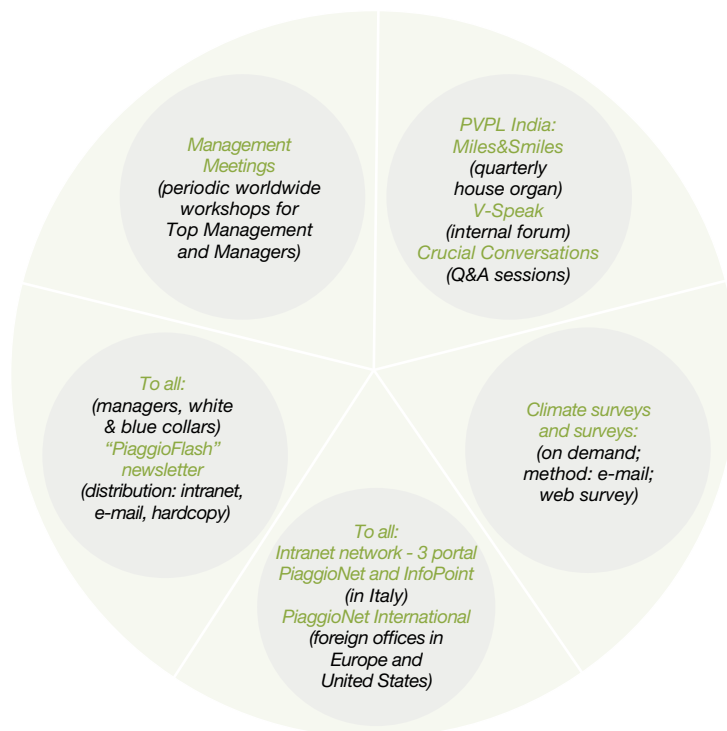
Personnel dialogue and involvement

Piaggio Group's Internal Communication Policy is aimed at informing employees on business performance and prospects and bringing them closer to top management strategies.

The system is based on the conviction that sharing strategic objectives with every employee is a key factor to success.

Piaggio uses communication and information tools which respect and empower the social and cultural realities within the Group.

Piaggio Group's internal communication tools
(A global vision)



Communication tools:

- › "PiaggioNet" Intranet (Italy): the portal offers information (on-line daily newspaper with company news and current events, sent to employees of Italian and foreign offices) and services for personnel (for example: managing working hours and transfers, organisational instructions and user manuals, a staff market, vehicle and merchandise prices, institutional and product press releases, photo gallery of product ranges and events, a daily press review, etc.). In 2013, the Group's Intranet portal published 404 news items on its home page, and had 112,655 hits (total number of readers of both portals: PiaggioNet and InfoPoint).

- › Piaggio “InfoPoint” (Italy): web points in the Piaggio Group’s production sites in Italy, which may be accessed by blue collars using their Company badge, to log on and the Intranet and use its services (reading news, checking labelling, a staff market, vehicle and merchandise prices, institutional and product press releases, sending messages to Company contacts via Web Mail, etc.). The news published on the PiaggioNet home page are also published on the InfoPoint home page: thus company news is distributed to the entire organisation and made available to all employees (managers, white collars and blue collars).
- › PiaggioNet International (To all): the contents of the sections and news are published in English, specifically selected and intended for employees of the Group’s European and US sites, as well as its Asian sites. In 2013 158 news items were published on the international portal home page, which registered 2,122 hits.
- › Web Mail service (Italy): a Company messaging system to promote bottom-up communication among employees and Top Management. All Piaggio employees may send messages to Function Managers and receive replies in their personal web inbox.
- › V-Speak (India): an in-house forum dedicated to the employees of the Indian PVPL subsidiary, designed to establish open, transparent communication within the organisation. The forum gives people the chance to learn more about the organisation, express new ideas, and share experiences and best practices.
- › Crucial Conversations (India): the initiative is aimed at improving interactions and work between functions, and encouraging reciprocal knowledge of company activities. The sessions include managers of various company functions who present activities and objectives to selected target groups, who then interact with the speakers through a series of Q&A. Twelve Crucial Conversation sessions were completed in 2013.
- › PVN “Chat with Bod” (Vietnam): Piaggio Vietnam launched a new initiative which includes the possibility for employees to meet the members of the Board of Directors each Quarter to share the company’s strategic objectives and experiences and to ask the Directors questions.
- › PVPL EMPLOYEE EFFECTIVENESS SURVEY (India): this is a survey where the questions are mainly aimed at issues concerning EFFECTIVENESS, considered a core skill in the PVPL world. The survey makes it possible to understand employees’ alignment with the business strategy and provides an accurate picture of the company climate.
- › PVPL HELP DESK (India): this is an online platform which provides answers for problems which employees may have regarding HR policy issues. Questions are normally answered in 3/7 days.
- › PVPL E-Care (India): this is an online platform where external consultants deal with various personal problems of employees and their families and guarantee confidentiality.

Information Tools:

- › PiaggioFlash (Italy): a periodic newsletter distributed in all of the Piaggio Group’s Italian production plants (in hardcopy and softcopy via e-mail and published on the Intranet, where it remains archived); it provides information on promotions and offers (in-house on vehicles and merchandise, and agreements with external companies) available for employees. In 2013 ten newsletters were published.
- › Informative “Newsletters” serving employees and regulating company life (Italy), published on the Intranet portals by Personnel and Organisation Management (in 2013 82 newsletters were published, which registered an average of 650 hits for each newsletter for a total of more than 49,000 hits); these newsletters are also affixed in company bulletin boards in plants.
- › Miles & Smiles (India): an internal, quarterly magazine for employees at the Piaggio Group’s Indian PVPL plant, providing information on company activities and providing visibility to people and families.

Health and safety

Safeguarding and improving the health and safety of workers is integral to the Piaggio Group's operations and strategic within the framework of its more general objectives. In particular, the Group has taken concrete actions for:

- › *continual developments for a safer working environment*: all aspects concerning the safety of the work environment and equipment and tools needed to carry out daily activities are considered, starting from defining new activities or revising existing ones;
- › *safer behaviour*: all workers are trained, informed and familiarised, to carry out their work safely and undertake their occupational health and safety obligations; the Company achieves safety objectives through assigned duties and competencies.

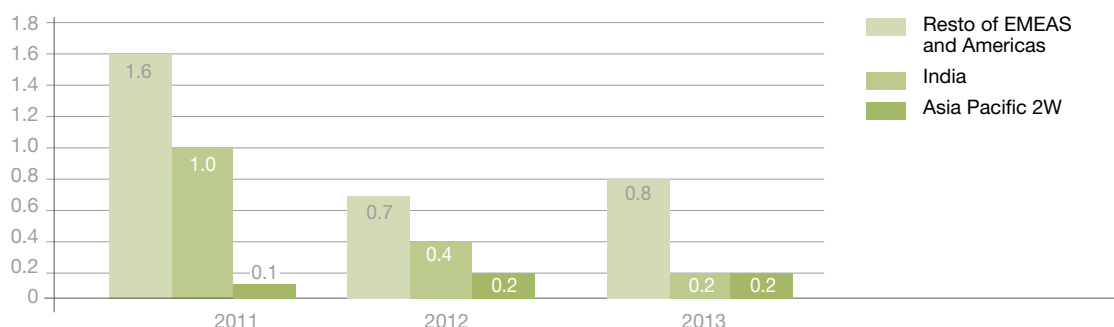
Accident Frequency Index in Italy

Production sites	2013	2012	2011	2010	2009	2008
Pontedera	3.0	3.3	3.0	2.4	2.6	3.3
Noale and Scorzè	0.2	0.9	1.7	0.9	1.3	1.7
Mandello del Lario	1.1	3.2	3.1	3.5	1.2	3.3

- › In 2013 in India there were seven accidents with a rate equal to 0.2.
- › In 2013 in Vietnam there were three accidents with a rate equal to 0.2.
- › In 2013 in Emea - Americas there were four accidents with a rate equal to 0.8.

Accident frequency index in the rest of the world¹⁰

10_The accident frequency index provides the number of accidents for each hundred thousand hours worked according to the formula (number of cases / hours worked) x 100,000.



In 2012 the accident frequency index in Italy was equal to 3.3, a result more or less in line with those of recent years, though slightly worse. Based on the data on the causes, nature, location and severity of the injury that are entered in the dedicated form on the company Intranet network, it was possible to stratify the information in order to launch activities that can lead to improvements aimed at reducing the frequency and severity of injuries. The initiatives undertaken during 2013, started to reinforce the trend created in previous years, made it possible to achieve a result even better than forecast with a 10% decrease in the index compared to 2012.

To remain consistent with what has been defined to date and to guarantee the highest standards of occupational health and safety monitoring and undertaking of responsibilities, Piaggio has established an organisational structure in Italy, which also conforms to relevant laws in force, with seven Employers appointed for Company areas and a group of senior managers and designated persons, supported by Prevention and Protection Service Managers and Company Doctors. Moreover, Workers' Safety Representatives are present in all Company areas.

The Group has prepared high health and safety standards for the subsidiaries in Vietnam and India as well, by identifying local Safety Managers who, in collaboration with the central site for Group operating procedures, ensured constant monitoring in order to improve collective awareness of the issue.

The Occupational Health and Safety Management System implemented at Piaggio includes a large body of documents that comprises the relevant Manual outlining the policies issued by Management, which are implemented in the Management Procedures (covering the entire company organisation), in the Operating Procedures (which regard only some company structures) and Work Instructions that illustrate how every single operation is to be carried out correctly.

Then there is a safety management IT system that has been developed over the last few years, making the contents of Company activities (technical matters and personnel health surveillance required by laws in force) clear and available, in line with assigned operational roles and responsibilities.

One example is the electronic “risk condition reporting” available on the company Intranet network, which allows company managers to report any risk conditions, thus starting up a system which allocates problems, evaluates remedial actions proposed and monitors their effectiveness, in order to guarantee the complete and thorough management of occupational safety improvement actions as well as of “near misses”, which are a key element in preventing dangerous situations that can lead to serious injuries from occurring. This function was integrated in 2013 in order to report and manage conditions of a “presence of irritating odours”, basically tied to the presence of volatile elements of foreign supplied parts, which although not amounting to a risk for health safety of workers, still result in various degrees of “discomfort”. Following a report from company management actions are undertaken to eliminate the cause, aimed at constantly ensuring the best work environment quality.

Great importance is attached to emergency management. As set forth by existing regulations, every site has a plan that comprises the analysis of the main risks, the operating procedures to be applied during the different types of emergency, the roles and actions that the duly appointed and trained staff must implement, and the communication protocols. Of course, the efficiency of this organisational system is tested during many drills that involve Piaggio’s various sites to varying degrees.

In addition, there is a broad range of equipment for fire detection and extinguishing that include smoke detectors, automatic extinguishing systems, sirens, fire extinguishers, hydrants and a fire hydrant water network. The fire exits, escape routes and all the aforementioned systems are clearly signalled.

Following earthquakes involving the upper part of Tuscany, a corporate “Crisis Committee” was established in 2013 for the purposes of managing earthquake emergencies.

This Committee is composed of: the employers identified by the Board of Directors, Human Resources Director, Plant Emergency Manager (RES), Manufacturing Manager and Infrastructure and Systems Manager.

In the event of a local earthquake, the “Crisis Committee” is kept constantly up to date by the Plant Emergency Manager on the earthquake magnitude obtained from Internet or provided by the National Emergency Management Agency, with whom Piaggio has established interface procedures using specific radio frequencies.

Based on this objective value, the Committee operates based on the following model:

- I. Richter magnitude less than 4.8 (Mercalli < 5): personnel are ordered to return inside the buildings and return to work.
- II. Richter magnitude equal to or greater than 4.8 (Mercalli > 5): personnel are sent home from work and external technical experts activated to perform testing.

In the circumstance of point 2. above the RES shall contact the Municipal Government notifying the immediate general evacuation of the Piaggio area; this notification shall include an estimate of the number of people present in the Company and the presumed breakdown of personnel who will leave the area through the two exits established with the same Municipal Government and which are considered

safe (Goods entrance on Largo G.A. Agnelli and two-wheeler entrance at Via Hangar 1). Generally, unless otherwise communicated by the Municipal Government/Emergency Management Agency, this evacuation of the area shall take place sixty minutes after such notification, to allow the aforesaid Municipal Government/Emergency Management Agency to organise whatever is indispensable on the roads outside the plant, also considering the general emergency involving all of the local population.

A group of external technical experts, brought in based on previous commitments formally undertaken to ensure their immediate availability, shall start all of the inspections necessary to determine the safety/stability of the Piaggio area buildings. At the end of this test and inspection phase (which cannot be completed on the same day as the earthquake) the technical experts will formally submit their opinion to the "Crisis Committee".

If favourable technical conditions exist, indicating the safety/stability of the buildings, the "Crisis Committee" shall order work activities to resume.

Health and safety certification

After its experience in environmental management certification, Piaggio decided to gradually implement a certified Occupational Health and Safety Management System for all its production sites in Italy.

Occupational Health and Safety Management System certification is a particularly effective management tool, guaranteeing that objectives to safeguard and protect the health and safety of everyone working at Company sites are met, and helping to increase competitiveness and cut social costs.

In October and November 2013, the Piaggio Group was audited by the certification company for the purposes of maintaining the Group's OHSAS 18001: 2007 (Occupational Health & Safety) certification until December 2016 for Pontedera, Noale-Scorzè and Mandello del Lario plants. The outcome of the audit was positive.

BS OHSAS 18001:2007 certification for Occupational Health and Safety was also obtained in 2013 for the Vinh Phuc site in Vietnam and for the two-wheeler plant in Baramati, India.

The audits were successful, demonstrating the compliance of the organisation and management model with the new regulations introduced by article 30 of the Consolidated Act on Occupational Health and Safety (Italian Legislative Decree 81/2008).

Information and training

A shared culture which considers safety as a basic condition for carrying out all activities is a fundamental prerequisite for preventing risks and protecting the health of workers. In this framework, numerous training initiatives are held involving all levels of the organisation.

Approximately 22,000 training hours were performed in Italy, around 5,100 hours in Vietnam for employees and 1,700 hours for suppliers who work inside the plant, and around 9,050 hours in India for employees were held in 2013 to inform personnel and make them aware of accident prevention issues and health and safety in the workplace.

Safeguarding health

Health is promoted through two main areas of action: free testing and information campaigns on healthy lifestyles. Generally, each Group site has a health unit for prevention, surveillance and first aid, manned by specialist medical and paramedical staff.

In particular, the Company Medical Centre is based at Pontedera, where paramedics provide a healthcare service and specialist doctors provide a consultancy service for occupational medicine and specific activities.

As regards healthcare services, the following are guaranteed:

- › first aid and medical emergency assistance, liaising with competent public services, as necessary;
- › routine healthcare (for example taking blood pressure readings, carrying out tests, etc.);
- › Company health prevention campaigns, including anti-tetanus and flu vaccinations;
- › additional tests for the routine health surveillance of workers.

Specialist medical check-ups, for dermatological, ophthalmological, pneumological, orthopaedic and ENT referrals.

The Medical Centre has two doctors who are specialists in occupational medicine, for more general activities. These doctors work with designated Company structures to determine and evaluate risks and put in place measures to safeguard the health of workers. They:

- › ensure preventive and periodic health check-ups;
- › rate eligibility for specific tasks;
- › prepare and update patient notes and risk notes for workers undergoing health surveillance;
- › give workers information on tests and test results;
- › take part in periodic meetings on safeguarding health and safety, reporting anonymous collective results and their meaning;
- › inspect work places and help set up the first aid service and health surveillance training and information activities.

In 2013, occupational medicine activities involved more than 2,200 check-ups (preventive, routine and non-routine), as well as specific tests and clinical chemistry and biological tests.

A Company Medical Centre is also present at the Vinh Phuc site in Vietnam with nurses and a dedicated doctor to monitor general medical issues. Approximately 6,700 check-ups were performed in 2013 aimed at guaranteeing medical advice for First Aid activities and for any kind of health problem with consequent distribution of medicine paid for by the company. Again in 2013 Piaggio Vietnam, as required by law, paid for a medical check-up for all employees at national healthcare facilities (performed every 6 months for employees who work in areas most exposed to health risks, such as welding and painting).

There is a Company Medical Centre at India's PVPL plants which performs First Aid activities.

Workplace ergonomics

During 2013, Piaggio continued its "Workplace ergonomics" activities.

Along with the local health authorities for the Pontedera site, Piaggio have practically completed the operative aspect (basic questionnaire, medical check-ups, testing with instruments) of the project established with the public surveillance body aimed at estimating the extent of pathologies of the upper limbs and reintegrating persons with WMSDs (work-related musculoskeletal disorders) assigning them work stations that have been suitably adapted or involve less risk: the local health authority Occupational Medicine along with the competent Company Doctors, will formalise the results in 2014.

In terms of “objective risks from manual handling of loads”, Piaggio continued its extensive activity in 2013 to diagnose the jobs/workplaces which closely follows what has been defined for problems related to repetitive movements, with the intent to complete this activity during 2014 for all three Italian production sites.

Such action bears witness to the progress made in the improvement programme, with the aim of preventing the occurrence of repetitive stress disorders in the upper limbs and pathologies related to manual lifting of loads.

Industrial relations

The Piaggio Group recognises the role of Trade Union organisations and workers’ representatives, in compliance with the laws and practices of countries where it operates and establishes relations with them based on communication and involvement, by forging a common dialogue.

In the conviction that to be competitive, an enterprise needs to be able to respond to continuous market changes promptly and efficiently, while constantly improving the production process and overall work conditions, Piaggio has sought to put into gear all the checks and comparison mechanisms that can help fast, effective and consensual action to be taken to ensure that the best workplace safety, environmental and training solutions are found.

Collective bargaining is applied at all European production sites at both a national and company level, thus covering 100% of staff. The Indian company PVPL has its own collective bargaining agreement in place, which was renewed in 2013. In Italy, ongoing dialogue continued between the Group and workers’ representatives at a Company level, to find common solutions to the effects on workers of measures taken to meet market needs. A number of trade union agreements were signed to manage complex situations requiring the use of social shock absorbers provided for by law.

Trade unionisation in Italy

	2013 ¹¹			2012 ¹¹			2011 ¹¹		
	Pontedera	Noale and Scorzé	Mandello del Lario	Pontedera	Noale and Scorzé	Mandello del Lario	Pontedera	Noale and Scorzé	Mandello del Lario
FIOM	363	153	44	354	157	42	348	177	41
UILM	318	1	2	310	1	2	307	1	2
FIM	352	135	24	354	131	26	313	126	28
UGL	66	0	0	139	0	0	126	0	0
CGIL/CISL/UIIL	2	0	0	2	0	0	2	0	0
Total number of employees who are members of a trade union	1,101	289	70	1,159	289	70	1,096	304	71
	37.06%	48.09%	67.96%	38.60%	45.65%	66.00%	37.50%	45.50%	66.40%

¹¹ figures including the Via don Mazzolari site (Pontedera)

Employees may freely join trade unions, according to procedures established by local regulations and the rules of various trade union organisations. In most European countries, systems exist where workers directly elect representatives. In Italy for example trade union representatives (RSU) are elected by all employees (excluding Senior Management) from lists submitted by trade union organisations. Elections are held every three years at a production unit level.

In Spain, both Nacional Motor and the Branch of Piaggio & C. S.p.A. discontinued operations and are in the process of closing. Trade unions were present internally in 2013 with representatives elected directly by employees. The following trade unions were active: UGT, CCOO, CGT, UTIM.

Forms of worker representation also exist in Vietnam and India at the company level.

At Piaggio Vietnam, an Executive Committee of Trade Unions is active, elected by employees of single production units and trade union representatives at a company level are supervised by the provincial trade union organisation of Vinh Phuc. The number of trade union representatives was equal to 15, elected by company employees.

Trade union functions at company level safeguard employees in the workplace and provide assistance with labour regulations and company policies. Regulations have been written by the Executive Committee of Piaggio Vietnam on functioning and on use of the fund (which comprises a monthly payment from the Company of 2% of salaries); 75% of this fund is used for employee activities, while the remainder is paid to the local area trade union organisation.

At present, no collective company agreement is in place and the Executive Committee of Trade Unions has not undertaken any bargaining procedures.

During 2013 meetings between Executive Committee of Trade Unions and Management were aimed at searching for common solutions for a better balance between work and home life (illness, marriage and maternity).

These include financial or other kinds of assistance for particular personal events in employees' lives (i.e. marriage, birth, death of relatives to the first-degree), and the promotion of recreational and sports events (i.e. holidays in August, football tournaments).

In India, trade union representatives consist of a mixed board of company employees and non-employees; The trade union organisation has a hierarchical structure and in part comprises company employees. There are 16 trade union representatives, of which 9 (factory delegates) are appointed by employees and 7 directly by the external structure. A company collective bargaining agreement was renewed in 2013.

Piaggio uses open-ended contracts as its reference model. A fixed-term contract is used for Group sites (including India and Vietnam), to deal with flexibility requirements of demand.

In Italy, the trade union agreements allow the Company to use different types of employment contracts provided for in the contractual provisions so as to reconcile employment stability with flexible production management.

In reference to Italian laws, Law 92/2012 "Labour market reform" as amended, introduced significant innovations regarding contracts, dismissals and social safety net measures and Law 214/2011 substantially changed the rules for meeting retirement requirements.

Within a context of open and constructive discussions with trade unions, the Group periodically carried out audits at the various sites particularly focussed on scheduled work loads and production schedules, so as to evaluate the need for different types of employment contracts, as mentioned above and different scheduling procedures.

Due to the continuing negative market, in 2013 discussions also developed on the social safety net measures needed to adapt the production structure to markets trends and sales volumes, and consequently to optimise technical and staff structures and manufacturing activity; with this use of the Solidarity Contract became necessary for the Noale, Scorzè and Pontedera (PI) sites. A staff downsizing process was started at the Noale and Scorzè (VE) sites at the same time.

Dialogue with the trade unions made it possible to find solutions agreed on by all parties, with trade union agreements signed.

The Spanish company Nacional Motor and Branch Piaggio of Martorelles (Barcelona) and Government representatives agreed upon the complete implementation of E.R.E. (Expediente de Regulación de Empleo) and operations in these sites were permanently discontinued with progressive leaving of employees.

In Switzerland, operations of the Piaggio Vespa BV branch stopped in the first few months of 2013, with a welfare plan outlined with external trade union organisations to terminate the employment of all Branch employees. Activities were transferred to the Pontedera site.

In Italy, the use of social safety net measures (the ordinary and extraordinary wage guarantee fund, collective dismissal indemnities, 'solidarity contracts') is governed by statutory procedures that require by law a minimum notice period and mandatory content for notifications to trade unions.

Specifically:

- › In the case of the ordinary wage guarantee fund, where events are such that the reduction or suspension of operations cannot be postponed, the employer is required to notify trade union representatives of the expected duration of the reduction or suspension and the number of employees affected. If operations are to be reduced by more than sixteen hours, at the request of the employer or the trade unions, a joint review is to be held to discuss the return to normal operating hours and the criteria for distributing work hours. The request is to be made within three days from the notification announcing the reduction/suspension of operations, while the review is to be held and completed within five days from the date of the request. For all other events, trade union representatives are to be informed of the decision to reduce/suspend operations in advance, the reasons why the wage guarantee scheme needs to be used, the expected duration of the measure and the number of workers affected. At the request of either one of the parties, a joint review is to be held to discuss the protection of workers' interests in relation to the business crisis, and is to be completed within twenty-five days from the request for the joint review.
- › In the case of the extraordinary wage guarantee fund, the employer is required to notify trade union representatives and the main provincial trade union organisations for the category of the activation of the procedure, informing them of the reasons for the reduction or suspension of operations, the expected duration of the measure, and the number of workers affected. Within three days a joint review is to be held, which may or may not lead to an agreement being made. Where no agreement is found or there are irregularities in the negotiation process, the procedure for accessing the wage guarantee fund cannot proceed. For companies with more than fifty employees, the negotiation process is to be concluded within twenty-five days.
- › For collective dismissal indemnities, written notice of collective dismissal is required to be sent to trade union representatives and trade associations. Copy of the written notice is also required to be sent to the Provincial Employment Office (or to the regional office if production units in more than one province are affected, or to the Ministry of Labour if more than one region is affected). The notice is required to state the reasons for collective dismissal, the number of both redundant and non-redundant workers and their job profiles, the time-frame for collective dismissal, measures envisaged for minimising the social consequences, and the method for calculating

any non-statutory indemnities envisaged by collective bargaining agreements. Within seven days of the notice, trade union representatives and trade unions may request a joint review to discuss alternatives to collective dismissal and social safety measures for reskilling the workers. The review process is to be concluded within forty-five days. The employer must inform the Provincial Employment Office, or relevant office as indicated above, of the outcome of the process. Where no agreement is made with the trade unions, the Provincial Employment Office will summon the parties for a new review, which is to be concluded within thirty days.

- › As concerns so-called 'solidarity contracts', the law requires that a company collective bargaining agreement be made with trade unions belonging to the main trade union federations at the national level in order for the social safety net to be activated.

Analogous negotiation procedures with trade unions are also required by law in Spain for collective dismissals, and for mandatory and voluntary early retirement schemes (E.R.E.).

Based on supplementary agreements signed with the Trade Union organisations, employees at the Company's Italian sites are given a productivity bonus based on three indicators: Productivity, Profitability and Defect rate.

In accordance with the provisions of a company trade union agreement made in 2009 for the Pontedera, Rome and Milan sites, a health insurance scheme was introduced on 1 January 2011. The scheme takes into account relevant legislative and fiscal innovations and is based on the following points:

- › the company pays a contribution of € 120.00 for each employee that voluntarily joins the scheme;
- › each employee that joins the scheme pays an annual contribution of € 40.00;
- › employees may choose to extend the insurance cover to their families by paying an additional contribution.

The features of the insurance scheme, how it works, how employees can join and the type of benefits offered were set forth by a work group consisting of trade union representatives and company representatives.

A national trade union agreement at the end of 2011 established a private health insurance fund (Metasalute) for metal and steel processing workers in Italy; the company started paying its portion of the loan in 2012. Participation in the insurance is voluntary and it became operative in 2013.

As in the previous years, an agreement was signed in 2013 between the Company and the Union of Valdera Councils (which includes fifteen municipalities and thirty-six nurseries); Under the agreement, employees that enrol children under the age of three years in an accredited nursery will be entitled to a monthly contribution of € 160.00 or € 120.00 (depending on whether the child is enrolled for more or less than four hours a day) towards the fees charged by the nursery.

The Company is 100% committed to the environment and to occupational health and safety, placing the highest priority on prevention. It acknowledges that this objective requires the development and dissemination of a safety culture based on the sharing of and compliance with regulations, which is achieved by taking action in all spheres (technical, organisational, training and behavioural). In this regard, Piaggio recognises the importance of the role and activities of workers' safety representatives at production sites in Italy, and is committed to their greater involvement and the full implementation of relevant regulations. Although formal agreements on occupational health and safety have not been made with trade unions, the Company encourages regular meetings and training on new regulations and issues of major interest.

As concerns our other European production sites, all workers without exception are represented by an occupational health and safety committee. The appointment of a trade union representative for occupational health and safety is required by law, with the employer required to fulfil a series of notification/consultation requirements concerning occupational health and safety matters.

In India and Vietnam, local laws do not require the appointment of a specific company trade union or territorial representative for negotiating safety issues. For these production sites, no formal agreements covering occupational health and safety are in place with trade unions.

Strikes

The phenomenon of strikes takes on profoundly different connotations depending on the company location; the most significant difference is between Italy and the overseas countries where other Group sites are present.

The total number of strike hours in Italy in 2013 was 10,265 broken down as follows:

- › Company strikes, called by company trade union representatives with reasons strictly tied to events within the company. This type of absenteeism (so-called “microconflicts”) only regarded the Pontedera site, it was called and exercised only by employees of the production plants, and to a much lesser extent by the product development departments, and never involved White Collars and Middle Management. The number of hours lost in 2013 represented 0.52% of the hours worked in the Pontedera production plants, with 25 total events concentrated between April and June (12 events). These strikes were called by only one Trade Union (Fiom-CGIL) compared to the 4 present in the company and were mainly due to the portion of the Productivity Bonus paid to employees for 2012 and the failure to start union negotiations based on the claim platform presented solely by Fiom-CGIL for renewal of the supplementary company agreement. The duration of the individual strikes varied from 15 to 60 minutes, with involvement of the entire production plant (6 cases) or individual departments. The other events in most cases involved the single production department (e.g. 30 minute strike in the Painting department of the Commercial Vehicles production plant), and only in limited cases to all of the production plants (e.g. strike on October following notification of the ordinary wage guarantee fund).
- › General or category strikes, based on involvement of all employees or only those belonging to the metal and steel processing workers sector. The hours lost due to strikes in all Group sites had an incidence of 0.08% out of all hours worked in the production plants. Overall the strike trend in Italy showed a sharp improvement over 2012 in terms of number of hours lost (from 38,911 hours to 10,265 hours) and in terms of percentage compared to the hours worked in the plants (from 1.68% to 0.50%). In this context, general and category strikes are in line with the general trend, while microconflicts worsened compared to 2012; however, it should be noted that company conflicts in 2012 reached exceptionally low levels and that only in 2011 the number of hours lost for this reason totalled 17,249.

		2013	2012
n° hours lost due to strikes	general/category	1,622	36,305
	company	8,643	2,606
	Total	10,265	38,911
% hours lost compared to hours worked	general/category	0.08%	1.57%
	company	0.42%	0.11%
	<i>of which Pontedera compared to hours worked at Pontedera</i>	0.52%	0.13%
	Total	0.50%	1.68%
n° days per strike	general/category	203	4,538
	company	1,080	326
	TOTAL	1,283	4,864

The other Italian Group sites Noale and Scorzè (Venice) and Mandello del Lario (Lecco) did not have any strikes.

No strikes were reported for Vietnam; in India some workers' strikes took place when the company collective bargaining agreement was renewed in July 2013.





DEALERS AND CUSTOMERS

Dealers	122
Customers	123
Vespa World Club	125
Moto Guzzi World Club	126



Dealers and Customers

Dealers

The sales network in the Group's corporate social responsibility policy represents one of the key levers for building an enduring relationship based on trust with customers in all our main markets.

Thus dealers and their personnel represent the main "communication bridge" for managing customers assisted by the Group's Customer Service activities.

Dealers are Piaggio's partners, accompanying Piaggio in its success and guaranteeing end customer satisfaction.

Product quality and customer service in general are the company's top priorities. For this reason the distribution and expertise of the service offered by our sales and assistance network is fundamental for promptly and effectively handling any potential problems for end customers.

That relationship hinges on tools designed to manage and improve relationships with dealers: training of the sales network, sharing of information and involvement of the network, the use of specific tools such as the Dealer Portal and Piaggio Business Service to manage network sales and technical problems.

Dealer Portal

The Dealer Portal is a gateway to applications, information and technical documents and sales literature designed to help dealers manage their markets according to common standards and criteria in real time. Access is personalised on the basis of the role assigned to the partner by their agency agreement. Specifically, the Dealer Portal enables dealers to:

- › obtain information on promotional and sales methods for the range of products;
- › learn and train their own staff on product maintenance and customer management techniques;
- › access to the management application for technical and sales documentation.

Dealer Business Service

The Dealer Business Service provides daily assistance to ensure the optimal management of service for end customers: from ordering the vehicle and information on the delivery up to managing the product warranty and in general all assistance operations. The service represents an important channel for managing our relationship with the network, and is based on a series of specialist platforms dedicated to logistics, product and accessory sales and service. The support service is delivered through a Help desk available for all major European markets: Italy, France, Spain, Germany, Great Britain, Benelux, USA, Vietnam and Indonesia.

Besides enabling service levels to be standardised for all our partners, in accordance with contractual arrangements, the platforms enable the right action to be taken and training, documentation and available information to be delivered in the most effective way.

Dealer meetings and training

These tools are flanked with other activities, for example the deal conventions, workshops on specific arguments, pilot tests on dealer panels for new projects and both sales and technical training. All of these are aimed at ensuring that the activities undertaken by the Group and dealers can turn into procedures for managing customers able to create customer loyalty and increase reputation on the market.

The Group also promotes responsible sales techniques, based on transparency, completeness and compliance with the information supplied to the customer in all phases of managing the relationship.

Customers

The levers for building enduring customer relationships based on trust lie in the customer engagement tools provided by the Customer Opinion Survey and Customer Service. These engagement tools are used to steer the efforts of the entire organisation, to ensure that the Group's history, tradition and innovation effectively enable customers' expectations to be satisfied.

The Group pursues continuous innovation in its customer relationship management tools, alongside its Executive and Dealer score cards, which are designed to ensure that shared quality and service standards for managing sales processes are taken up across the organisation (company front-end).

The "Customer and dealer satisfaction system" listens to customers, takes on board their requirements and assists the Company in satisfying these requirements.

Customer Experience

Piaggio has created and consolidated over time a customer engagement platform to understand the changing expectations of customers and gauge how effectively it meets those expectations by measuring brand reputation and customer loyalty.

The main items studied and monitored, also based on benchmarking with leading competitors are:

- › the motivations for choosing a brand and the fundamental features of products and services;
- › the adaptation of sales and assistance structures to satisfy specific needs;
- › the effectiveness of the sales network and services;
- › brand awareness and loyalty.

A tool specifically dedicated for listening to our customers is operative in the main markets where Group products are sold.

A joint endeavour was undertaken with a new partner in 2013 to measure the customer experience. This made it possible to adapt the research methodology structure to new international industry standards. Specifically, in main European countries (Italy-France-Spain-Germany and UK) the telephone method, confirmed again for this year to measure customer experience with new products (California 1400, Caponord and Vespa 946) has been joined by a web search on all Brands and the main consolidated products which made it possible to measure the competitive ranking of the entire range. The performance level of the assistance network was also measured via web. In terms of the Asian markets, the traditional product and service experience telephone surveys were flanked with "welcome calls" made by Piaggio Vietnam personnel a few days after purchases for 100% of customers, to evaluate the effectiveness of the sales network in transferring the Brand values to end customers. Measurement of the customer experience was introduced to the USA market on a test basis, for the motorcycle business, using customised web searches and entirely managed by Piaggio personnel. A total of approximately 20,500 customers participated in the engagement platforms on a worldwide basis.

Besides confirming perceived reliability and quality of products as key elements for customer loyalty, the comments were also used to provide product innovation and development teams with information in addition to data from defects under warranty and technical tests and trials. In particular, any suggestions on the product's "concept" (technical characteristics) have made it possible to develop new engines that are more capable of meeting the demands of increasingly "demanding" customers especially in terms of fuel consumption: a growing need in Western countries and a must for success in Asian markets.

All the information on customer experience is shown and managed on a "Let's Keep in touch with our customers" portal which has been completely overhauled with the addition of simple dashboards, updated in real time, used to monitor customers' opinions and feedback. The portal contains results from the past 4 years and can be used for trend analyses.

The portal contains a specific section for downloading customer experience documents, as well as a “web discussion” section where it is possible to share ideas, tips and read other viewpoints.

Home page of the new Customer Experience portal



The platform shared with all in-house players offers real-time monitoring of the perceived value of innovations adopted not only at a product level, but also in services.

In 2013, web monitoring analysis was configured to measure the Group’s positioning on the Web and main social media in order to understand which brand markets have an evolved web presence. The activity amounts to an update of the 2012 configuration and is used to measure the main dynamic trends.

Types of indicators used by Piaggio to monitor Customer Experience

Indicator	Measurement frequency	Analysis scope			
		Brand	Product	Sale	After-sales
Loyalty (commitment to repurchase)	Annually Every two years Every three years	X	X		
Net Promoter Score Index (word of mouth)	Annual half year and quarterly and monthly*	X	X		X
Level of importance of individual satisfaction expectations	Annual and quarterly*		X		X
Distribution of satisfaction levels	Every three years, every two years, annually, quarterly and monthly*		X		X
Defect rate perceived by the customer	Every three years, every two years, annually, quarterly and monthly*		X		
Defect severity	Every three years, every two years, annually, quarterly and monthly*		X		

* Quarterly and monthly measurements refer to new products or products of strategic importance for the Group. For services, measurements are made within one month from when the service was used.

The customer engagement platform is always paired to specific projects focused on products or to promotional initiatives (test rides, events, etc.). These initiatives are normally designed to bring customers closer to new technologies targeted at saving energy, safety and reducing pollution, which require information and education campaigns on their use so that customers can make the most of them.

Customer service

Customer service, together with the dealer network, represents the most important channel for our relationship with customers.

The Group’s Contact Center Project operates in a multichannel environment, by contact and customer targets, and also has a virtual on-line space on the SAP CRM platform, operative for all main European markets, i.e. Italy, France, Spain, Germany, Benelux and Great Britain, as well as for the USA, Indonesia and Vietnam. In 2013 the SAP CRM platform replaced Sale Force.com in the Indonesia and Vietnam markets. A different management tool is used in India specifically developed for that market.

There were 66,000 managed contacts in Europe and more than 4,000 in USA, Vietnam and Indonesia in 2013; problems found in products or services accounted for 22% of calls for assistance.

The Group's service levels in its main markets match standards of excellence in the sector, with 85% of calls managed within thirty seconds, and average resolution times slightly over forty-eight hours.

The platforms are all characterised by standardised management of customer reports that helps set international Group-wide response standards, while allowing real-time management of all the markets and functions involved in customer management.

Vespa World Club

Since 1946 Vespa has been attracting the attention of its users, initially spontaneously and later organised and assisted by the Parent Company they started to lay the foundations for Vespa Clubs which we still have. The membership trend and the number of Vespa Clubs in the world and Italy continue to grow.

Vespa World Club (VWC), a non-profit association, was founded in 2006 based on an initiative of the Piaggio Group and Piaggio Foundation; a way for the Piaggio Group to directly oversee the management of Vespa Clubs, to preserve the fleet of vintage Vespas still in circulation and help collectors find and restore vintage scooters and continue to organise rallies and great races in Europe and the world, guaranteeing Vespa owners outstanding-quality events.

In particular the Vespa World Club:

- › promotes initiatives and coordinates social, tourist, sports and competitive events;
- › establishes bodies representing national Vespa Clubs vis-à-vis all national and international organisations;
- › holds trophy events, rallies, competitions, shows, exhibitions, congresses, conferences and meetings;
- › deals with and acts in the interests of members;
- › promotes and provides training on road safety and awareness;
- › promotes studies and historical research work on relations between Vespa and the community;
- › provides a channel for the Company to reach fans.

Despite the negative economic framework in Europe, in 2013 VWC managed to organise:

- › **Vespa World Days** (world tourism rally) in Hasselt, Belgium, with more than 2,000 Vespas registered and many, many quick getaway attendees. Thanks to collaboration from the Hasselt Fashion Museum, Vespa celebrated its official Club, focusing great attention on the details to offer the best to everyone who had travelled half of Europe on their Vespas to get to Belgium;
- › The Tourism **Vespa Trophy** which, as usual, required the support of the entire European Dealer sales network who handled certifying the number of Vespa riders of the various participating Vespa Club teams, certifying that they passed by the shop;
- › **Vespa Rally European Championship** which this year was raced in three races: first Italy, then Germany (for the first time) and lastly Austria. Vespa is not just tourism; thanks to its high degree of reliability, in 1947 Vespa was able to race and win the most difficult sports marathons, and in 1951 won the Olympics of motorcycle races: the Six Days Enduro;
- › **1000 chilometri vespistica** held under the aegis of VWC and organised by the Vespa Club of Mantua. 300 competitors who from the Alps to Pontedera and with the finish line in Mantua rode more than one thousand kilometres, performing time controls to one hundredth of a second at the end of the classification;
- › the **Vespa International Historical Register** rally held in Rome celebrated the myth of the rarest and oldest pieces in our industrial history.

For next year the Vespa World Club has proposed bringing the Vespa world rally to Mantua, with the event to be held in mid-June on the Mincio lakes.

They are also considering candidates for holding the Vespa Rally European Championship in 5 faces in the same number of nations (France has indicated its intention to organise one race).

For the “gran fondo” event there will be the night-time 500km Vespistica in Milan as an international event and work is being done with Vespa clubs and the Federation for new “race” formulas.

The Vespa Historical Register has been confirmed in Italy in preparation for 2015 when, for the first time, a foreign Vespa Club will organize a Historical Register to promote it in every country, which protects our heritage of Vespas still on the road.

Moto Guzzi World Club

The Moto Guzzi World Club was established in 2002 with a view to:

- › promoting interest, awareness and the historic value of the Moto Guzzi brand and motorcycles;
- › creating and developing bonds between the owners of Moto Guzzi motorcycles;
- › organising events, meeting, conferences and competitions;
- › promoting national and international motorcycle tourism and rediscovering and promoting local touring opportunities thanks to club activities and the exchange of information between members;
- › creating and developing ties with non-profit organisations and other charities and sports associations with a social, humanitarian or environmental mission, which can benefit from the initiatives promoted by the Club in the motorcycling world and other sectors;
- › the Club promotes relations with the parent company and co-ordinates its own activities and those of its members with the work of other national and international brand-related clubs.

The Moto Guzzi World Club organised two international rallies in 2013 including one in Italy in Bormio (Sondrio) and the other on Malta. It also handled some events targeted by product (California Day, V7 day, etc.) and supported various rallies organised by recognised clubs.

Lastly, in 2013 it backed a Moto Guzzi Trophy dedicated to vintage motorcycles (regularity races held safely on circuits).

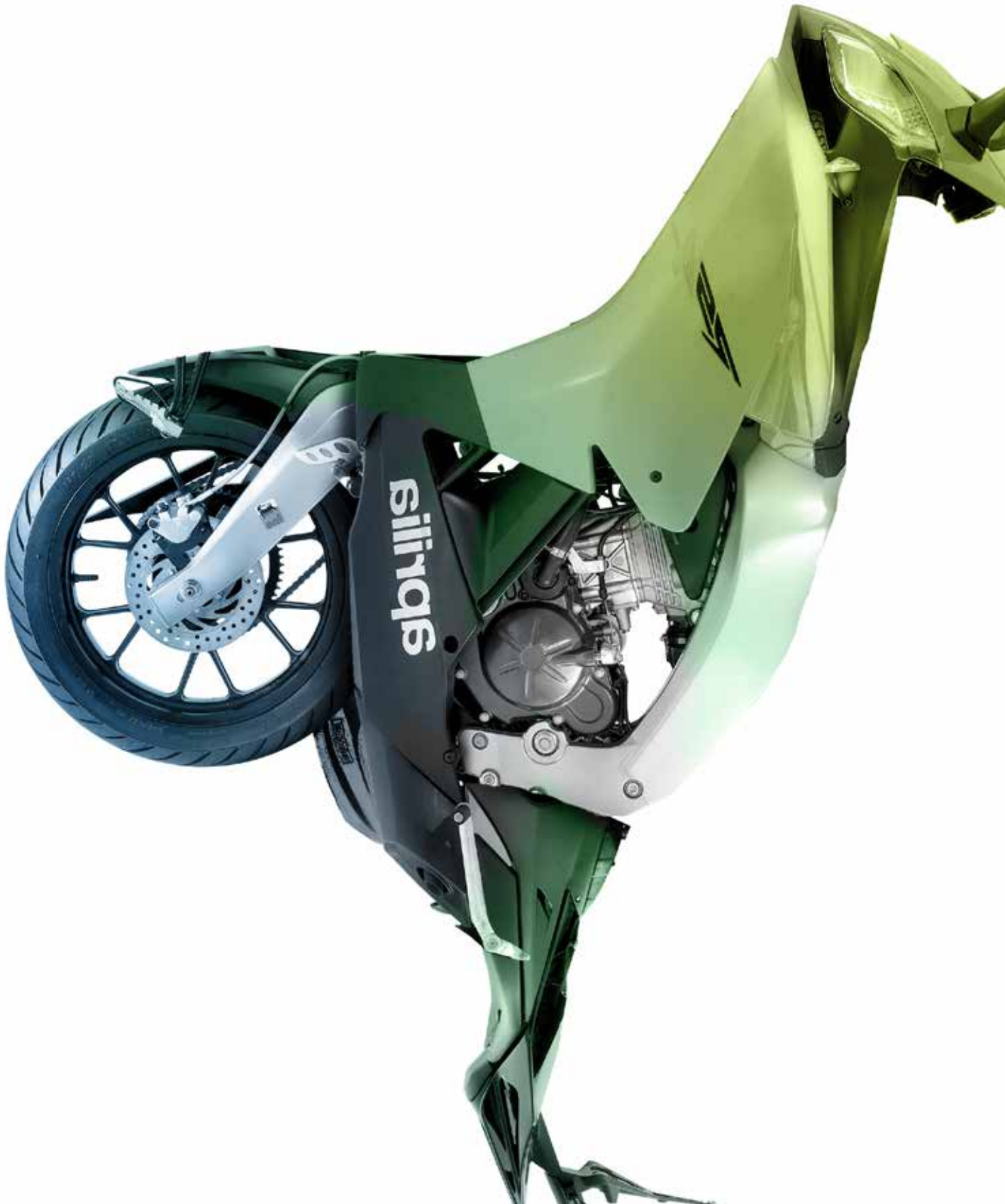
The Moto Guzzi World Club, in almost 11 years activity boasts direct members and 82 recognised clubs in Italy plus:

- › 6 clubs recognised in America, Asia and Australia, representing 7,409 members;
- › 20 clubs recognised in Europe, representing 4,725 members.

Recently achieved results include:

- › establishment of a “Mediterranean Area” which combines the Guzzi clubs of Greece, Malta and Albania with Moto Club Aquile dell’Etna, Moto Guzzi Club Aquile e Rose di Calitri and Moto Guzzi Club di Leuca. This is the first step of a more ambitious project to geographically bring together other groups which have common origins and traditions and have them represented in the brand club;
- › the Order of the Guzzi Knights of Malta has been established at the Republic of Malta, an honour reserved solely for fan of the Mandello motorcycle.





silirps

SUPPLIERS

Vendor Assessment	130
Suppliers portal	131
Supplier cooperation programmes	132



Suppliers

Group relations with suppliers are based on loyalty, impartiality and respect of equal opportunities of all parties concerned.

The Piaggio Group is convinced that responsibility is a commitment which goes beyond the boundaries of the Company and must positively involve everyone in the Company-supplier chain; This is why suppliers worldwide that wish to do business with Piaggio have to sign the general conditions of supply of the Piaggio Group which include the “Code of Ethics and Guidelines for doing business”; audits are regularly conducted on the Group’s direct material suppliers to ensure their effective compliance.

In keeping with the Group’s Policy, every year the Purchasing Unit tries to improve the procurement process by promoting the technical skills of buyers and focussing the process on management of the various goods’ categories.

Over the last few years, Piaggio Group Management has started a process of common development with its suppliers by setting up a specific department called “Vendor Assessment” as well as assigning the “Finance” Function to define and monitor activities of possible risks areas involving financial and corporate issues, to protect and guarantee the complete independence between corporate areas involved in the procurement processes, as well as to place priority on meeting the needs of all stakeholders.

Recently development and implementation projects have been started for tools for managing the customer-supplier relationship, such as:

- › the Suppliers portal;
- › the Project to re-use recycled materials;
- › the Reach project;
- › the Packaging project.

Corporate Finance Area

In order to better focus attention on the prevention and management of possible supply risks, the activities related to monitoring economic, financial, corporate and organisational reliability of Strategic Suppliers were assigned to the Corporate Finance Area in 2013.

In line with activities already implemented in Italy as of the second half of 2012, mapping of the Piaggio Group’s Strategic Suppliers will continue in 2014.

In addition, the Financial Assessment activity of the Aprilia Racing Strategic Suppliers will continue along with an analysis of the reliability of the main Sponsor Companies of the Team Aprilia Racing.

Dialogue and interaction with suppliers is continually improved in terms of quality and tools used; the purpose is to monitor the financial performance and rating of suppliers, in advance and on an ongoing basis. All possible company variations that may affect perceived risk are presented to a Suppliers Committee (comprising the Managers of Materials and Components Purchasing, Tools and Services Purchasing, the Finance Manager, the General Finance Manager, the Product Development and Technologies Department and Manufacturing and Production Technologies Department) during periodic meetings in order to identify corrective and performance improvement actions, if criticalities are identified.

Vendor Assessment

The purpose of the Vendor Assessment department within the Piaggio Group is to forge a long-lasting, mutually satisfying relationship with a network of highly qualified partners. The Function, in addition to managing the Supplier Qualification Process, has the aim of optimising the purchasing processes, ensuring their uniformity and improving efficiency at Group level, as well as evaluating purchasing performance, through Vendor Rating campaigns.

Supplier relations are defined by specific Company processes comprising two fundamental stages: new supplier qualification and supplier monitoring.

New supplier qualification is an inter-functional process based on specific standards that lead to a Company being included as a Potential Supplier in the Supplier List, for its chosen goods' category; after an initial documentary pre-qualification stage, a multidisciplinary, supplier qualification team is involved, with specific positions giving a technical, economic/financial and business rating on goods' categories.

Supplier monitoring takes place during at least two annual vendor rating sessions (Vendor Rating Campaigns). Performance is rated based on the quality of business relations, technical/scientific cooperation, compliance with delivery plans and the quality of supplied products. This provides a reference framework for procurement strategies and actions concerning suppliers. The process is completed assigning a "Global Rating Index" to each supplier aimed at metabolising assessments made by company positions and the reliability of the supplier in economic and financial terms (involving the Purchasing, R&D, Quality, Manufacturing and Spare Parts departments for direct materials).

At present, the Global Supplier Rating indicator has been assigned to most Group suppliers of European production sites only. In 2011 and 2012 supplier ratings covered approximately 90% of expenditure on purchasing. 2013 consolidated the hedge percentage compared to the previous year, and the Campaign for Suppliers of safety components (CF1 and CF1D) was introduced.

In the case of Group companies operating in Vietnam and India, the assessment process consists of a local assessment for the initial documentary pre-qualification and technical assessment stages, and a corporate, i.e. central level, assessment to analyse economic and financial reliability (FINANCE).

Plans have been made to combine the Supplier Assessment with CSR information, such as the existence of a code of ethics and Sustainability Report, in the future.

Suppliers portal

The Suppliers Portal, based on the SRM-SAP system, has been designed and implemented to continually improve the effectiveness and efficiency of Company processes.

In particular, the Portal enabled the following targets to be reached:

- › forge an important partnership with suppliers, using self-service tools, connectivity and sharing documents and information;
- › make purchasing processes more efficient, by implementing automatic tools and ensuring greater compliance with purchasing procedures.

The "SRM – Suppliers Portal" system is a computer tool to exchange information and documents on purchasing materials, components, equipment and services in real time among Company functions, so as to guarantee the proper and transparent management of all purchasing process stages, from purchase requests to purchase orders, price lists and supply programmes, incoming goods, invoices and information on payments.

The Suppliers Portal has a number of benefits for both Piaggio and Suppliers. These include fewer manual activities, better quality, more accurate information, shorter Company process processing and communication times, less use of paper (including digital signatures) considerably fewer invoicing anomalies and visibility of the entire authorisation process from purchase requests to orders.

The Suppliers Portal is active in Italy, India and Vietnam. The system was launched for the Indian subsidiary in December 2010 and now has 300 suppliers registered on the Portal. The number of connected suppliers is not expected to increase considerably in 2014. The Supplier Portal is the standard tool for direct material management for the Vietnamese subsidiary. Currently 110 suppliers use the portal; the aim is to extend it to ancillary material suppliers in 2014.

Supplier cooperation programmes

Piaggio has always been convinced that the Group's success depends largely on the success of its suppliers and vice versa, even more so as each day goes by. On the one hand, competition is intensifying between Company-supplier production chains rather than between companies alone. On the other hand, quality, innovation, costs, service and end customer satisfaction are becoming more and more inextricably linked. Putting safe vehicles which are free of defects on the market goes hand in hand with the guarantee that suppliers also adopt quality management systems and processes that provide products conforming to required standards.

Project to re-use recycled materials

The project involved five suppliers of body parts for vehicles manufactured at the two-wheeler plant in Pontedera and enabled materials from recycled plastic (household containers, drums, etc.) to replace the polypropylene in a number of body parts for Vespa and MP3 production.

Reach project

The project, which came about in 2009, will test for any environmentally harmful substances in items supplied to Piaggio by component manufacturers worldwide. In 2012, the company launched the "Piaggio Green Supplier Platform" to manage Piaggio supplier/item certification, during supplier accreditation and the initial supply stage.

The system is now operating.

In this way Piaggio can receive information on any materials harmful to the environment that may be contained in the supplied products and carry out a better selection and qualification of its suppliers.

Packaging project

The packaging project, developed in 2013 with various activities aimed at resolving and standardising packaging including aimed at Lean Manufacturing, will continue in 2014 with the objective to optimise packages arriving from suppliers, or to make them meet the company's needs and current European laws, with special focus on their shape and the selection of materials which makes them as recyclable as possible.

Utmost attention will be paid in this context to reducing to a minimum whatever can be potentially hazardous for operators at the time of unpacking and to avoid the presence of substances which are harmful to health and the environment.





RELATIONS WITH THE MEDIA, PUBLIC ADMINISTRATION AND INTEGRATION WITH THE COMMUNITY

Relations with the media	136
Relations with the Public Administration and industry associations	136
Partnerships with Schools and Universities	139
The Piaggio Foundation, Museum and Historical Archive	139
Commitment to sport	142
Charity activities and sponsorships	142

“To communicate oneself is nature;
to receive communication
as it is given is culture”.

Johann Wolfgang Goethe

Relations with the media, Public Administration and integration with the community

Relations with the media

The Piaggio Group acknowledges the social relevance of communication and coordinates its various activities in this area based on ethical principles.

The Corporate Social Responsibility Report is a reporting instrument of the Piaggio Group to provide information on the economic, environmental and social performance of the Group. The report is drawn up every year according to criteria of completeness and is an important communication tool. It is addressed to both internal and external stakeholders and is easily available by downloading it from the Piaggio.com web platform.

In Italy, Piaggio is a member of the UPA (Utenti Pubblicità Associati - Associated Advertising Users), an association that brings together the most important and prestigious industries and commercial and services companies that make investments in advertising. In turn, the UPA belongs to the IAP (Istituto di Autodisciplina Pubblicitaria - Self-Regulatory Institute of Advertising) which has a self-regulatory code for commercial communication and participates in the European alliance for ethical advertising.

Within the framework of the web and advertising campaigns, the Piaggio Group chooses the most suitable communication channels to convey contents based on a case-by-case assessment according to the objectives and the target while making sure not to use deceptive or untrue advertising means.

The Piaggio Group continued decisively to completely renew and expand its presence on the web, started the previous year, particularly focusing on the presence of Group brands on social networks. This is aimed at making communication more functional for the various activities of the brands, for example for new product launches and important industry trade fairs. In 2013 the presence of the Group's brands has been enhanced with new functionalities primarily regarding the usability of the web pages of the various brands and the corporate page including on now very widespread devices such as tablets and smart phones.

In the month of May 2013, when the Vespa 946 arrived on the market, an advanced e-commerce platform was unveiled on the Group's web spaces for on-line reservation of the Vespa 946 and merchandising sale linked to the Group's brands.

Transparency and timeliness in conveying economic and financial information are two Group imperatives. Among the other initiatives, this area comprises the institutional, economic and financial communication also performed through institutional and corporate web spaces.

Even the other activities and events aimed at the general and specialised press, for new product launches, industry trade fairs, etc. focus on transferring the Group's core values targeting a respect for the environment and safety when riding.

The consolidation operation for relations with the media in the domestic market continued in 2013, as well as further strengthening of relations with the media in Asian and non-EU markets including launches and presentation of new products to the press, and participation in the most important motorcycle events in these countries.

Relations with the Public Administration and industry associations

The Piaggio Group develops relations with public subjects aimed at transparency and continuous discussion, to contribute to developing the competition of the Italian two-, three- and four-wheeler industry, to promote environmentally friendly mobility and disseminate the values of technological innovation to the benefit of users' safety, quality of life and protection of the environment.

Particular focus is placed on relations with associations representing interests and industry and local associations in Italy (within the Confindustria system, in particular with ANCMA and ANFIA), the European Union and the United States.

Acem

Piaggio is one of the founder companies of ACEM, the European Association of Motorcycle Manufacturers, established in 1994. In addition to the Piaggio Group, at present an additional 13 manufacturers and 18 national associations are part of the Association. They come from 15 European countries and more than 30 brands are represented.

The Association's activity involves protection of the interests and representation of the viewpoints of the Industry at European institutions (Commission, Council and Parliament) as well as monitoring its activities. ACEM's commitment involves mainly four areas: mobility, safety, the environment, and competitiveness / competition.

The main objective that ACEM proposes is the promotion of mobility on motor-driven two-wheelers and protection of values such as technological innovation, safety and a better relationship between mobility needs and environmental protection. ACEM is active in many safety-related initiatives for example studies on accidents involving two-wheeler vehicles, projects to train riders, campaigns to promote the use of helmets, drafting of guidelines to design infrastructures that are able to guarantee the best safety possible for riders; all activities which represent the practical application of the principles contained in the ACEM Safety Plan for Action. Moreover, in terms of the debate on mobility and the environment, ACEM works with European institutions to draft specific standards targeted for two-wheeler vehicles, such as measurement of CO₂ emissions, reduction of the limit of pollutants emitted by vehicles and periodic overhauling, making the European Union aware at the same time of the need for strong support for the development of new technological solutions which can meet future environmental challenges.

ACEM has renewed and expanded its involvement in the European Union's Road Safety Action Plan. This European Commission programme is aimed at cutting the number of accident victims in half in Europe by 2020 and involves all the players who have a role in mobility.

In 2013 ACEM dedicated its annual meeting to the role which two-wheelers play in society, from sports to tourism, and commuting to logistics, entitling the event "Motorcycling matters!". Industry and institution representatives as well as stakeholder were on hand for the meeting and discussed the role motorcycles, scooters and other two-wheelers play in guaranteeing mobility, fun and opportunities for socialising.

As in 2012, Piaggio also participated in the "Sustainable 2Wheels" event, organised during the European Mobility Week set up by the European Parliament. The 2013 edition was entitled "Clean air, it's your move" and, with its participation, ACEM contributed to making EU institutions, the general public and the media aware of the contribution of two-wheelers to the creation of a sustainable mobility, placing great emphasis on vehicles with low pollutant emissions and with reduced consumption considered the state of the art of "green" mobility.

Lastly, ACEM became part of EGVI in 2013, the European Green Vehicles Initiative, a public-private partnership dedicated to the creation of ecological vehicles and mobility solutions which meet the main social, environmental and economic challenges of the future. With a focus on vehicle energy efficiency and alternative engines, EGVI aims at speeding up research and development of technologies which allow an efficient use of clean energy in the on-road transport industry.

Confindustria-ANCMA

ANCMA, the national association of manufacturers of two- and three-wheeler and accessories and parts, is the trade association that represents Italian manufacturers of bicycles, mopeds, motorcycles, tricycles, quadricycles and parts. Established in 1920, it is a member of Confindustria, the Italian Manufacturers' Association, and a major player in the association that represents Italian industry.

Confindustria-ANCMA acts to promote the dissemination of two- and three-wheelers and quadricycles in Italy (and thus components and accessories), to study solutions to industry problems of an economic, technical and legal nature, assist and represent member companies to protect general or individual industry interests and collect and process data and information for member use.

Another of ANCMA's aims is to promote and encourage collaboration among its Members and make its representatives available to support agencies, administrations, institutions and commissions on a national, EU and international level.

ANCMA promoted the "Bikers Academy" project during 2013. The initiative, sponsored by the Ministry of Infrastructures and Transportation, Presidency of the Chamber of Deputies and non-profit Associazione Vittime della Strada Onlus (road victims association), includes a free course, integrated with lessons on theory required by traffic laws. The course is aimed at driving school students, so that they can be taught the correct knowledge on vehicles, technologies and safety systems which can greatly reduce accidents: selection, correct helmet use, tyre maintenance and conduct to adopt when riding.

The latest edition of the Milan motorcycle show, organised as usual by ANCMA/EICMA, hosted an institutional area dedicated to road safety; a small village was created inside the exposition pavilions, where companies, government agencies and institutions had the possibility to present show visitors their initiatives and products dedicated to motorcyclist safety. Exhibitors included the Italian Traffic Police, the Italian Air Force and University of Parma's Social Sciences and Economics Department.

Lastly, ANCMA submitted a series of Traffic Law amendment proposals in 2013 regarding the safety of motorcyclists and support for mobility. For example, one of the approved amendments, makes the Ministry of Transportation responsible for issuing guidelines for Public Administrations, related to the design and construction of roads which are safe for scooter and motorcycle users. Other requests are being considered by the Transportation Commission which will presumably begin to discuss them in 2014.

National Associations

The Selling Agency Piaggio France is a member of CSIAM - Chambre Syndicale Nationale du Motocycle - which represent the interests of the branch offices of the world's largest manufacturers. In terms of the contents of advertising campaigns, CSIAM promotes the communication of riding situations with homologated helmets, complete equipment and conduct strictly in compliance with the highway code. The Group's other main European subsidiaries, such as Piaggio Ltd (member of MCIA - Motorcycle Industry Association in the UK), Piaggio Deutschland (member of IVM - Industrie-Verband Motorrad Deutschland) Piaggio España (member of ANESDOR - Asociación Nacional de Empresas del Sector de Dos Ruedas) and Piaggio Vespa (which belongs to the Dutch RAI), also comply with the Group's standards, actively promoting issues related to the use of two-wheelers within the framework of their respective national transportation systems, safety, and respect for the environment through events and public initiatives.

Confindustria-ANFIA

ANFIA, Associazione Nazionale Filiera Industria Automobilistica, represents Italian companies working in the manufacturing, transformation and set up fields of vehicles to transport passengers and goods and is a strategic player between both Italian and international industry and institutions.

ANFIA is one of the major industry Associations which is part of Confindustria. It works mainly in the areas of mobility, safety, the environment, energy, research and internationalisation.

The association's main activities include the promotion of economic policies targeting the automotive sector, participation in the process to define laws which govern the sector and cooperation with Italian and European private and public players, in the fields of vehicle research, design, production, transportation policies, energy consumption and road safety.

Partnerships with Schools and Universities

As described in the chapter on Technological Innovation, the Piaggio Group is connected to an international network of university and private laboratories and research centres, belonging to the most advanced groups in various specialisation areas.

The Group partners universities in organising research and development projects, and is also involved in work placements and degree dissertations as well as teaching and academic activities. Numerous seminars were held by Piaggio personnel at Universities, in addition to dissemination work through active participation at conventions.

An important alliance is the continuous teaching partnership with the Faculty of Engineering, Pisa University, which has been in place for a few years. It involves two courses held by R&D area technicians, "Product Development and Racing", for the Specialist Degree Course in Terrestrial Vehicles Engineering.

The "Industrial Product Development" Course, is a 60 hour course worth 6 credits and is mandatory for 4th year students; it is held by Mario Santucci, Scooter Innovation Manager, as course professor.

The second, called "Motor Vehicle Design and Testing", also 60 hours for 6 credits, is held by Maurizio Marcacci, Senior Advisor for Product Development and Strategies, assisted by Luca Carmignani, Engine Innovation Manager, and Claudio Limone, Legal Advisory Manager for Product Development and Strategies.

Both courses are held in the Training classrooms at the Pontedera head office; they entail the contribution of other R&D area technicians, who provide an industrial content, addressing both theoretical and practical aspects of the design and testing of motor vehicles. Students have a unique chance to experience at first hand the activities of a major Company such as Piaggio and its staff, structures, laboratories and test benches. Piaggio personnel have the satisfaction of being able to train the talent of tomorrow. All lessons are available on Piaggio's Intranet in the Technical section, with a view to improving knowledge sharing within the Company.

A second example is the teaching partnership with the "Race Engine Engineering" master of Bologna with Mario Manganelli as professor, who is the Racing Engine Area Manager from Aprilia. The Master proposes an innovative engineering education programme which combines technical, theoretical and practical knowledge, with the aim of educating specialised professional figures able to go straight to designing modern engines including those used on motorcycles for racing.

The Piaggio Foundation, Museum and Historical Archive

The Piaggio Foundation, a non-profit institution, continued in 2013 to act as a centre for events and as a local cultural reference.

The cultural entertainment programme for 2013 was particularly full and very prestigious. It entailed the organisation of shows, conventions and events which generated a flow of around 40,000 visitors during the year.

The **shows** were held during the year, listed in order by date:

- › *Gattinoni, la Vespa e la tivù. Il made in Italy è di moda (Gattinoni, the Vespa and TV. Made in Italy is fashionable.)* celebration of two made in Italy icons in the world: High Fashion from Maison Gattinoni and Vespa.
- › *Al Shaab Yurid... (il popolo vuole...) (the people's choice...)* by the Lebanese artist Ali Hassoun. The show, promoted by the Municipality of Pontedera and the Piaggio Foundation, under the auspices of the Province of Pisa and Region of Tuscany, adds a contribution to cultural and artistic integration of Mediterranean basin population and promotes the values of brotherhood regardless of religious or political differences.

- › *The Routes of Painting. Sixty years of painting from the Italian collection Garau*, an art show which contains a broad spectrum of the Masters who marked the history of Italian abstract painting in the second half of the 20th century.
- › *L'Uomo del Suono – Giulio Cesare Ricci trent'anni dedicati al suono e alla musica. (The Man of Sound - Giulio Cesare Ricci thirty years dedicated to sound and music)*. A display of rare sounding recording and reproduction equipment and priceless memorabilia of the history of music.
- › *Daniel Schinasi dall'Impressionismo al Neofuturismo - pittura, disegno e documenti dal 1957-2013*.
- › *Angiolo Volpe. Viaggio nel tempo (Journey in time)* - a collection of around 40 graphic works, done in pencil and pastel.
- › *Passage to India. A Gateway to Piaggio* - a full-fledged multisensorial voyage (with images, sounds, colours and scents) through the Indian culture and society, with a parallel focus on the history and development of Piaggio's presence and its most famous products (Vespa and Ape) on the subcontinental market, from the 60s to the present.

In order to reach an increasingly larger audience, various initiatives were promoted in 2013 aimed at promoting culture, the territory and highlighting its best features.

Conventions organised and held by the Foundation. The Piaggio Museum hosted the following events: *L'affidamento familiare e l'adozione ai single: problematiche e proposte di miglioramento della legge (Fostering and adoption for single persons: problems and proposals to improve the law)* in association with the "Gli amici della Zizzi" organisation, the presentation of the first volume in the series in memory of Tommaso Fanfani and the conference organised by the Lions club of Pontedera *Tra terra, acqua e cielo... progetti di sviluppo di mobilità e logistica nell'area Pisa Livorno Pontedera (The land, sea and sky... projects to develop mobility and logistics in the Pisa Livorno Pontedera area)*.

Musical and entertainment events included: *Gina Giani and Doady Giugliano "Un po' di noi": (A bit of us: il racconto del pianista e della cantante (the tale of the pianist and the singer)*, Piaggio Museum's September music programme, starting with the show linked to the display *L'Uomo del Suono (The Man of Sound)*, ending with the concerts of two young pianists Lorenzo Masoni and Cesare Pezzi, a Dixieband concert (Pontedera Philharmonic), the ballet *Alice tra le Vespe (Alice with the Vespas)* from the Navigarte show, and the concert of the Pontedera choir as part of the programme of events against violence against women *Cantiamo per non tacere (We sing to avoid being silent)*.

Events for secondary schools and universities. The award for the *disegnando Vespa (Vespa drawing)*, competition, organised by the Piaggio Foundation with the Quelchenonè cultural association, dedicated to Street Art for the Lucca Comics, witnessed the participation of around a hundred young people in the Piaggio Museum auditorium.

The Piaggio Foundation again participated in the organisation of "Creativity" in 2013. This two day event brings hundreds of Italian and international students into the museum spaces and represents a very important occasion for meetings and discussions between Institutions, Universities, companies, designers and students.

Educational activities continued to meet with great success. They are aimed at students taking guided tours and specific topic educational projects.

Activities for Vespa Clubs. The following events were held at the Piaggio Museum: 1000 km. Vespistica, Vespa in Gonna - organised by Vespa Club Pontedera, the presentation of a book by Filippo Logli *In Vespa a Capo Nord (Voyage on a Vespa to the North Cape)*, Giro d'Italia in Vespa, Vespa Club of Monteserra rally with the donation ceremony for a leather Vespa by the artist Giuseppe Pacini, Presentation of Vespa 946 to Vespa Clubs and Celebration for the 50 years of Vespa 50.

Other relations with agencies and local institutions. The Foundation participated in the call for tenders for tourism development held by the Pisa Chamber of Commerce and was awarded funding of 3,000 euro for the project called *Arte e Musica al Museo Piaggio (Art and Music at the Piaggio Museum)*. It also participated in the same call for tenders to fund the *Passage to India* show and waiting to hear the outcome.

The Foundation agreed to the Municipality of Pisa's request to participate in Pisa's candidature as 2019 European Capital of Culture.

It participated, along with Piaggio, in the project to create the work of the artist Moataz Nasr with the donation of 8 incomplete Vespa LX to the Municipality of Pisa.

An important tourism project is in the process of being defined which involves collaboration with the Intercruises company to host cruise ship passengers arriving at the port of Livorno.

Promotion of the museum collection. Activities continued to conserve and promote the museum's assets. Numerous Vespa, Ape and Gilera motorcycles were completely restored and returned to their original splendour thanks to work performed by the specialised restoration company R & B Restauri and Piaggio in-house departments.

Initiatives outside the Museum

Like every year, the Museum's vintage vehicles or exhibitions with images and material from the Piaggio archive have left the Museum to be put on display on various prestigious occasions with a great visibility. The following is a list of the initiatives:

Event	Place	Vehicle	Date
Aviation Tech	Modena	Ape calessino, ET3 blu, 125 "Vacanze Romane"	31 January
Installazioni Babb (Babb Installations)	Pisa airport	"Babb" Vespa	3 May - 9 October
Show "Che storie!" (What stories)	Milan	MP6	10 April - 12 May
"Casa Italia" Inauguration	Hanoi - Vietnam	Vespa 98 II series	23 May - 23 August
City of Genoa Rally "50 anni di Vespa 50" (50 years of Vespa 50)	Genoa	Vespa 50 in cross section, Vespa PK in cross section, pedal Vespa	25 May
Teatro del Silenzio 2013	Lajatico (PI)	Vespa GS 150 (1959)	10 July - 13 July
Theatre performance on Corradino d'Ascanio	Rome - MAXXI	Vespa MP6 (1945-46), adjustable pitch propeller (1932)	8 October
Inauguration Barthel design store	Florence	Vespa GS 150 (1957)	11 October - 14 October
San Luca Expo	Pontedera	Vespa 50 R (1972), Vespa 50 N (1969)	18 October - 20 October
EICMA 2013	Milan	Vespa 98 (1946), Vespa U (1953), Vespa 90 SS (1966), Vespa 125 Primavera (1968), Vespa ET3 (1976), Vespa 125 PK (1983)	5 November - 10 November

Historical Archive

The archive was the focus of many activities in 2013, such as the organisation of conventions, support for research and management of users, education activity, research and participation in exhibits and outside events. Worth mentioning is the collaboration in organisation of the Pescara show dedicated to Corradino d'Ascanio and the collaboration with Museimpresa to set up the major "Che storie!" show held in Milan and the organisation and iconographic research for the shows "Gattinoni, la Vespa e la tivù. Il made in Italy è di moda" and "Passage to India. A Gateway to Piaggio".

Cooperation with Piaggio has also continued in activities of historical consulting, the selection and supply

of images used at international exhibitions and in publications.

Publishing activity continued with the creation of a double number of Piaggio Foundation notebook and with the release of the first volume of the series dedicated to Tommaso Fanfani.

The Historical Archive played a fundamental role in the iconographic research conducted to create the new exposition set-up of the museum hall and for the design of the information touch screens.

Commitment to sport

The Piaggio Group is involved in motorcycle races with the Aprilia brand, also considered a fundamental element for designing, developing and testing highly innovative technical solutions to be later sent for mass production.

The Piaggio Group's race team has included some of the best riders in recent years, namely Valentino Rossi, Jorge Lorenzo and Marc Marquez.

Aprilia participated in the Superbike World Championship in 2013, winning the Manufacturer's World Champion title for the third time.

Thanks to these results, Aprilia Racing has consolidated its position as the most successful European brand among the manufacturers still in racing, having notched up 38 world road racing titles, plus five Superbike titles in and the nine off-road titles (Trial and Supermotard), totalling an impressive 52 championship titles.

Charity activities and sponsorships

Piaggio launched the Vespa for Children project in 2013, a humanitarian initiative for charitable purposes which, by involving the Group's companies, intends to create charitable projects aimed at social solidarity in the fields of health and social care for children in developing countries. The Parent Company, by promoting this project at its subsidiaries, will make sure that each year funds corresponding to an amount not less than 1% of the net profit from the previous year are allocated to these charitable activities.

The funds may be collected and managed by Piaggio, or by the individual subsidiaries in accordance with the Parent Company, subject to verification of all the aspects of an administrative/accounting/fiscal nature.

The first step of the project was an agreement with the paediatric hospital Bambino Gesù of Rome for the creation of a specialised urology centre for children at the Hanoi (Vietnam) paediatric hospital, a production site and reference market for Piaggio. The initiative is the result of the need to develop care for children afflicted with complex urology pathologies - such as genital-urinary system malformations and kidney failure - and thus needing elective surgery, dialysis and kidney transplants. The project objectives have a dual aim: clinical and financial assistance, to provide specialised urology care for 2,000 children and training for Vietnamese medical personnel to learn the scientific knowledge and expertise for urology and urology-related surgery and kidney transplants from living donors.

Piaggio gave its contribution in 2013 for the success of charitable fundraising initiatives. In particular, a Vespa was donated to the IEO (European Institute of Oncology) Foundation to be auctioned during a fundraising event to give to the non-profit organisation, which contributes to training and development of clinical and experimental research. A Vespa was donated to the San Patrignano drug rehabilitation community and auctioned to contribute to expand the community's medical centre.

Again in Italy a Vespa was donated to the AIRC (Italian Association for Cancer Research) association and used as a final prize in a charitable lottery whose proceeds will be used to finance the Association's activities.

The Indian subsidiary also organised charitable initiatives. Among those pursued in 2013 we might mention:

- › the PRAGATI project involving 20 schools near the Baramati production site; they have received modern technological instruments and infrastructures to support young people through distance learning;
- › many donations to agencies, associations and foundations operating in the territory around the production plant;
- › organisation of a health and eye check-up campaign in order to make drivers aware of the importance of good overall health conditions and a correct diet for safe driving.

The Piaggio Group was widely involved in significant charity operations in Asia as well. The "Help save one life by giving a child a helmet" programme was started in Thailand during the launch of the new Vespa 946 to promote the use of helmets for children who are passengers on two-wheelers. A similar programme was undertaken in Taiwan where the Piaggio Group was a player in fundraising for making younger scooter users aware of the importance of helmet use. In the Philippines, following the destruction in the wake of the Yolanda typhoon, a Vespa was offered as a prize for a lottery whose funds were used for aid on the island of Leyte. The donation of a Vespa 946 in Australia contributed to the success of the charity programme promoted by the Allannah Medeline Foundation aimed at protecting children from bullying and cyberbullying.

Moreover, the Piaggio Group also participated in major cultural events, among which the Mantua Literature Festival as well as the events organised by the Vespa World Club. The Group also contributed, by supplying vehicles for auction, to the charity activities of NIAF (National Italian American Foundation), for the annual gala held in Washington in October.

Finally, over the last few years, Piaggio and the Immsi Group have supported educational and rehabilitation activities for children affected by brain damage, by making a donation to the association "Casa del Sole Onlus"¹ at Christmas. All employees, including staff abroad, received a Christmas card, rather than a traditional "gift", so the initiative could be shared with all Group employees world-wide.

1_In forty years of activities, the non-profit making organisation Casa del Sole Onlus has assisted over five thousand children affected by brain damage and been a valuable source of help for their families.

TABLE OF GRI-GR3.1 INDICATORS

Table of GRI-GR3.1 indicators

The main contents of the 2013 Corporate Social Responsibility Report are outlined below, based on the GRI-G3.1 format: strategy and analysis, organisation profile, report parameters, governance, stakeholder involvement and economic, environmental and social performance indicators. Each indicator is briefly described and cross-referenced to a page in the 2013 Corporate Social Responsibility Report, or other available documentation, where this information is included, as well as the level of coverage, indicated as follows:

- if total
- ◐ if partial
- if the indicator is not covered

Key:
 BEC11: Financial Statements 2013
 RCG11: 2012 Corporate Governance Report
 CE: Code of Ethics

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
PROFILE			
1. Strategy and Analysis			
1.1	Core Statement from the most senior decision-maker of the organization.	●	5
1.2	Core Description of key impacts, risks, and opportunities.	●	20-23, 27-28, 26-32
2. Organizational Profile			
2.1	Core Name of the organization.	●	10
2.2	Core Primary brands, products, and/or services.	●	12-13
2.3	Core Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	10-11
2.4	Core Location of organization's headquarters.	●	10
2.5	Core Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	10
2.6	Core Nature of ownership and legal form.	●	10
2.7	Core Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	10-13
2.8	Core Scale of the reporting organization.	●	10, 15, 42-45, 82-83, 89, 94
2.9	Core Significant changes during the reporting period regarding size, structure, or ownership.	●	7, 11, 16, 82-83, 85
2.10	Core Awards received in the reporting period.	●	16-17
3. Report Parameters			
<i>Report profile</i>			
3.1	Core Reporting period (e.g., fiscal/calendar year) for information provided.	●	7
3.2	Core Date of most recent previous report (if any).	●	7

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
3.3 Core	Reporting cycle (annual, biennial, etc.)	●	7
3.4 Core	Contact point for questions regarding the report or its contents.	●	156
<i>Report scope and boundary</i>			
3.5 Core	Process for defining report content.	●	24-26
3.6 Core	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	7, 10-11
3.7 Core	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	7
3.8 Core	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	7, 10-11, 16, 82-83, 85
3.9 Core	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	7, 42-45, 76-78, 84-89, 94-105, 110-114
3.10 Core	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	7, 42-45, 85
3.11 Core	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	7, 16, 25, 82
<i>GRI content index</i>			
3.12 Core	Table identifying the location of the Standard Disclosures in the report.	●	145-153
<i>Assurance</i>			
3.13 Core	Policy and current practice with regard to seeking external assurance for the report.	●	7, 154-155
4. Governance, Commitments, and Engagement			
<i>Governance</i>			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	36-39 (www.piaggiogroup.com/Governance)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	36-39 (www.piaggiogroup.com/Governance)
4.3 Core	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	●	36-37
4.4 Core	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	24-25, 108-109
4.5 Core	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	37, 105-106
4.6 Core	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	36-37, 38-39

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
4.7 Core	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	36-38
4.8 Core	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	20-23; 39
4.9 Core	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	20-23
4.10 Core	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	22-23, 36-37, 38-39
<i>Commitments to external initiatives</i>			
4.11 Core	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	52, 82
4.12 Core	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	136-143
4.13 Core	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	136-138
<i>Stakeholder involvement</i>			
4.14 Core	List of stakeholder groups engaged by the organization.	●	24-25
4.15 Core	Basis for identification and selection of stakeholders with whom to engage.	●	24-25
4.16 Core	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	24-25, 47-48, 108-109, 114-118, 122-126, 130-132, 136-143
4.17 Core	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	24-25, 47-48, 108-109, 114-118, 122-126, 130-132, 136-143
ECONOMIC PERFORMANCE INDICATORS			
Core	Management and verification policies and systems	●	
<i>Economic performance</i>			
EC1 Core	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	42-45
EC2 Core	Financial implications and other risks and opportunities for the organization's activities due to climate change.	○	
EC3 Core	Coverage of the organization's defined benefit plan obligations.	○	
EC4 Core	Significant financial assistance received from government.	●	45

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
<i>Market presence</i>			
EC5 Add	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	●	105
EC6 Core	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	○	
EC7 Core	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	95-96
<i>Indirect economic impacts</i>			
EC8 Core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	132, 136-139, 137-141
EC9 Add	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	136-139
ENVIRONMENTAL PERFORMANCE INDICATORS			
Core	Management and verification policies and systems	●	
<i>Materials</i>			
EN1 Core	Materials used by weight or volume.	○	
EN2 Core	Percentage of materials used that are recycled input materials.	●	64-65
<i>Energy</i>			
EN3 Core	Direct energy consumption by primary energy source.	●	84-85
EN4 Core	Indirect energy consumption by primary source.	●	84-85
EN5 Add	Energy saved due to conservation and efficiency improvements.	●	84
EN6 Add	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	52-54, 57-58, 61-62, 64-68, 71-72
EN7 Core	Initiatives to reduce indirect energy consumption and reductions achieved.	●	84-85
<i>Water</i>			
EN8 Core	Total water withdrawal by source.	●	87-88
EN9 Add	Water sources significantly affected by withdrawal of water.	●	87-88
EN10 Add	Percentage and total volume of water recycled and reused.	●	88
<i>Biodiversity</i>			
EN11 Core	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	89
EN12 Core	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○	
EN13 Add	Habitats protected or restored.	○	
EN14 Add	Strategies, current actions, and future plans for managing impacts on biodiversity.	○	

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
EN15 Add	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○	
<i>Emissions, effluents and waste</i>			
EN16 Core	Total direct and indirect greenhouse gas emissions by weight.	●	85-86
EN17 Core	Other relevant indirect greenhouse gas emissions by weight.	○	
EN18 Add	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	84-86
EN19 Core	Emissions of ozone-depleting substances by weight.	●	86
EN20 Core	NOx, SOx, and other significant air emissions by type and weight.	○	86
EN21 Core	Total water discharge by quality and destination.	●	87-88
EN22 Core	Total weight of waste by type and disposal method.	●	88-89
EN23 Core	Total number and volume of significant spills.	●	89
EN24 Add	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	○	
EN25 Add	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	○	
<i>Products and services</i>			
EN26 Core	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	52-54, 57-59, 61-62, 66-72, 132
EN27 Core	Percentage of products sold and their packaging materials that are reclaimed by category.	○	64-65, 71-72
<i>Compliance</i>			
EN28 Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	39
<i>Transport</i>			
EN29 Add	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	○	89, 91
<i>Overall</i>			
EN30 Add	Total environmental protection expenditures and investments by type.	○	89
LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS			
Core	Management and verification policies and systems	●	
<i>Employment</i>			
LA1 Core	Total workforce by employment type, employment contract, and region, broken down by gender.	●	94-95, 98-100

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
LA2 Core	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	●	95
LA3 Add.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	106
LA15 Core	Return to work and retention rates after parental leave, by gender.	○	101
<i>Labor/management relations</i>			
LA4 Core	Percentage of employees covered by collective bargaining agreements.	●	115
LA5 Core	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	114-118
<i>Occupational health and safety</i>			
LA6 Add	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	117
LA7 Core	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	○	108
LA8 Core	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	111-114
LA9 Add	Health and safety topics covered in formal agreements with trade unions.	○	114-117
<i>Training and education</i>			
LA10 Core	Average hours of training per year per employee by gender, and by employee category.	●	104-105
LA11 Add	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	102-105, 106-107
LA12 Add	Percentage of employees receiving regular performance and career development reviews, by gender.	●	103-104
<i>Diversity and equal opportunity / Equal remuneration for women and men</i>			
LA13 Core	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	●	36-37, 98-101
<i>Training and education</i>			
LA14 Core	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	●	106
HUMAN RIGHTS PERFORMANCE INDICATORS			
Core	Management and verification policies and systems	●	
<i>Investment and procurement practices</i>			
HR1 Core	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	●	130

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
HR2 Core	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	○	
HR3 Core	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	○	
<i>Non-discrimination</i>			
HR4 Core	Total number of incidents of discrimination and actions taken.	●	39
<i>Freedom of association and collective bargaining</i>			
HR5 Core	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	○	114-117
<i>Child labor</i>			
HR6 Core	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	●	22, 130
<i>Forced and compulsory labor</i>			
HR7 Core	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor.	●	22, 130
<i>Security practices</i>			
HR8 Add	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	○	
<i>Indigenous rights</i>			
HR9 Add	Total number of incidents of violations involving rights of indigenous people and actions taken.	○	
<i>Assessment</i>			
HR10 Core	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	○	
<i>Remediation</i>			
HR11 Core	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	○	
SOCIAL PERFORMANCE INDICATORS			
Core	Management and verification policies and systems	●	
<i>Local communities</i>			
SO1 Core	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	○	136-139, 142-143
SO9 Core	Operations with significant potential or actual negative impacts on local communities.	○	
SO10 Core	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	○	

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
<i>Corruption</i>			
S02 Core	Percentage and total number of business units analyzed for risks related to corruption.	●	22, 39
S03 Core	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	22, 39
S04 Core	Actions taken in response to incidents of corruption.	●	22, 39
<i>Public policy</i>			
S05 Core	Public policy positions and participation in public policy development and lobbying.	○	136-139
S06 Add	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	22
<i>Anti-competitive behavior</i>			
S07 Add	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	39
<i>Compliance</i>			
S08 Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	39
PERFORMANCE INDICATORS ON PRODUCT RESPONSIBILITY			
Core	Management and verification policies and systems	●	
<i>Customer health and safety</i>			
PR1 Core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	○	52-54, 62-64, 74-78
PR2 Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	○	
<i>Product and service labelling</i>			
PR3 Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	○	61-62, 71-72, 78
PR4 Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	○	
PR5 Add	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	○	123-125
<i>Marketing communications</i>			
PR6 Core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	136
PR7 Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	39
<i>Customer privacy</i>			
PR8 Add	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	39

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
<i>Compliance</i>			
PR9 Core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	39



Report on the limited auditing of the Corporate Social Responsibility Report



INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE CORPORATE SOCIAL RESPONSIBILITY REPORT 2013

To the Shareholders of
Piaggio & C. SpA

- 1 We have carried out the limited assurance engagement of the Corporate Social Responsibility Report as of 31 December 2013 (hereafter the "Report") of the Piaggio Group (hereafter the "Group") following the verification procedures summarized in paragraph 3 of the present document. The Directors of Piaggio & C. SpA are responsible for the preparation of the Report in accordance with the "Sustainability Reporting Guidelines" GRI-G3.1 issued in 2011 by the GRI – Global Reporting Initiative, that are detailed in paragraph "Methodological note" of the Report. The Directors are also responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. We are responsible for the preparation of this report on the basis of the work performed.
- 2 Our work has been conducted in accordance with the principles and guidelines established by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE3000), issued by the International Auditing and Assurance Standards Board. ISAE3000 requires the compliance with ethical principles ("Code of Ethics for Professional Accountants"), including professional independence. It also requires that our work is planned and performed with the aim of obtaining a limited assurance, rather than a reasonable assurance, that the Report is free of material errors. A limited assurance engagement of the Report consists in interviews, primarily with company's personnel responsible for the preparation of the information included in the Report, in the analysis of the Report and in other verification procedures.
- 3 The verification procedures performed on the Report are summarized as follow:
 - a) comparison between the economic and financial information and data included in the Report with those included in the Group consolidated financial statements as of 31 December 2013;
 - b) analysis of the governance of sustainability issues related to the Group strategy and operations;
 - c) analysis of processes underlying the generation, recording and management of quantitative data included in the Report. In particular, we have carried out the following procedures:
 - meetings and discussions with management representatives of Piaggio & C. SpA to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and transmission of data and information to the department responsible for drawing it up;
 - on-site verifications at the Pontedera (PI) plant.

PricewaterhouseCoopers Advisory SpA

Sede legale: Milano 20149 Via Monte Rosa 91 Tel. 02667201 Fax 0266720501 Cap. Soc. Euro 3.200.000,00 i.v. - C.F. e P.IVA e Iscrizione al Reg. Imp. Milano n° 03230150967 - Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640311 Fax 0805640349 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 Fax 0552482899 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873431 Fax 0498734399 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 0916256313 Fax 0917829221 - **Roma** 00154 Largo Fochetti 28 Tel. 06570831 Fax 06570832536 - **Torino** 10122 Corso Palestro 10 Tel. 0115773211 Fax 0115773299 - **Treviso** 31100 Viale Felissent 90 Tel. 0422315711 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 Fax 040364737 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

Società soggetta all'attività di direzione e coordinamento della PricewaterhouseCoopers Italia Srl
www.pwc.com/it



- d) analysis, on a sample basis, of the documentation supporting the Report, in order to confirm the reliability of data and information collected through meetings, interviews and on-site verifications and to confirm they were properly managed;
- e) verification of how data and information generated by the audited local site are processed and controlled along the consolidation process;
- f) analysis of the completeness and internal consistency of qualitative information included in the Report in comparison with the reporting guidelines referred to in paragraph 1 of this report;
- g) obtaining a representation letter, signed by the legal representative of Piaggio & C. SpA, relating to the completeness and reliability of the Report and of the information and data included in it, as well as to the compliance with the guidelines identified in paragraph 1 of the present document.

As far as data and information concerning the Report of the prior year, presented for comparative purposes, are concerned, refer to the assurance report issued on 18 March 2013.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE3000 and, as a consequence, it provides a lower level of assurance that we became aware of all the significant events and circumstances that a reasonable assurance engagement could have identified.

- 4 Based on the procedures carried out, nothing came to our attention that causes us to believe that the Corporate Social Responsibility Report as of 31 December 2013 of the Piaggio Group is not in compliance, in all material respects, with the "Sustainability Reporting Guidelines" GRI-G3.1 issued in 2011 by the GRI – Global Reporting Initiative that are detailed in paragraph "Methodological note" of the Report.

Turin, 02 April 2014

PricewaterhouseCoopers Advisory SpA

Signed by

Paolo Bersani
(Partner)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers.

We would like to thank all colleagues who helped in preparing this document.

*This report is available on the Internet at:
www.piaggiogroup.com*

This document was published on 7 April 2014

Contacts

Business ethics committee

Email: businessethics.committee@piaggio.com

Investor relations

Raffaele Lupotto – Senior Vice President,
Head of Investor Relations

Email: investorrelations@piaggio.com

Tel. +39 0587 272286

Fax +39 0587 276093

Press office

E-mail: press@piaggio.com

www.piaggiogroup.com



PIAGGIO & C. s.p.a.

Management and Coordination

IMMSI SpA

Share capital € 206,026,903.84 fully paid up

Registered office: Viale R. Piaggio 25, Pontedera (Pisa)

Pisa Register of Companies and Tax Code 04773200011

Pisa Economic and Administrative Index no. 134077

