



**PIAGGIO
GROUP**

**Corporate Social
Responsibility Report
2014**



Disclaimer

This Corporate Social Responsibility Report 2014 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

Contents

Corporate Social Responsibility Report	5
Letter from the Chairman	7
The Commitment of Piaggio Group	9
Piaggio's Corporate Social Responsibility Model	10
Generation of sustainable value	12
Sustainability strategy	13
Stakeholders' involvement	14
The process of the Sustainability Plan	18
Methodological note	21
Its foundations	22
Materiality Analysis	22
Report contents	23
Process of drawing up and assurance	24
Report parameters	24
Group profile	29
Main events and recognitions in 2014	33
Piaggio - facts and figures	34
Piaggio Group Certifications	35
Corporate Governance	37
Role of the Board of Directors	38
Code of Ethics	40
Business Ethics Committee	41
Organisational model pursuant to Legislative Decree 231/2001	41
Compliance with laws and regulations	42
Transparency and creation of economic value	45
2014 results and future objectives	46
Determination and distribution of Added Value	46
Public grants and tax benefits	48
Value for shareholders	49
Dividends	50
Communication with shareholders and Investor Relations	50
Product innovation and sustainable mobility	53
Group Objective	56
Research guidelines	58
Applications	59
Industrial patent rights	68
Funded national and European projects	69
Meeting customer requirements	73
Product quality and reliability	74
Dealers	78
Customers	79
Vespa World Club	81
Moto Guzzi World Club	82

Environmental sustainability	87
Production sites	89
Environmental certifications	91
Reduction of energy consumption	91
Reducing emissions of CO ₂ and other pollutants	93
Conserving water resources	94
Waste handling and recovering	95
Biodiversity	96
Environmental spending and investments	96
Logistics	99
<hr/>	
Developing human resources	101
Staff	103
Personnel management policies	104
Diversity and equal opportunity	105
Organisational Development: Actions in 2014	109
Developing human capital	110
Training	113
Reward policies	114
Personnel dialogue and involvement	116
Industrial relations	117
Occupational health and safety	121
<hr/>	
Responsible management of the supply chain	131
Corporate Finance Area	133
Vendor Assessment	134
Suppliers portal	134
<hr/>	
Supporting local communities	137
The Piaggio Foundation, Museum and Historical Archive	138
Charity activities and sponsorships	143
<hr/>	
Table of GRI-G4 indicators	144
<hr/>	
Report on the limited auditing of the Corporate Social Responsibility Report	160



Corporate Social Responsibility Report

REPORTING PERIOD	<ul style="list-style-type: none"> › Financial year 2014 (from 1 January to 31 December 2014).
REPORTING CYCLE	<ul style="list-style-type: none"> › Annual.
DATE OF PUBLICATION	<ul style="list-style-type: none"> › This document was published on 3 April 2015. › The 2013 CSR was published on 7 April 2014.
DOCUMENT FORMATS	<ul style="list-style-type: none"> › This issue is available in PDF in Italian and English on the Internet website: www.piaggiogroup.com
SCOPE OF THE REPORT	<ul style="list-style-type: none"> › The information and data refer to the companies of Piaggio Group included in the scope of consolidation as of 31 December 2014. › The financial data reflect those in the 2014 Piaggio Group Consolidated Financial Statements.
CONTENTS OF THE REPORT	<ul style="list-style-type: none"> › The contents of the 2014 CSR are based on the requirements of the Global Reporting Initiative G4 - Core option.
STATEMENT	<ul style="list-style-type: none"> › The 2014 CSR was audited by PricewaterhouseCoopers Advisory SpA, an independent certification body, in compliance with the SRA (Sustainability Reporting Assurance) procedure, the GRI-G4 guidelines and the AA 1000 APS (2008) standard.
CONTACTS	<ul style="list-style-type: none"> › BUSINESS ETHICS COMMITTEE Email: businessethics.committee@piaggio.com › INVESTOR RELATIONS Raffaele Lupotto – Senior Vice President, Head of Investor Relations Email: investorrelations@piaggio.com Tel. +390587 272286 Fax +390587 276093 › PRESS OFFICE Email: press@piaggio.com

Letter from the Chairman



During the last days of 2014, Piaggio Group began its one hundred and thirtieth year of life. Few major companies can boast such a long and uninterrupted path. Just as the success of some brands and products which—today like yesterday—give our Group great visibility and an outstanding reputation around the world has been long and uninterrupted.

Today, in the motorised two-wheeler sector, the Piaggio Group is Europe's leading manufacturer and one of the world's most important players. It is the undisputed main player in other product spheres as well, like light goods transport, in which it is a leader in the gigantic market of the Indian subcontinent. It is a competitor

today well-established on many large two-wheeler Asian markets, as well as in the scooter sector in North America.

At the same time, in order to maintain our competitive edge always and everywhere and pursue the success of our product ranges, our Group is necessarily obliged to meet the challenges set by an ever more interconnected market, characterised by the globalisation of communication, lifestyle and consumption.

That's why Piaggio Group has undertaken to create and consolidate its own new culture which is oriented towards developing and making visible its founding values on the global scene. This means understanding and staying ahead of customer needs and desires. This means investing not just in research, but also in development and production to define and search for new and winning product types, but also to know how to transfer and communicate the full value of the Group, its brands and its ability to innovate throughout the world in every market. Broadening and enriching the level of communication with current and potential customers with contents, both in terms of the most advanced systems for dialogue and of the physical offering of sales spaces aligned with the best worldwide standards and capable of creating an experience of knowledge and product purchasing up to par with our brand and technology heritage.

This is why Piaggio Group has to affirm itself and grow - basing itself on the heritage built by the men and women that we rely on - as an extraordinary incubator for the development of new products, new technologies and new solutions for advanced individual mobility, stepping up as a leader in the industry, synonymous with freedom and improvement of the quality of life.

Chairman and Chief Executive Officer
Roberto Colaninno



THE COMMITMENT OF PIAGGIO GROUP

Piaggio's Corporate Social Responsibility Model	10
Generation of sustainable value	12
Sustainability strategy	13
Stakeholders' involvement	14
The process of the Sustainability Plan	18



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

Albert Einstein

Piaggio is a group distinguished today by a strong international presence, but which has exported a business model targeting innovation and a strong link with the places where it operates, and a philosophy of doing business characterised by strong social responsibility: 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 over 5% of our institutional shareholders.

Piaggio's Corporate Social Responsibility Model

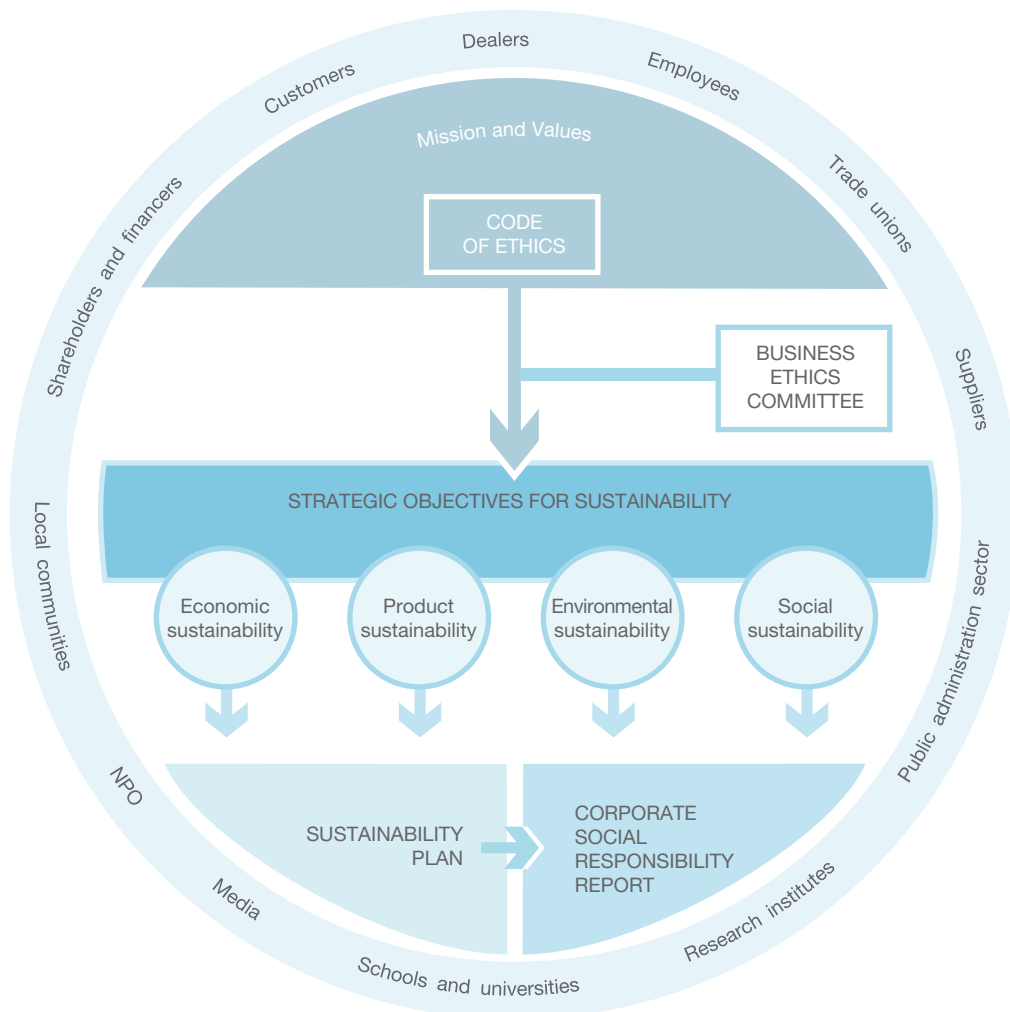
The Corporate Social Responsibility (CSR) model adopted by Piaggio is based on its mission and the values which have made a name for the Company over the years and which are the cornerstone of the Group's Code of Ethics, established in 2004.

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.

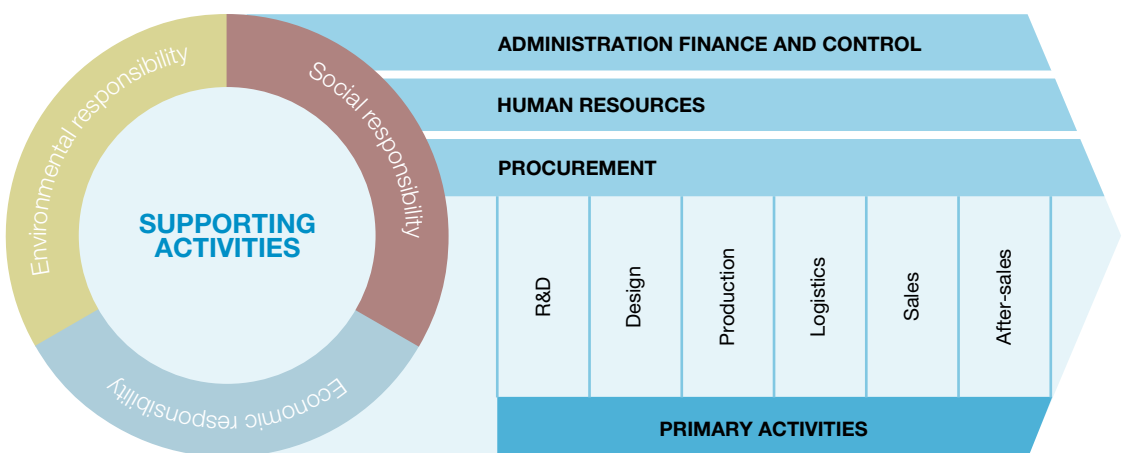
Internationalisation:

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.

Generation of sustainable value

Piaggio Group pursues the creation of value and growth over the long term through responsible management of all stakeholder expectations.

The organisational structure of Piaggio Group analysed through the application of the model of the value chain theorised by Prof. Michael Porter in 1985 is the following:



Each primary company function, in carrying out its own activities, seeks to create value for all shareholders, while complying with business ethics and adopting a number of social values.

Specifically:

- › R&D (Research and Development) deals in the development of technologies which may be applied to next-generation products;
- › Design studies the vehicles that will be sold next, which best meet customer needs;
- › Operating activities researches how to lower consumption and emissions and responsible consumption of resources;
- › Logistics seeks to maximise the efficiency of activities to manage the flow of tangible goods going into and coming out of the organisation;
- › The Marketing and sales offices perform product advertising on the market and management of the sales process, strictly following the rules established by the Istituto di Autodisciplina Pubblicitaria - Self-Regulatory Institute of Advertising;
- › After-sales service for customers is performed with the care and competence necessary to guaranteeing one of the highest service standards on the market.

Support and procurement processes

The support processes are those that do not directly contribute to creation of output, but which are necessary to its production, and are:

- › Procurement: all those activities for the purchase of the resources needed to produce output and for the organisation to function;
- › Management of human resources: recruitment, selection, hiring, training, teaching, updating, development, mobility, remuneration, rewards systems, trade union negotiations and collective bargaining, etc.;
- › Infrastructure activities: all the other activities including accounting, finance, planning, information systems, legal affairs, general management, etc.

Sustainability strategy

The Group's Corporate Social Responsibility (CSR) strategic objectives - which are mostly supplemented by and related to the development of the 2014-2017 strategic plan - are based on the following areas:

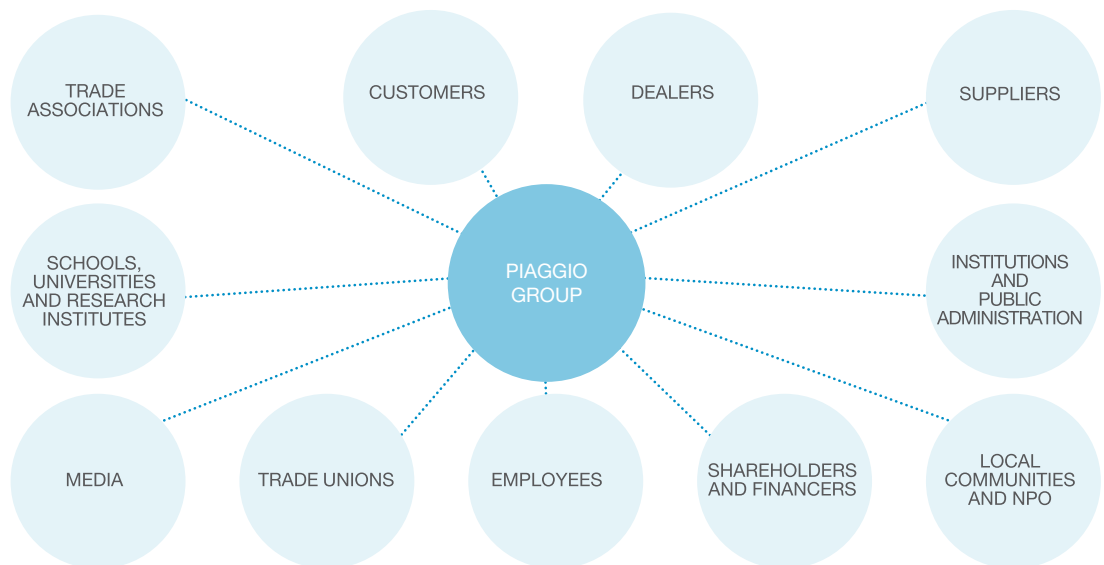
Transparency	› Timely, correct, in-depth information to stakeholders.
Creating economic value	› Creating value while respecting business ethics.
Product innovation and sustainable mobility	› Technological investments to meet the need for sustainable mobility. › Innovation to develop products that are environmentally friendly, safe and cost-effective.
Environmental sustainability	› Reduction of energy consumption. › Reducing emissions of CO ₂ and other pollutants. › Conserving natural resources. › Waste handling and recovery.
Developing human resources	› Developing, training and promoting human resources so that everyone's expectations and aspirations are met.
Meeting customer requirements	› Listening to and assisting customers, to establish relations based on transparency and trust. › Developing Company Advocacy in co-partnership with the Dealers network. › Sale of products that are environmentally friendly, reliable, safe and cost-effective.
Responsible management of the supply chain	› Working together with suppliers, through jointly developed projects. › Respecting human rights.
Supporting local communities	› Engaging and supporting local communities through social, cultural and educational initiatives.

Stakeholders' 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.

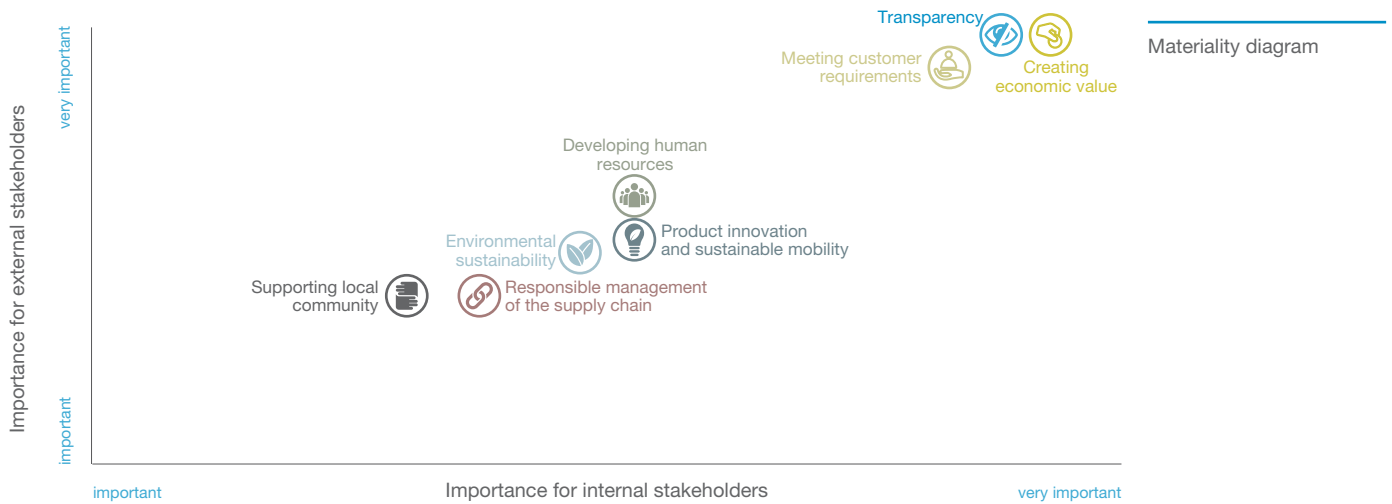
The Piaggio Group's corporate website, www.piaggiogroup.com, plays a key role in communication between the Company and stakeholders. This website, designed for the purposes of offering transparent and updated information regarding institutional and financial communications as well as on the Group's corporate 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.

Over the course of 2014 Piaggio assimilated the most recent evolution in international sustainability reporting – like the new GRI-G4 standard and the IIRC (International Integrated Reporting Council) framework – and set off a process of "materiality analysis" aimed at identifying and gauging the relevant topics and expectations of the stakeholders, cross-checking them with the corporate strategy and objectives.

This method based on the so-called "materiality analysis" lays the foundation for identification of themes to centre the sustainability reporting around.

Reading the materiality diagram on each axis gives insight into:

- › the themes on which Piaggio means to focus its efforts and the “level” on which a certain commitment will be addressed (on the horizontal axis);
- › the priorities - opportunely considered based on their relevance - stakeholders give to the different topics (on the vertical axis).



Map of the topics meaningful to stakeholders

Customers

Means of involvement

- › Contact centre
- › Customer satisfaction surveys
- › Communication outlets (websites, social media)
- › Events (travelling tests, trade fairs)

Stakeholder expectations	Our actions
Quality, safety and reliability of the products.	› Investment in ever safer and more reliable products.
Low consumption and emissions.	› Study of innovative engines with low consumption and emissions.
Rapid response and problem solving.	› Effort to improve professionalism, timeliness and courtesy of the contact centre personnel and dealers.

Dealers

Means of involvement

- › Daily relations
- › Dealer Website
- › Dealer Support Services/Help desk

Stakeholder expectations	Our actions
Sales support.	› Development of an <i>ad hoc</i> website.

Suppliers

Means of involvement

- › Daily relations
- › Suppliers portal

Stakeholder expectations	Our actions
Continuity of the supply.	› Implementation of Suppliers Portal.
Collaboration and sharing of best practices.	› Vendor Rating Campaigns.

Shareholders and lenders

Means of involvement

- › Conference call/Road Show
- › Piaggio Analyst and Investor Meeting

Stakeholder expectations	Our actions
Clear and timely information.	› Piaggio promotes ongoing dialogue with analysts and lenders.
Remuneration and defence of the asset value of the investment.	› Treasury shares purchasing policy.

Employees

Means of involvement

- › Company intranet
- › Piaggio InfoPoint
- › Piaggio Net International
- › Web Mail
- › Evaluation Management System
- › Wide - Piaggio Magazine

Stakeholder expectations	Our actions
Clear and timely company communication.	› Piaggio promotes ongoing, constructive dialogue with employees.
Safe and healthy work environment.	› Attainment of health and safety certifications for Group plants.
Opportunity for professional development and training.	› Preparation of professional and managerial career paths for young talents.
Transparent reward policies.	› Remuneration policy characterised by meritocratic and fair criteria.
Respecting human rights and diversity.	› Abiding by a code of ethics that explicitly prohibits any form of discrimination or forced labour.

Trade unions

Means of involvement

- › Meetings
- › Participation in committees

Stakeholder expectations	Our actions
Open and constructive dialogue.	› Piaggio promotes ongoing, constructive dialogue with trade unions.

Media

Means of involvement

- › Press releases
- › Events and Company communication initiatives
- › Press product launches
- › Product test rides
- › Wide - Piaggio Magazine

Stakeholder expectations	Our actions
Availability, transparency and timeliness of information on the Company and its products.	› Abiding by the self-regulatory code of business communications. › Strengthening relations with the media in the different countries where the Group is active.

Schools, Universities and Research Institutes

Means of involvement

- › Cooperation in research projects
- › Training
- › Work placements

Stakeholder expectations	Our actions
Cooperation on common projects.	› Collaboration with universities and research institutes on research projects.
Training.	› Promotion of internships for final year students, college undergraduates and graduates. › Teaching carried out by its personnel in some departments.

Trade associations

Means of involvement

- › Meetings and presentations

Stakeholder expectations	Our actions
Pursuing common objectives.	› Participating in trade associations.

Institutions and Public Administration

Means of involvement

- › Ongoing dialogue on the regulatory developments
- › Periodic *ad hoc* meetings
- › Participation in the parliamentary committees charged with discussing and formulating new regulations

Stakeholder expectations	Our actions
Compliance with laws and regulations. Receptiveness and a propositional attitude regarding environmental and social themes.	› Investments into R&D of innovative products that are abreast of any restrictions of current regulations.
Support on specific technical themes.	› Proactive participation in the parliamentary committees charged with discussing and formulating new regulations.

Local communities and nonprofit organisations

Means of involvement

- › Meetings
- › Exhibitions and events
- › Rallies

Stakeholder expectations	Our actions
Contributions to supporting charity initiatives.	› Support for numerous charity initiatives.
Organisation of get-togethers and events for <i>connoisseurs</i> .	› Through the Vespa World Club and the Moto Guzzi World Club, the Group organises shows, get-togethers and contests for its customers.
Development of local communities.	› The Fondazione Piaggio (Piaggio foundation) and the Piaggio Museum carry out the function of meeting place and cultural reference for the territory.
Respecting the environment.	› Attainment of the environmental certification for production establishments.

The process of the Sustainability Plan

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.

The Sustainability Plan is updated each year when the CSR is prepared by the Consolidated Financial Statements team, which also handles the drawing up of this document.

The process is composed of three stages:

- › the planning stage: the commitment and objectives are defined in cooperation with the functions and operating areas involved in their achievement. Thus defined, the proposed Sustainability Plan is submitted to the Business Ethic Committee for approval, which analyses its consistency with the Group's strategies and is formally approved by the Board Of Directors together with the approval of the CSR document;

- › the management stage: the responsibility for reaching individual objectives put in the plan is up to the functions and the operating areas who have the resources, tools, and necessary competence to achieve them;
- › the monitoring stage: to guarantee the commitments taken up in the Sustainability Report, together with the new objectives set for the future, proof of the results achieved towards the commitments taken up is given.



METHODOLOGICAL NOTE

Its foundations	22
Materiality Analysis	22
Report contents	23
Process of drawing up and assurance	24
Report parameters	24



Since 2008, the Piaggio Group has published, on a voluntary basis, its annual Corporate Social Responsibility Report, which provides information on the economic as well as the environmental and social performance of the Group and is an important form of dialogue with internal and external stakeholders.

In its CSR 2014 Report, the Group undertook and published a structured analysis of the “materiality” of sustainability issues for the Company and its stakeholders, making it possible to produce more streamlined information that targets key issues for the Group’s stakeholders to a greater extent.

Its foundations

The 2014 Corporate Social Responsibility Report is prepared in compliance with the “Sustainability Reporting Guidelines” (GRI-G4) Core option, published in May 2013 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.

This report is also compliant with the principles of inclusiveness, materiality, and compliance listed in the AA1000APS (AccountAbility Principles Standard) issued in 2008 by AccountAbility, international applied research Institute on sustainability topics.

In reference to the principle of materiality in particular, the depth with which different topics were looked into in the reporting was determined based on their weight in the objectives and strategies of Piaggio Group and the relevance to the stakeholders, determined by a structured process of materiality analysis.

Materiality Analysis

The analysis of materiality was conducted based on the GRI G4 guidelines with respect to the definition of the relevant topics and application of the principle of materiality.

There was a structured process of mapping and prioritisation of the Group’s relevant stakeholders, which saw the involvement of the corporate structures which handle the relations with the various stakeholders (Business Ethics Committee, Investor Relations, Personnel Management, Technologies Management, Purchasing Management, Sales Management, External Relations Management). The relevance of the different stakeholders was evaluated and pondered in relation to the following parameters: dependency (taken as the importance of the relationship to the stakeholder), influence (importance of the relationship to the Company) and urgency (temporal dimension of the relationship). The topics relevant to Piaggio were defined based on different sources, among which are the corporate policies and principles, the 2013 Sustainability Report, and the initiatives for listening to the stakeholders. Two dimensions were looked into on these topics:

- › on the side of the stakeholders, the relative importance of each topic as perceived by the Company function in relation with the stakeholder;
- › from the Company’s side, the topics on which Piaggio means to focus its efforts and the “level” of commitment.

Therefore, in the upper part of the matrix there are topics into which - in the area of the Group’s strategic objectives - a significant investment is foreseen in the next few years.

The analysis of the two dimensions has made it possible to prioritise the topics and position them on a matrix, shown on page 15. The materiality matrix provides a summary framework of the topics which could potentially influence the actions and performance of Piaggio and the decisions of its stakeholders, as well as the level of “alignment” or “misalignment” between the priority of intervention that stakeholders attribute to the different topics and the level of commitment that the Group takes on relative to them.

Report contents

On the basis of the results of the materiality analysis, we can define the structure of the 2014 Sustainability Report mainly focusing it on “material” topics. Similarly, the level of materiality of the topics - in turn broken down into detailed subtopics - has influenced the level of depth with which the individual topics and GRI G4 indicators are gone into, as well as the choice of the most suitable reporting tool to represent them (2014 Consolidated Financial Statements and Corporate Governance Report). These tools are then to be referenced in addressing or deepening into more specific topics, respectively, into the economic performance and governance.

The GRI Content Index in the Appendix contains precise references to the 2014 Sustainability Report and other Group Reporting tools.

Topic	Impact on	Chapter of reference	Reporting perimeter
Transparency	All Group companies	Corporate Governance Transparency and creation of economic value	All Group companies
Creating economic value	All Group companies - Stakeholders - Lenders - Employees - Suppliers	Transparency and creation of economic value	All Group companies
Product innovation and sustainable mobility: > sustainable mobility; > eco-compatible products, safe and cost-effective	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - PADC - Foshan Piaggio Vehicles Technologies - Customers	Product innovation and sustainable mobility	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - PADC - Foshan Piaggio Vehicles Technologies
Environmental sustainability: > reducing energy consumption; > reduction of pollutants; > conserving natural resources; > waste handling and recovery	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Local Communities - Suppliers	Environmental sustainability	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
Developing human resources: > personnel management; > diversity and equal opportunities; > development > training; > rewarding; > dialogue; > industrial relations; > health and safety	Employees	Developing human resources	All Group companies
Meeting customer requirements: > listening and assistance; > Company Advocacy	Customers and dealers	Meeting customer requirements	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
Responsible management of the supply chain	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - PADC - Foshan Piaggio Vehicles Technologies - Suppliers	Responsible management of the supply chain	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
Supporting local communities	All Group companies - Local communities	Supporting local communities	Piaggio Museum and Foundation - Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited

Process of drawing up and assurance

The process of reporting and monitoring of Key Performance Indicators (KPI) relevant to sustainability involves the Holding for that which concerns transversal topics, and all the Divisions and Group Companies for the topics and specific indicators of the different sectors of activity.

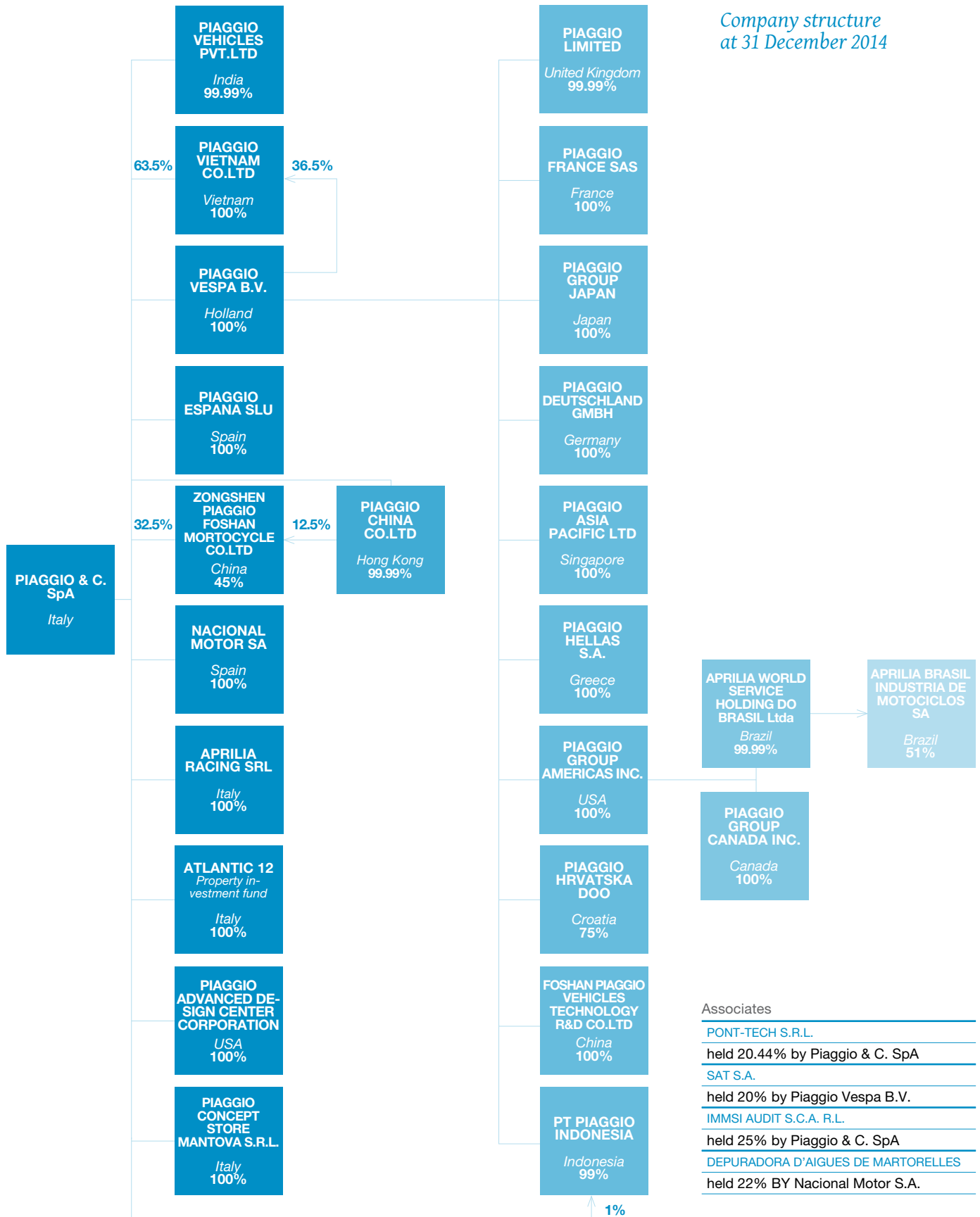
Within the structures involved, those responsible for gathering, verifying and processing the KPI of competence were identified. The Consolidated Financial Statements Unit of the Administration, Finance and Control Division is responsible for the consolidation of the results. It has to coordinate the entire process of gathering and processing the quantitative indicators, not to mention the coordination of the process of drawing up the Sustainability Report. The Sustainability Report is submitted to the Business Ethic Committee for analysis and evaluation, which verifies its completeness and reliability; the document is then approved by the Board of Directors and finally presented at the General Shareholders' Meeting at the same time as the Group's Consolidated Financial Statements.

The 2014 Sustainability Report was subjected to a limited audit by PricewaterhouseCoopers Advisory SpA. The report that describes the principles adopted, the activities carried out and the relative conclusions is in the Appendix.

Report parameters

The information and figures contained in this 2014 Corporate Social Responsibility Report refer to the subsidiaries (Italian and foreign) as of 31 December 2014 and their activities developed during 2014, unless otherwise indicated.

Company structure
 at 31 December 2014



Associates

PONT-TECH S.R.L.
held 20.44% by Piaggio & C. SpA
SAT S.A.
held 20% by Piaggio Vespa B.V.
IMMSI AUDIT S.C.A. R.L.
held 25% by Piaggio & C. SpA
DEPURADORA D'AIGUES DE MARTORELLES
held 22% BY Nacional Motor S.A.

The figures for 2012 and 2013, taken from previous editions, are shown only for comparison. Where possible, the figures in this Corporate Social Responsibility Report refer, when possible, 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).





GROUP PROFILE

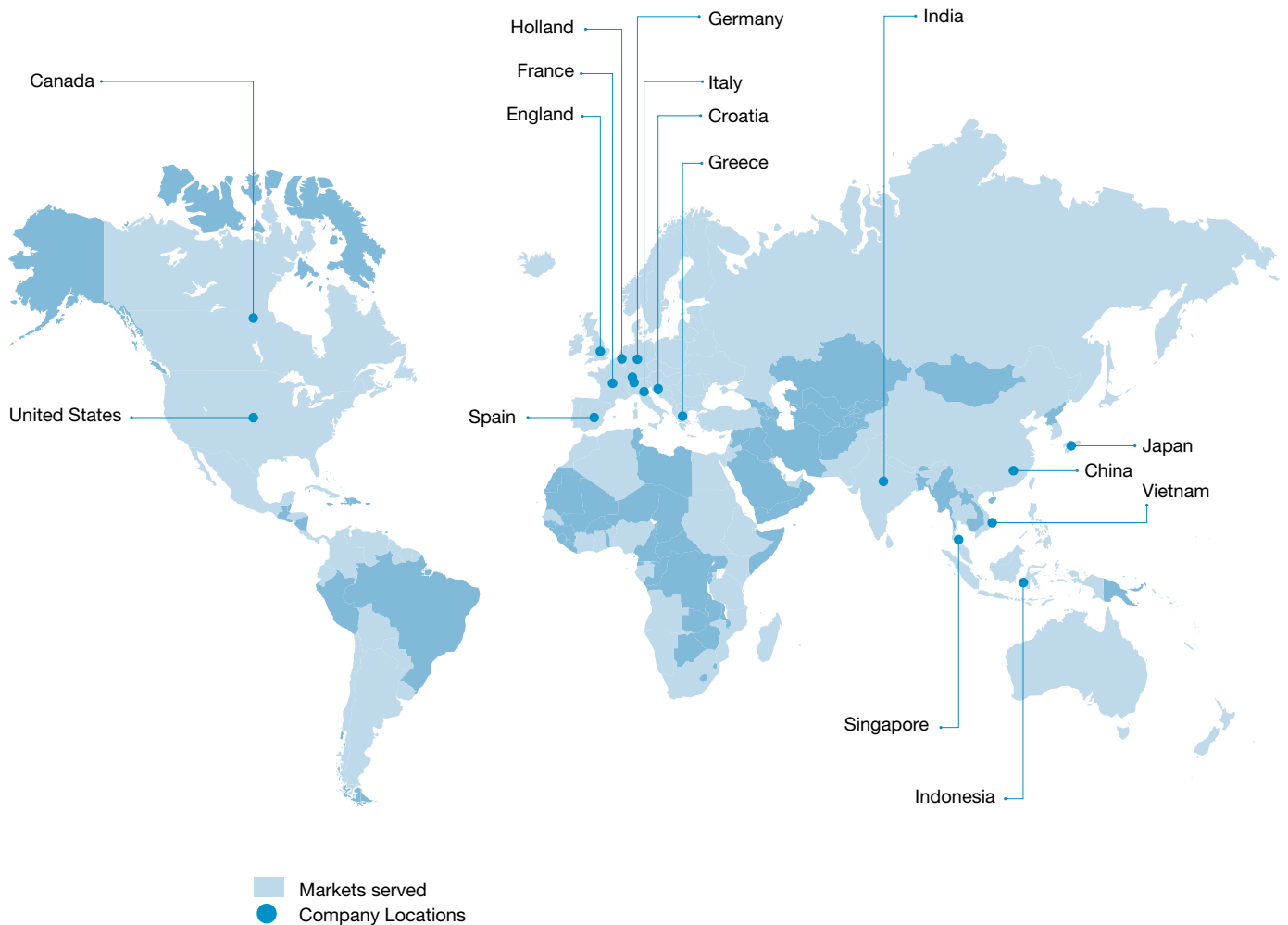
Main events and recognitions in 2014	33
Piaggio - facts and figures	34
Piaggio Group Certifications	35



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 2014, the Piaggio Group was controlled by almost 50.28% by the Immsi Group and has been listed on the Milan Stock Exchange since 11 July 2006.

As of the end of 2014, the Group has 7,510 employees, possesses 7 research and development centres in Italy, India, Vietnam, USA and China and operates through the sites in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).



Brands

The Group's product range, sold in about 100 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 two-wheeler motor vehicles 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 for Sylvain Guintoli to become 2014 Superbike World Champion and Aprilia to win the Manufacturer's title of the Superbike World Championship for the third time in a row.

Historically linked with remarkable performances and victories in the world of racing, Aprilia has won 54 World Speed and Motocross Championships in twenty years, and 337 victories in World Championship Grand Prix and SBK Championships. 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 industry, with 14 World Speed 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 clientèle 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.



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.



Commercial Vehicles

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.

Main events and recognitions in 2014

“CERTIFICATE OF EXCELLENCE” PIAGGIO MUSEUM

June 2014 The Piaggio Museum at Pontedera was awarded a “2014 Certificate of Excellence” by “TripAdvisor”, based on its high ranking (4.5 out of 5) awarded by visitors to the site that publishes user reviews of resorts, hotels, tourist destinations, package holidays and trips (www.tripadvisor.it).

GOLD AWARD FOR THE “BEST TAX DEPARTMENT 2014: OVERALL STRATEGY & GROWTH”

June 2014 - The international award recognises Piaggio’s Tax Department, which operates in the field of General Finance Management, as the best among the most prestigious companies in North America, Latin America, Europe, Asia and the South Pacific for its global strategy and growth.

PIAGGIO VIETNAM: AWARD FOR FIREFIGHTING

October 2014 – Piaggio Vietnam won the second place in the competition between companies in firefighting.

PRODUCT EXCELLENCE

October 2014 – MCN (Motorcycle News), the most authoritative and widespread weekly motorcycling magazine in the world elected the Aprilia Tuono V4R ABS motorcycle “best naked” for the second consecutive year.

SUPERBIKE WORLD CHAMPIONSHIP 2014

November 2014 – Sylvain Guintoli on an Aprilia RSV4 became the 2014 World Superbike Champion and for the third year running Aprilia won the Superbike World Championship Manufacturer’s title.

2014 MOTOSPRINT GOLDEN HELMETS

November 2014 – Winner of the 2014 Superbike World Championship, Aprilia received an award at the annual “Golden Helmets” ceremony, the Oscars of the top guns on the international motorcycling scene, organised by the weekly magazine Motosprint since 1977.

CARBON DISCLOSURE PROJECT (CDP)

November 2014 – In annual research on climate change organised by the Carbon Disclosure Project (CDP), an independent nonprofit organisation which offers companies and countries a system for gauging, measuring, managing and sharing information on climate change and water on a global scale, Piaggio scored 94/C.

BS OHSAS 18001:2007- Occupational Health and Safety Management System

November 2014 – Attainment of the 18001:2007 certification - Occupational Health & Safety Management System by the Quinto di Treviso warehouse.

KWD WEBRANKING 2014 ITALY TOP 100

December 2014 – 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.

1_ Figures are stated as
of 31 December 2014

Piaggio - facts and figures¹

1,213 million EUR Consolidated revenue

547 thousand units Vehicles sold

514 thousand units Vehicles Produced

159.3 million EUR EBITDA

16.1 million EUR Net profit

492.8 million EUR Net debt

7,510 Employees as of year end

94.9 million EUR Investments

46.3 million EUR Research and Development expenditure

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 Site	Baramati-Commercial Vehicles Site	Vinh Phuc
Certification	UNI EN ISO 9001:2008 - Quality management systems	since 1995	since 2006	since 2010	since 2010	since 2013	since 2009
	EN ISO 14001:2004 - Environmental management system	since 2008	since 2008	since 2010		since 2013	since 2011
	BS OHSAS 18001:2007-Occupational Health and Safety Management System	since 2007	since 2007	since 2010		since 2013	since 2013
	ISO TS 16946:2009 Suppliers' quality systems				since 2012		since 2013

In November 2014, audits were successfully conducted by the certification company Det Norske Veritas (DNV)¹ in order to confirm **Quality** (ISO 9001), **Environment** (ISO 14001) and **Occupational Health and Safety** (BS OHSAS 18001) certification for the Pontedera, Noale-Scorzè and Mandello del Lario sites. The following were of particular relevance for certification activities:

- › The transfer of the 01 Mechanical Plant inside the production site at Pontedera, which required the new building to fully meet Piaggio company standards as regards the occupational health and safety and environmental management system;
- › extension of certification to the warehouse at Quinto di Treviso.

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

The procedure to obtain **Occupational Health and Safety** (BS OHSAS 18001) certification for the Indian commercial vehicles site is underway and will be completed in 2015.

¹ _ 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.



CORPORATE GOVERNANCE

Role of the Board of Directors	38
Code of Ethics	40
Business Ethics Committee	41
Organisational model pursuant to Legislative Decree 231/2001	41
Compliance with laws and regulations	42



“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)

The Corporate Governance system adopted by Piaggio & C. S.p.A. (hereinafter “**Piaggio & C.**” or the “**Company**”) conforms to the principles in the Self-Regulatory 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.

To these ends, over time Piaggio & C. has made all the suitable adjustments required by the changes made to the Self-Regulatory Code of the listed Companies, as last approved in July 2014. Piaggio & C. also has identified and appointed the roles of Risk Manager and Compliance Officer.

Currently, the Company Boards which make up the system of Corporate Governance of Piaggio & C. are: the Board of Directors, the Board of Statutory Auditors, the committees within the Board of Directors and the General Shareholders’ Meeting. Specifically, the Board of Directors is supported by the Internal Control and Risk Management Committee, the Remuneration Committee, the Appointment Proposal Committee and the Related Parties 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.

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. Consolidated Law on Finance: 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.

Role of the Board of Directors

The Company is governed by a Board of Directors (also known as “**Board**”) composed of a number of members not less than 7 (seven) and not more than 15 (fifteen).

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 by Italian Legislative Decree no. 29 December 2006, no. 303, as well as Italian Legislative Decree no. 27 of 27 January 2010 implementing Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies and Law 120/2011 on gender equality.

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.

Piaggio & C. Board Of Directors, appointed by the General Shareholders’ Meeting on 13 April 2012, is composed of 11 members whose professional *résumés* are lodged at the registered office of the Company and available on the Company website www.piaggiogroup.com/Governance - Management.

Names and positions of Piaggio & C. Board members as of 31.12.2014

Name	Position	In office from	List M/m	Exec.	Non-Exec.	Indep.	Indep. Consolidated Law on Finance	% BoD	Other positions
Roberto Colaninno	Chairman Chief Executive Officer	13/04/2012	M	X				86	6
Matteo Colaninno	Deputy Chairman	13/04/2012	M			X		100	3
Michele Colaninno	Director	13/04/2012	M			X		86	10
Vito Varvaro	Director	13/04/2012	M			X	X	100	1
Daniele Discepolo	Director	13/04/2012	M			X	X	100	11
Mauro Gambaro	Director	13/04/2012	M			X	X	100	1
Andrea Paroli	Director	13/04/2012	M			X		100	5
Franco Debenedetti	Director	13/04/2012	M			X	X	71	2
Luca Paravicini Crespi	Director	13/04/2012	M			X	X	71	7
Riccardo Varaldo	Director	13/04/2012	M			X	X	100	-
Livio Corghi	Director	13/04/2012	M			X		43	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 Parties Transactions Committee have been established within the Board.

Appointment Proposal Committee

As of 31 December 2014 the Appointment Proposal Committee was composed mainly of Independent Non-executive Directors, as required by the Self-Regulatory Code. It should be noted that on 9 February 2015, the Board of Directors changed the makeup of the Appointment Proposal Committee which, as of today, is entirely made up of 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 on the remuneration of the Chief Executive Officer and other directors who hold special positions, monitoring the application of decisions made; and (ii) to make general recommendations to the Board regarding the remuneration of Senior Management having strategic responsibilities, keeping account of information and indications given by the Chief Executive Officer and occasionally checking the criteria adopted for the remuneration of these executives. 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 2014 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. evaluate, with the Executive in Charge of Financial Reporting and after consulting with the independent auditors and the Board of Statutory Auditors, the correct use of accounting standards and their consistency in the preparation of the Consolidated Financial Statements;
- II. express opinions on specific aspects concerning the identification of main company risks;

- III. examine periodic reports on the evaluation of the internal control and risk management system, and reports of particular importance prepared by the Internal Audit Function;
- IV. monitor the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- V. request the Internal Audit Function to audit specific operating areas, informing the Chairman of the Board of Statutory Auditors;
- VI. report to the Board at least half-yearly, when the annual and interim financial statements are approved, on activities performed and on the adequacy of the internal control and risk management system;
- VII. give the Board an opinion on decisions relative to the appointment, removal from office, remuneration and availability of resources of the Internal Audit Function Manager.

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 2014 the Internal Control and Risk Management Committee worked constantly with the Board of Statutory Auditors.

Related Parties Transactions Committee

The Board of Directors of Piaggio & C. has appointed a Related Parties 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 Parties 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 Procedure on operations with related parties, available on the Company's corporate web site www.piaggiogroup.com in the Governance section – Related Parties Transactions.

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 2014 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), widely distributed and in force in all of the Group's companies, 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.

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 pursuant to Italian Legislative Decree 231/2001 is comprised of a general part, consisting mainly of the Code of Ethics, General Principles of Internal Control, Guidelines for Conduct, Internal Control Guidelines (divided into Instrumental and Operating processes), and the Disciplinary System, as well as special individual parts based on the type of offences referred to in Decree 231/2001. The Company has for some time now set in place a special e-mail whose references are in the Guidelines for Conduct, which let anyone send a message directly to the Supervisory Body to report any relevant cases. This message must be read exclusively by the Supervisory Body thus guaranteeing that the operations of the body are carried out in compliance with Model 231/2001 of the Company. The Model pursuant to Italian Legislative Decree 231/2001, widely distributed by e-mail to all Piaggio Group senior management, middle management and 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 website www.piaggiogroup.com in the section Governance/Governance System.

Compliance with laws and regulations

During 2014, 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; the only thing to report is that preliminary inquiries are now underway to ascertain any breaches of the antitrust regulation relative to the Croatian subsidiary.

As of 31 December 2014, 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 2014.

ALBERGO LE TERME

ALBERGO
LE TERME
Via per Capri





TRANSPARENCY AND CREATION OF ECONOMIC VALUE

2014 results and future objectives	46
Determination and distribution of Added Value	46
Public grants and tax benefits	48
Value for shareholders	49
Dividends	50
Communication with shareholders and Investor Relations	50



...it is its wrong use that is evil.
...will always be needed."

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. To these ends, Piaggio Group carefully oversees the process of producing value and makes transparent, punctual and exhaustive communication regarding the process in the Report on Operations of the 2014 Financial Statements (see chapter "Financial position and performance of the Group") to which reference is to be made for any in-depth information.

Commitment	2014 objectives	2014 results	2015 objectives	Mid-term objectives
Shareholder remuneration.	› Safeguarding shareholder value.	› Maintenance of the asset value of the 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.	› Confirmation of the corporate website in the top ten of the prestigious "KWD Webranking Italy" classification.	› Continuing improvement of the corporate web site.	› 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.

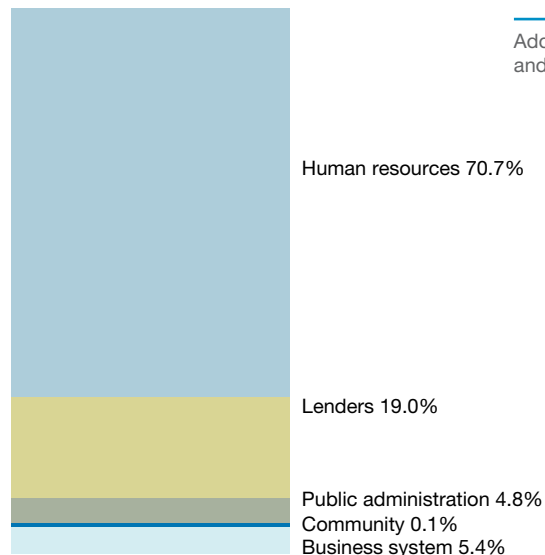
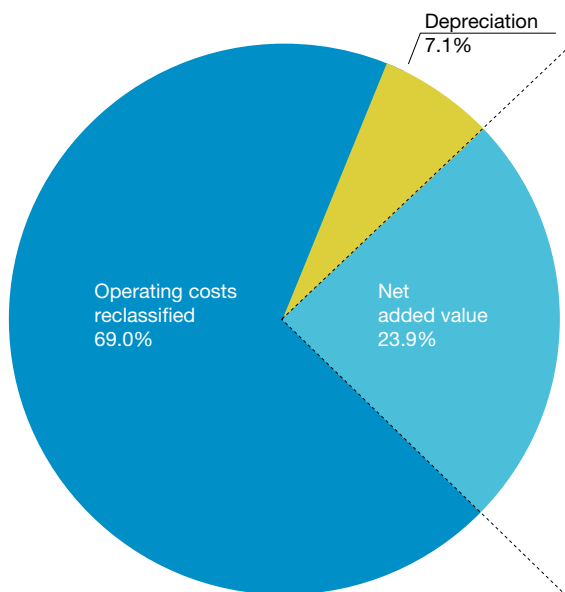
Determination and distribution of Added Value

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 termination 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.

	2014	2013	2012
<i>(figures in thousands of euros)</i>			
Net revenues	1,213,272	1,212,535	1,406,152
Income/(loss) from investments	-184	2,264	3,530
Financial income	13,956	13,095	13,032
Other operating income reclassified	25,499	21,461	25,082
Economic value generated	1,252,543	1,249,355	1,447,796
Operating costs reclassified	-864,019	-872,543	-1,026,997
Depreciation	-89,353	-83,115	-79,621
Net added value	299,171	293,697	341,178
Remuneration to human resources	211,513	211,656	223,419
Remuneration to lenders	56,919	47,720	45,285
Shareholder remuneration	0	33,087	29,877
Remuneration to the Public Administration sector	14,383	40,358	30,134
External donations and donations to the community	292	491	266
Distributed added value	283,107	333,312	328,981
Business system	16,064	-39,615	12,197
Added value retained by the Group	16,064	-39,615	12,197

How added value is determined and distributed



The net Global Added Value generated by Piaggio in 2014 amounts to approximately € 299,171 thousand, equal to 23.9% of economic value generated. Most of this amount refers to remuneration to human resources (70.7%), followed by remuneration to lenders (19.0%) and to the Business System (5.4%). Compared to 2013, Global Added Value increased by 1.9%.

Public grants and tax benefits

In 2014 the Piaggio Group benefited from government aid in the form of research grants, training grants and tax benefits in the amount of € 2,876 thousand.

Research grants, totalling € 173 thousand, were obtained for research projects. The contents and results of these are commented on in the paragraph on product safety.

Training grants totalled € 334 thousand and were obtained by the Parent Company.

Piaggio Vehicles Private Limited (India) obtained a grant for exports and its amount, € 853,000, was calculated as a percentage of the FOB value of the exports.

Grants obtained	2014	2013	2012
<i>(figures in thousands of euros)</i>			
Grants	173	2,079	813
Export grants	853	1,167	905
Training grants	334	430	232
Total	1,360	3,676	1,950

Instead, tax benefit totalling € 1,516 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 54,481 euro, related to the total of salaries paid in 2014. Specifically, this credit is equal to 6% 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 2014 totalled 908,017 euro.

Tax benefits	2014	2013	2012
<i>(figures in thousands of euros)*</i>			
<u>Tax exemption</u>			
Piaggio Vietnam	1,462	1,370	2,544
<u>Tax credit</u>			
Piaggio France	54	34	
Total	1,516	1,404	2,544

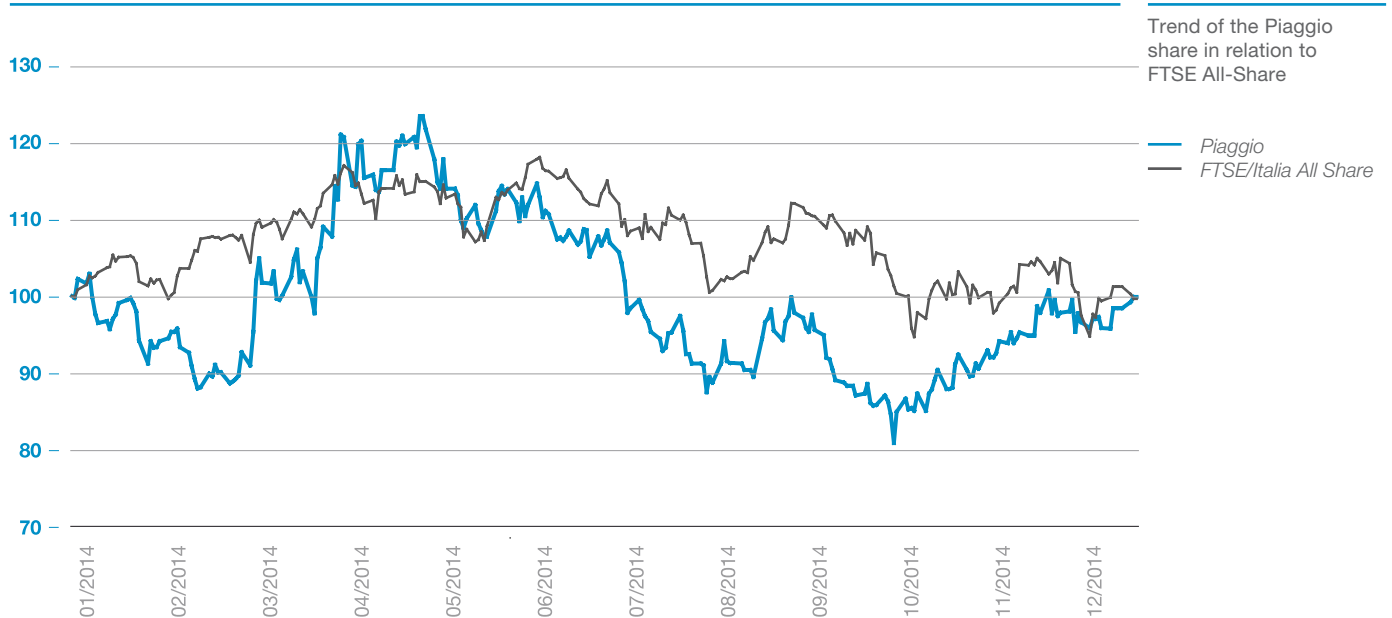
* Values in currencies other than the Euro have been converted using the annual average exchange rate.

In 2014 no subsidised loans were obtained.

Subsidised loans obtained	2014	2013	2012
<i>(figures in thousands of euros)</i>			
Loans		2,032	64,100
- of which subsidised loans	-	2,032	4,100
- of which EIB loans	-	-	60,000

Value for shareholders

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. The Piaggio share ended 2014 with a price that was basically the same as at the end of 2013, and a performance in line with that of the main reference index, as shown in the graphs below.



Dividends

No dividend was distributed in 2014 for the year 2013. The dividends per share paid to shareholders for the years 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

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 the 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 2014, dialogue with the financial community was stepped up, with the Group meeting more than 190 investors on main European and North American 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 Group also held an Analyst and Investor Meeting in Milan on 20 March 2014, with top management explaining the guidelines of the 2014-2017 strategic plan to the financial community.

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 four 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.

Etica Sgr's intervention at Piaggio's general shareholders' meeting for approval of the financial statements on 28 April 2014



Shareholders in 2014

Piaggio - 28 April 2014

For the fourth year, on 28 April, 2014, Etica Sgr voted at the General Shareholders' Meeting of **Piaggio**, Italian motorcycling company which deals in the scooter, motorcycle and light transportation vehicle sector with different brands, which include Piaggio, Vespa, Moto Guzzi and Ape.

With the backing of some socially responsible investors, like the American **CREA** and **Boston Common Asset Management**, Etica Sgr intervened at the meeting to call management's attention to certain aspects tied to **sustainable business**.

Etica Sgr voted in favour of all points on the agenda, except for authorisation to purchase and dispose of **treasury shares**, regarding which it would have been better to have more information on the aim and entrepreneurial strategies that Piaggio intended pursue. In its speech at the meeting, Etica Sgr asked the Company's management to join various initiatives of the **Carbon Disclosure Project** (CDP), like the survey on monitoring of **Climate Change** and that concerning the use of **water resources**.

Etica Sgr also expressed its approval for the attainment of the **ISO 14001 certification** (concerning environmental management) at the Indian plants and urged the Company to extend it to all the Group's production sites. Then it asked for information on the **employment situation** of the Company in Italy (specifically on implementation of trade union agreements signed in Pontedera) and abroad (regarding certain worker protests, which took place in India).



PRODUCT INNOVATION AND SUSTAINABLE MOBILITY

Group Objective	56
Research guidelines	58
Applications	59
Industrial patent rights	68
Funded national and European projects	69



"The unexamined life is not worth living".

Socrates

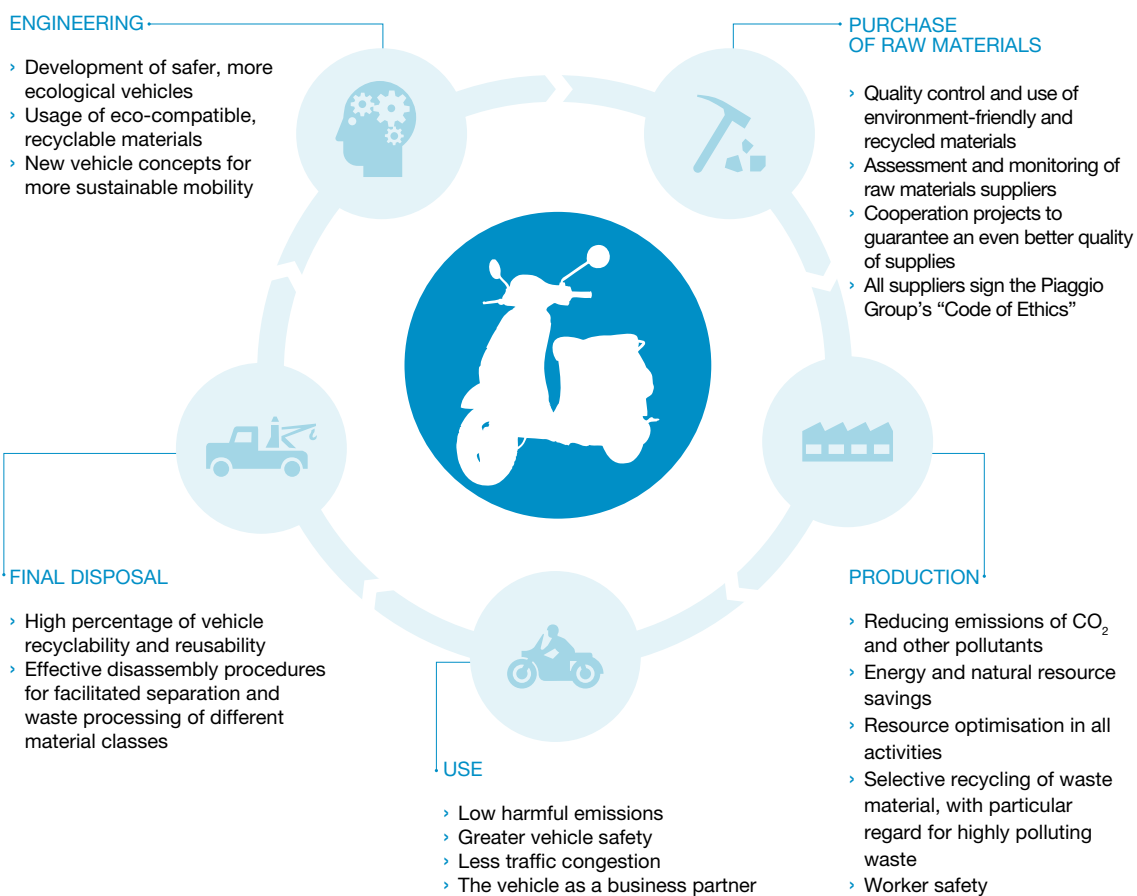
Commitment	2014 objectives	2014 results	2015 objectives	Mid-term objectives
<p>2W Vehicles</p> <p>Study, research and development of environmentally sustainable products:</p> <ul style="list-style-type: none"> › reducing fuel consumption and emissions › increasing performance. 	› New more compact electric powertrains.	› Engine development and industrialisation for eBike, with electronic management of performance, even via smartphone, presented EICMA.	› eBike sales › Research into new engines.	› Installation of hybrid powertrains on new models, including four-wheeler vehicles.
	› Reduction of consumption with interventions on transmission and engine efficiency.	› Development of a version of the 125 3V engine for the Vespa Primavera, sold.	› Research into innovative transmissions.	› Research and development for new devices aimed at further reducing consumption and emissions by decreasing absorption and improving engine use.
	› Research on electronic and electromechanical devices to reduce pollution in urban use.	› Development of Start & Stop device for scooters.	› Sale of the device.	› Research on electronic and electromechanical devices to reduce pollution in urban use.
	› Extension of the new High Efficiency engine to other range models.	› Installed on Vespa Primavera.	› Installation on new models.	› Extension of the new High Efficiency engine to other models for Asian countries.
	› Study of innovative high performance automatic transmissions, both simplified and high performing.	› Made functional prototypes for high-performance. In-depth study underway for economic applications.	› Continuation of research into the creation of high-efficiency transmissions.	› Study of innovative high performance automatic transmissions, both simplified and high performing.
	› Study of modular battery applications for secondary or alternative use to the vehicle mounted ones.	› Continuation of development. Contact with partners from other sectors underway to make the application a reality.	› Extension of contact with partners from other sectors underway to make the application a reality.	› Study of batteries with higher energy densities, longer ranges and greater reliability. › Study of electronic control and power systems entailing lower industrial costs.
	› Increase distribution.	› eBike presentation.	› eBike sales.	› Expansion of the range of electric vehicles designed for consumers (Liberty Retail etc.).
	› Mass introduction of the software.	› Software extended to Vespa GTS, Primavera, New MP3, Aprilia RSV4.	› Extension to Moto Guzzi, Aprilia Caponord 1200 range.	› Implementation of specific software for fleet management.

Commitment	2014 objectives	2014 results	2015 objectives	Mid-term objectives
<p>3/4W Vehicles</p> <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. 	<p>Porter Europe:</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. 	<p>Porter Europe:</p> <ul style="list-style-type: none"> › Business Plan approved in January 2014 and development underway as per macroplanning. <p>3W India:</p> <ul style="list-style-type: none"> › Benchmarking study of new BSIV engine and relative feasibility study. › In 2014 the single fuel LPG version of the Ape City launched on the Indian market. <p>Porter 600 India:</p> <ul style="list-style-type: none"> › Characteristics of new engine defined with MKTG and contract with engine supplier, began feasibility study for new gear shift. 	<p>Porter Europe:</p> <ul style="list-style-type: none"> › Production launch petrol version September 2015, LPG and CNG by March 2016. <p>3W India:</p> <ul style="list-style-type: none"> › Launch of development activity in keeping with market demands and type approval restrictions. › Reduction of the cost per kilometre and environmental impact. <p>Porter 600 India:</p> <ul style="list-style-type: none"> › Freezing of new contents as far as the vehicle, drawing up of Business Plan for approval initiative (SOP 1st half 2016). Development and industrialisation activities consistent with the Business Plan. 	<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. › 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 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"> › Ape City Diesel vehicle launched on the market with relative broadening of the range. › Petrol LAM Ape City for the Latin American and African markets. › Feasibility studies for new solutions. › New Ape Classic 400 launch in September 2014. › Broadening of the export market to new countries like Ethiopia and South Africa. 	<ul style="list-style-type: none"> › Broadening of the LAM range (high slope vehicles) with launch of the LAM LPG version of the Ape City. › Technical/economic assessments of the solutions identified. › Monitoring of the Street food market. › Ongoing broadening of the export market. › NEW APE CITY CARGO. Feasibility study for new urban ground transportation tricycle with PWT Petrol and Alternative Fuel to replace the vehicles with a diesel engine in specific missions. 	

Group Objective

The main objective of the Piaggio Group is to meet the most progressive needs for mobility, 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.

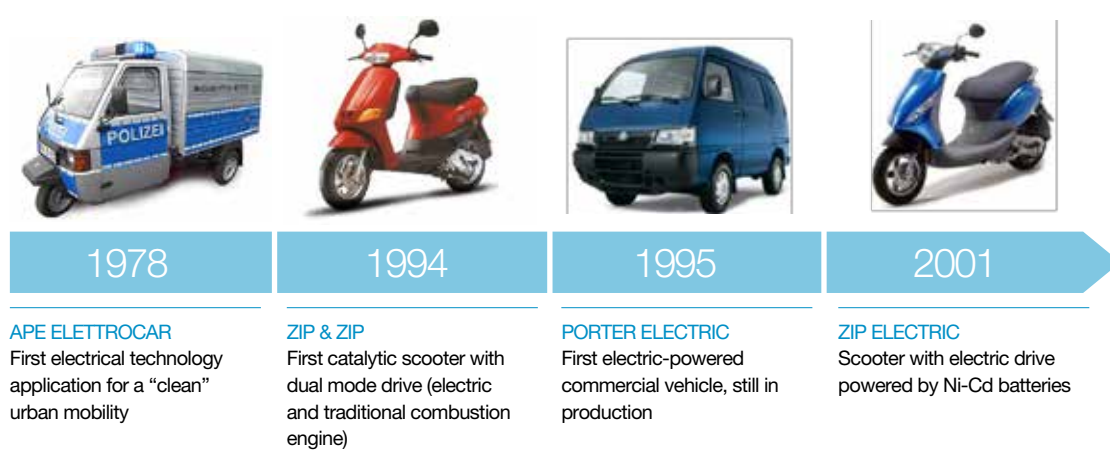
This ongoing effort is aimed at designing and offering vehicles that are always at the cutting edge of:

- › **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.

A vocation that reaches far back

Piaggio's emphasis on the environmental compatibility of its products has deep roots; in 1978 it produced the Ape Elettrocar, featuring an electric motor with incorporated differential and Pb batteries, a forerunner of zero emission vehicles (ZEV). In 1995 it was followed by the electric Porter. In the field of two-wheelers, in 1994 the Zip&Zip was put on the market, the first scooter with dual mode drive in the world, that is, equipped with two engines-electric and conventional catalytic, to be used in alternation; in 2001 came the Electric Zip, a ZEV.



Piaggio – An "electric" story

Still today, this emphasis is seen in the spread of hybrid or full electric products on different product types (2, 3, 4 wheels).



Research guidelines

Orientation

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 areas.

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

Spread of motorcycles for individual mobility is in and of itself a way to reduce traffic and pollution, but to be effective, it requires an actual increase in two-wheeler vehicle safety, which may be attained through research and installation of active, passive and preventive safety systems on products. Indeed, 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)².

Therefore the main guidelines for the Group's research are:

- › reduction of consumption and emissions, improvement of internal combustion engines, improvement of vehicles, better performance;
- › safety and comfort;
- › alternative, hybrid, electric engines;
- › environmental compatibility of the product and the process.

² See 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.

Partnerships with universities and research centres

The Piaggio Group is aware of 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.

Over the years, and especially in 2014, the Group has entertained ongoing relationships with a national scope involving research and exchange with the University of Pisa, University of Florence, University of Bologna, University of Modena and Reggio Emilia, the Politecnico of Milan, the Politecnico of Turin, University of Padua, University of Perugia, University of Rome - Tor Vergata, University of Rome - La Sapienza, University of Naples, Centro Ricerche Fiat, the Istituto Motori CNR in Naples, COMETA Research Consortium of Catania, the QUINN Consortium of Pisa, the Technos Consortium, the Numidia Consortium and the SCIRE Consortium.

The main collaborations in Europe were with the University of Athens, the Hellenic Institute of Transport of Athens and the Fraunhofer IAO (University of Stuttgart), Austrian Institute of Technology, CERTH-APTL, IK4 CIDETEC, University of Warwick, Czech Tech University of Prague, Ricardo (UK e D), Idiada (E).



Partnerships with
universities and Italian
research centres

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.

Technological Antennas

In addition to external partnerships, the Group has two technological antennas of a high-calibre: the Piaggio Advanced Design Center in Pasadena (USA) and the many-time Aprilia Racing world-champion team.

The PADC was founded in California in 2012 as an in-company research centre with the purpose of providing a window into changes in society, lifestyle and the formulas of urban and metropolitan mobility, developing an international system of skills and research in the field of style and product marketing which generate spin-offs and stimuli to develop in the technical sphere.

As one of the most victorious and prestigious teams in the world with 25 rider titles, 27 manufacturer titles and 337 individual Grand Prix victories in all classes (125, 250, SBK), Aprilia Racing has an ongoing technical partnership with the Group's Innovation, with constant comparing of notes and sharing skills.

Applications

Continuous improvement of its products is the basis for the Piaggio Group's Research. Specifically in the field of engines, Piaggio developed solutions that allowed the Group to obtain Euro3³ 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 consumption⁴.

3_ 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.
4_ 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.

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).

Electronic injection was introduced in October 2014, which means vehicles will comply with Euro 3 standards as well as Bharat stage III.

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.

The process of constant improvement that the "Three Valves" 125 and 150 cc. engine (introduced in 2011 on Vespa LX) went through is solid proof of this commitment. The Three Valves models embody several technical solutions aimed at capping 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/l at 50 km/h.

The streamlining continued in 2014, with the aim of equipping the new Vespa Primavera with this unit as well, and touched on both the thermodynamic area and transmission efficiency.

Constant improvement: consumption of the 125cc 3V versions at 50 km/h

Year (model)	l/100km
2012 (Vespa LX)	1.88
2013 (Liberty 3V)	1.69
Improvement 2013 - 2012	-10.1%
2014 (Vespa Primavera)	1.56
Improvement 2014 - 2013	-7.7%

5_ Many companies took part in the Research Programme of the MUSS project, for the development of innovative solutions in environmental compatibility and for more sustainable urban transportation.

In practical terms, some of the applications of research on products that took place last year were⁵:

Reduction of consumption and emissions, improvement of the engines

Results in this field were seen particularly in three fundamental fields of research:

- › optimisation of engine thermal fluid dynamics, with particular reference to the combustion process;
- › reduction of organic leaks (friction, pumping);
- › improvement in the performance of the CVT transmission system.

Much energy is also invested in engine acoustics and timbre by developing numerical/experimental methodologies for designing the intake and exhaust systems and engine components with acoustic emissions that are lower and "more pleasant".

Improvement of the vehicles, reduction of absorption

This objective is methodically pursued by using aerodynamic simulations (CFD) and validation of the results through comparative analysis with experimental data obtained in the University of Perugia's wind gallery.

Increasing performance

Even if this activity regards all the projects, the product that is emblematic of the Group's technical ability in the field of performance research is certainly the 2015 version of the RSV4, introduced in November 2014. This motorcycle is the current (2014) champion of the World Superbike, with an entirely redesigned engine to get 16 horsepower more and a 1.6 kg weight reduction. Keeping the list down to the most important news, the 2015 version of the 65° V4 has a newly designed air box - just like all the internal fluid dynamics - with CFD (Computational Fluid Dynamics). New upper injectors, new intake ducts with adjustable length with individual management per cylinder bank, a perfect solution for being integrated with the new PRC system. Now the valves are made out of titanium and the entire distribution has been lightened, just like the driveshaft and the connecting rods. The upper crankcase is lighter and stronger; the ventilation system has been optimised to reduce power losses due to the pressure inside the cases. Improved oil suction and reduction of the level to lower friction. New transmission and exhaust system, with new electronic management of the valve and equipped with two lambda probes (one per bank). Engine control unit's calculation power also increased for more accurate management of the engine in the area of maximum rotation that can be reached.

Increase in safety and comfort

2014 bore witness to a boom in the sector, which may be summed up in the following points:

- › Wireless Traction Control for vehicle not equipped with Ride by wire, paired with ABS to maximise traction during acceleration and braking; the system was extended to the entire Vespa product line > 50 cc., MP3, Beverly, X10;
- › study and experimentation of an advanced system of semi-active electronic suspension ADD (Aprilia Dynamic Damping) and use in the mass production of the Aprilia Caponord 1200, of which another version was developed in 2014;
- › extension of the Ride by wire to the majority of Group vehicles, including the 500 version of MP3 2014; allows adoption of "by wire" Traction Control together with ABS, to maximise traction while accelerating or braking, and offers the multi-map management of the engine to adapt the power supply to the traction or driving conditions;
- › cruise control (based on Ride by wire); available on Aprilia and Moto Guzzi motorcycles;
- › APRC (Aprilia Performance Ride Control, based on Ride by wire) system on RSV4 which includes:
 - ATC (Aprilia Traction Control, the traction control that you can adjust as you go without shutting the throttle, on 8 levels, thanks to a practical joystick on the left-hand semi-handlebar, with highly-refined intervention logics);
 - aWC: Aprilia Wheelie Control, the wheelie control system, adjustable on three levels was recalibrated for maximum performance in level 1, the least intrusive;
 - aLC: Aprilia Launch Control, a system - for track use only - that can be set at three levels;
 - aQS: Aprilia Quick Shift, a system for extremely fast gear changes without shutting the throttle and using the clutch;
- › race ABS system (only for RSV4), studied and developed by Aprilia in association with Bosch to guarantee not just extreme safety on the road, but also the best performance on the track;
- › a preloading, electrically adjustable suspension for the Piaggio X10 and Aprilia Caponord, of which the ADD package is a part (electronic suspension);
- › full-LED scooter light (Vespa 946);
- › spread and broadening of the Piaggio Multimedia Platform info-mobility system, based on connection between smartphones and the vehicle via Bluetooth® (Piaggio MP3 and X10, Vespa GTS 2014, Vespa 946, Aprilia Caponord, Aprilia RSV4), iOS and Android.

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 to 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 continued in 2014 adding new functions and new graphics specific for the various models and brands.

Extended dashboard: 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.

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.

Navigation: 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.

User Manual: you can flip through the vehicle usage and maintenance manual directly on the mobile device, and have vehicle registration data, expiration dates of the road tax and insurance at the tip of your fingers.

In 2014 other functions were added, like:

Eco Meter: the change in the colour of the display gives indications on driving style in real time and provides a final evaluation, with the option to share it on social networks.

Grip Warning: provides a direct traction control system evaluation on the conditions of the road bed. If the system detects poor traction conditions, it generates a warning on the display.

The PMP records journey data on an ongoing basis, so users can easily analyse their riding style at home, on computer, if they want; as of 2014 you can see the data viewed along the map of the route.

The “beta” version for electric post office fleet vehicles was made available. It includes advanced functions for managing the vehicle and charging batteries, including “Smart Autonomy Management” patented by Piaggio. This version underwent testing in the field during 2014 and passed.

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.

ADVANTAGES OF THE MP3

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.

Alternative engines, plug-in and electric hybrids

Two-wheeler sector

In recent years the most cutting-edge effort to reduce environmental impact has been the development of the 125 and 300 Hybrid engine, which began in 2009. This innovation uses a parallel 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 development of new modular 1.5 kWh batteries was completed; these will be the forerunners of future families of modular batteries that will incorporate numerous functional improvements to increase their versatility.

The research continued in 2014, particularly concerning:

- › study and development of solutions aimed at improving performance and reliability of the electronic control systems;
- › study and development of solutions aimed at improving the energy accumulation systems, new 1.5 kWh modular batteries (lithium) and their use even in fields unconventional for Piaggio;
- › study and development of solutions aimed at guaranteeing better vehicle usability for the customer through a Smart Autonomy Management (GIA, patented by Piaggio).

Electric Bike Project: an entirely new product

As a logical consequence of Piaggio's commitment to technology for the environment, in 2014 the Electric Bike Project was presented, a completely new vehicle that aims to meet the most up-to-date needs and advanced trends in mobility.

Piaggio Electric Bike Project goes beyond the concept of the bicycle with assisted pedalling and is a way to get around that is a comprehensive response to the most advanced needs of a mobility no longer simply seen as the ability to move, but also as possessing and sharing information in the most modern forms on the web and interaction with one's own vehicle.

Thanks to PMP (Piaggio Multimedia Platform) technology, the Electric Bike Project presents a highly

advanced interface between man and mechanical means and guarantees constant sharing of data. The 250W-350W motor springs from Piaggio's experience in the hybrid and full electric field, entirely designed, developed and built by Piaggio Group, just like the lithium battery and the control electronics. Its compact shape is conceived to fit perfectly in the frame, under the shadow of the crown, so as to greatly reduce the aesthetic impact.

The Man/Machine interface is central to the project; the "contactless" automatic display connects to and is powered via NFC and acts as an ignition and antitheft key. The use of PMP - with specific functions derived and extended with respect to that described for motorcycles and scooters - is original and lets you manage the bicycle and your performance, interact with social networks, receive weather information, etc. You can also use the smartphone to update software, run an initial diagnosis and a more complete check.

A GPS/GSM module is lodged in the battery, which acts both as a satellite antitheft and as a data transmission unit. This way you can get the charging status and the low battery warning via app, for example, after a long winter break. It offers a long range between 60 and 120 km depending on the means and conditions of use.

It has a belt transmission and on some versions there is an automatic electronic gear with CVT.

The exclusive DEA (Dynamic Engine Assistance) lets you programme the level of assistance in relation to the power offered by the cyclist. For example, the cyclist can set a favourite value for effort (power, frequency, and speed), while the motor instantly adjusts its contribution to absorb the altimetric variations. Electric Bike Project becomes a true fitness machine.

Three/four wheeler sector

In this sector, Piaggio has always set itself apart from the competition for its characteristics of manoeuvrability and compactness of its vehicles, but also for its eye for the environment.

In Europe just as in India, this challenge is faced 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 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.

* Last reliable prevision



The 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.

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.

The consumption of the Indian range turned out to be extremely competitive compared to the main competitors.

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

A single fuel LPG version went on 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 and to comply with the current regulations in some of the main urban centres in India.




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

For the overseas market a specific version of Ape City (High-Slope) was developed, conceived to meet the needs of customers who have to use this vehicle on a territory with tough 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).

	<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

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

Environmental compatibility of the product and the process

“Life Cycle Management” in two-wheelers

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).

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.

Through a partnership with UniFi, the characteristics of recyclability of the MP3 125 Hybrid in accordance with ISO 22628:2002 were analysed. This was done by taking apart a real vehicle and registering all of 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.

“Life Cycle Management” in four-wheelers

In the four-wheel sector, the regulatory panorama is different, and more similar to that of cars.

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 _{cy})	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%

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).

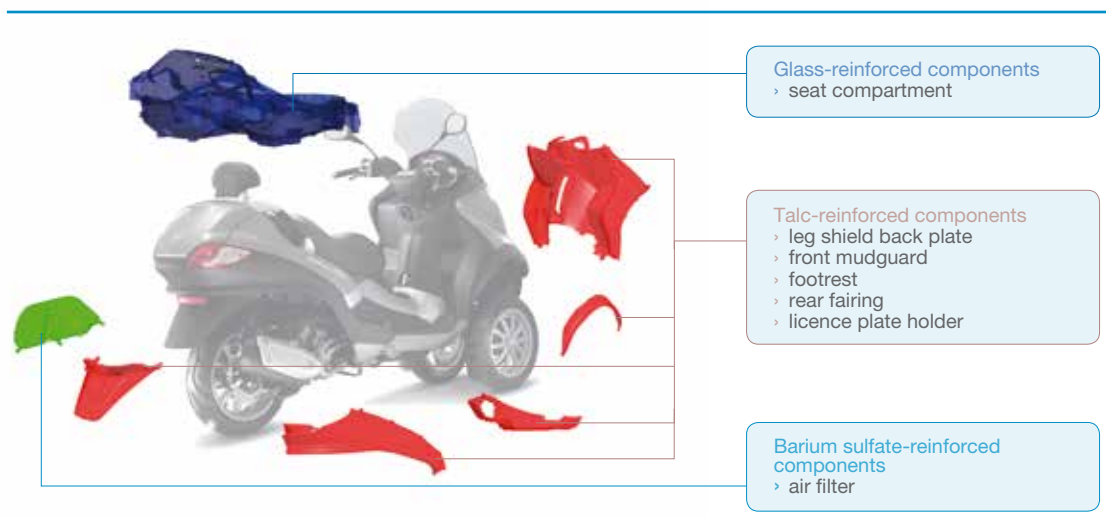
Plastic materials in body parts	%
Total weight of plastic body parts / total weight of vehicle	10
Total weight of mass-pigmented polypropylene parts (possibly of recycled materials) / total weight of vehicle	7
Total weight of mass-pigmented polypropylene parts / total weight of body parts	70

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).

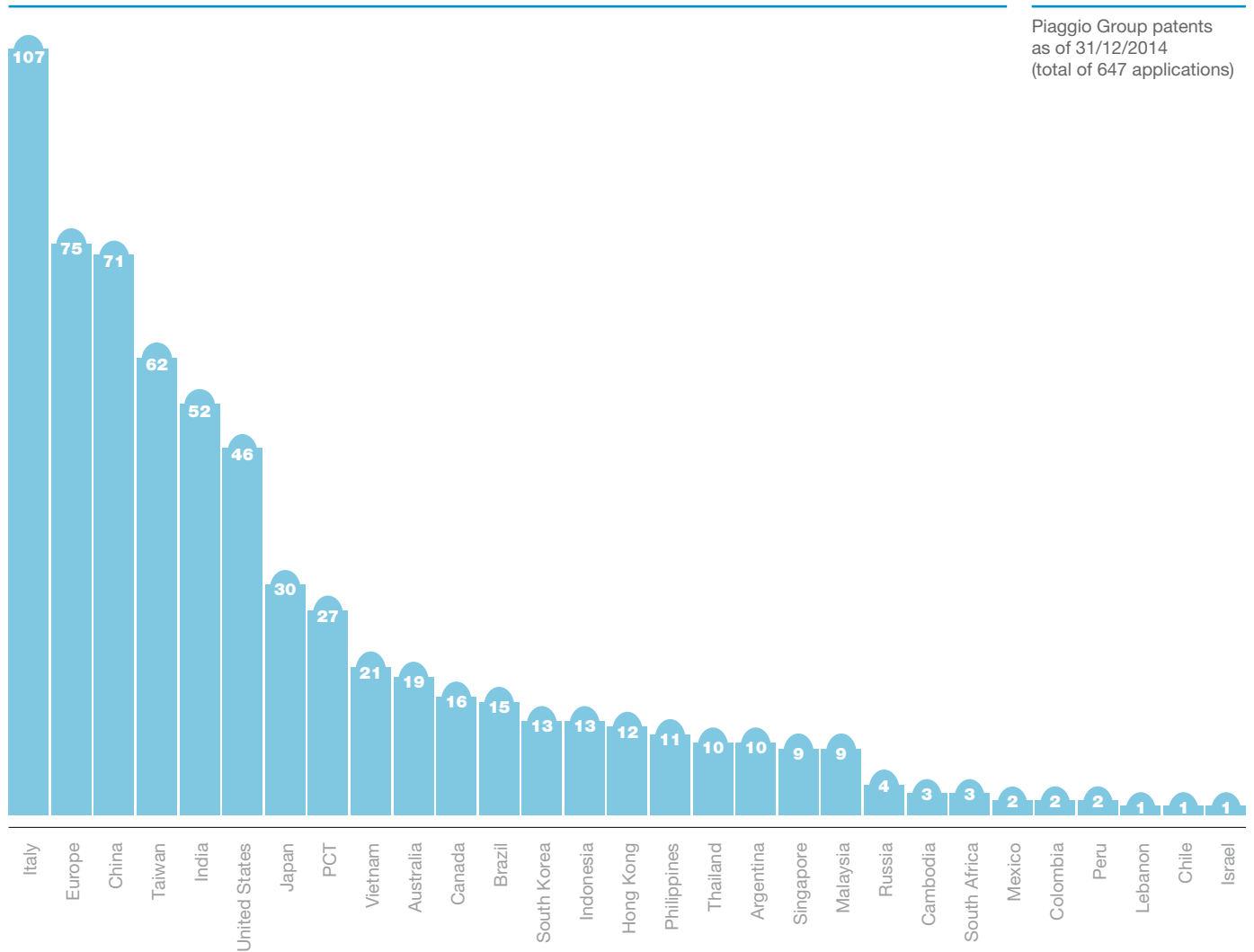
Since 2011, the percentage of recycled material used in the composite plastic has been increased to 40% for some applications. Both technical aspects, including the filing of a patent on the material developed, and commercial aspects were also finalised.



Piaggio MP3 Applications

Industrial patent rights

The intense research and development constantly ends up leading to the filing of patents in countries where the Group operates⁶. Currently, the portfolio of patents includes 647 filings (+10% over 2013).



⁶ 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.

Funded national and European projects

Piaggio Group promotes funding applications at the regional, national and European locations, in a nod to the quality of its research.

Regional Projects

In 2014 an application for a project called ADAMo (Adaptive Digital Aerodynamics for Motorcycles) was presented in the area of Regional ICT and Photonics, Engineering of components and advanced and smart integrated systems (devices/products/processes).

The project concept consists in the creation of an Active System of Aerodynamic Control for motorcycles that can modify the aerodynamic flow and in function of the operating conditions and performance requested, using, among other things, a dedicated user interface on smartphone (App). The University of Pisa (data transmission systems), CUBIT (advanced centre for innovation), RICO (PMI for the development of electronic sensors), TELCOMMS (PMI, advanced communications systems), INFN (entity for research, technical development HPC), PSM (PMI, prototyping and engineering) are part of the consortium (which must be formed by companies and entities headquartered in Tuscany). The application is being evaluated by the Region of Tuscany.

National Projects

DETECH

The DE.TECH (DEsign cfd and aesthetic TECHnologies) project is underway, a project financed by the Ministry for Economic Development in the NEW TECHNOLOGIES FOR ITALIAN PRODUCTS TENDER - Industry 2015.

The project, begun on 1 September 2011 will be completed on 30 June 2015. Piaggio is the leader of the consortium, composed of 11 partners, including the University of Rome Torvergata, three research bodies (SCIRE Consortium, H2CU Inter-University Centre for International Training, QUINN Consortium) and 6 Small and Medium Enterprises (NUMIDIA, COMETA, NIVOL, RELAB, TECHNOS Consortium, TQS).

The purpose of the project is to define and fine-tune the processes, methods, tools and competencies for the improvement of the process of defining and developing new products in the two-wheeler sector (motorcycles and scooters), specifically in the following areas:

- › **Virtual-Reality**, as a support tool in the stages of ideation and definition of the concept;
- › **New concept development method**, to optimise the process of analysis of customer needs up through defining the product functions and requisites;
- › **PLM**, to guarantee integration of product definition and development processes, from the idea through to production;
- › **Materials and technologies**, to develop new technological solutions that help achieve the key factors to product success.

Throughout 2014 research and development of tools was completed (virtual reality room, CFD and Reverse Engineering system) experimentation on which is planned for the first half of 2015. Furthermore, the most promising innovative technologies for improving the aspect of the current vehicle components were also identified, like the PVD (Physical Vapour Deposition) treatment and overmoulding IMD (In Mould Decoration), an activity that came together during creation and experimentation on material samples. In 2015, the creation of some scooter and motorcycle prototype components will follow (Vespa 946, Guzzi Naked a Aprilia Caponord Project).

Lastly, the new PLM system has gone operational, and will be extended in 2015.

ITALY 2020 – Road-based Mobility

January 2, 2014 officially saw the start of the ITALY2020 – Road-based Mobility, financed by the MIUR in the scope of the National Technological Clusters tender – Means and systems for mobility over land and by sea.

The leader is ATI Piemonte (CRF, Magneti Marelli Sistemi Sospensioni), that Centro Ricerche Fiat is the agent of. Numerous industrial players of the Emilia Romagna Region (Ferrari, RIBA, Landi Renzo, HPE), Lombardy Region (Streparava, OMR, Cromodora Wheel), Abruzzo Region (Tecnomatic S.p.A, Delta-Preg Uninominale S.p.A., Progetto Logistico S.r.l., Invenmeccanica S.r.l.) and Campania Region (Adler Plastics), academic partners (Politecnico di Torino, Politecnico di Milano, University of Padua, University of Rome La Sapienza, University of Modena and Reggio Emilia) and research bodies (ENEA and CNR) are involved in the project.

The project involves carrying out research and development activities with the objective of validating Models aimed at describing all aspects (physical, technological, economic, market, and of the territory) of the different possible approaches considered relevant to achieving a decarbonised economy (EU 2050) through Mobility that is Smart, Green and Interconnected.

The ultimate objective of the project is to define the ITALY 2020 Future Vision in terms of Strategic priorities (Technologies, Investments, etc.) distributed over the Italian territory (Short, Medium and Long-Term) to obtain scenarios of Decarbonised Mobility.

The first year of activity dealt with the Analysis of the State of the Art of Mathematical Models on road-based mobility and the definition of specific and alternative technologies for each area of the Objectives to Be Reached OR2 (Lightening), OR3 (Electrification of the Vehicle), OR4 (Combustibles and Powertrain) and OR5 (Data and Communication).

PREPARATORY ACTIVITIES for 2014-2020 European Projects

7_ ACEM, the Motorcycle Industry in Europe. <http://www.acem.eu>

8_EGVIA (European Green Vehicles Initiative Association) is a branch of ERTRAC: European Road Transport Research Advisory Council (ERTRAC).

Piaggio actively participated during 2013 and 2014 in the preparatory works for the Horizon 2020 programme in the Transport field. Specifically, it assisted ACEM⁷ 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 EGVIA⁸, 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 were published at the beginning of 2014.

Piaggio presented three project proposals (RESOLVE, eCaiman and Reliable) within the scope of the new funding programme, called Horizon 2020.

Intelligent Transportation System development: Piaggio's involvement

Piaggio has been participating in an ACEM (Associazione Costruttori Europei Motocicli - European Motorcycle Constructors Association) committee since 2010 aimed at monitoring the evolution and potential effects 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.

2014 bore witness to the taking shape of ACEM strategies in the ITS area in two important activities:

- › the participation of the main two-wheeler manufacturers (among which is Piaggio) in the I_HeERO project proposal on the theme of the eCall emergency call, funded in the CEF (Connecting Europe Facilities) programme;
- › the direct involvement of Piaggio in the C-ITS platform, promoted by the European Commission for the definition of the minimum requisites of vehicle-to-vehicle and vehicle-to-infrastructure cooperative communication systems.





MEETING CUSTOMER REQUIREMENTS

Product quality and reliability	74
Dealers	78
Customers	79
Vespa World Club	81
Moto Guzzi World Club	82



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 Group 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.

9_ UNI ISO 9000 definition
10_ UNI ISO 8402 definition

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 9001:2008 Quality Management System 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.

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.

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.

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

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.

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.

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 design specifications by using laboratory and road tests.

Vehicles assembled with prototype components, i.e. obtained based on drawings 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

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.

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.

Product information

Due to the type of business it does, Piaggio Group is subject to numerous national and international regulations that govern information on its products, both in the field of advertising communication and in the field of manuals related to each individual 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.

Dealers

Commitment	2014 objectives	2014 results	2015 objectives	Mid-term objectives
Improve and update support tools for the management of the relationship governed by the concession contract.	<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"> › The new Dealer Portal introduced onto the Italian market. › Introduction of the Dealer Business Service completed in all European markets. › Constant improvement of relationship management processes with the sales network. 	<ul style="list-style-type: none"> › Introduction of the Dealer Portal completed on the main European markets. › Constant improvement of relationship management processes with the network. 	<ul style="list-style-type: none"> › Improvement of the service level offered to dealer and end customers. › Improvement of the customer experience at sales point and gaining of customer loyalty.

Guarantee access to Group products to a larger number of people, meet their mobility and safety needs, ensure efficiency and innovation: these are the actions that the Group leverages to manage a service that is more and more oriented towards the customer and customer satisfaction.

The sales network is one of the fundamental levers for creating a relationship with the customer that is long-lasting and based on trust, aligning behaviour with contractual honesty, transparency in relations and in contractual commitment, courtesy and cooperation, with a rationale centred around the customer, and fully respecting the principles established by corporate procedures - this also means the dealers - in the Code of Ethics and the Piaggio Guidelines for Conduct published on the website www.piaggiogroup.com.

The main commitment consists in overseeing the quality of the distribution to guarantee reliability, transparency and continuity of service throughout the lifecycle of the customer. In so doing, innovation is one of the key levers, which translates into optimisation of the operating activities, but above all into implementation of new services, for the dealers in the sales network, and made possible for end customers by technological innovation and constant review of relations processes oriented towards simplification and transparency.

Dealers and their personnel represent the main communication channel for managing customers assisted by the Group's Customer Service activities.

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 of the Group is fundamental for promptly and effectively handling any potential problems for end customers.

The partnership leverages certain tools and activities aimed at making communication with the dealers more efficient and increasing competency, like sales network training, both technical and business, and use of specific tools like the Dealer Portal and Piaggio Business Service.

Dealer Portal

The Dealer Portal strengthens interpersonal relations between the Company and the dealership, guaranteeing their continuity which goes beyond physical presence or phone calls by the interlocutor. The ever more competitive context that we work in calls for the renewal of the systems and methods of involvement of the network through innovation of common job tools. This means being able to listen to the partner, find out what the problems are and solve them. That's why the Group has invested to make the communication channel that is the Dealer Portal more modern and oriented toward a reciprocal exchange of information.

The Dealer Portal is the 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 in function of the profile assigned to the dealer by the dealership contract. Specifically, the Dealer Portal enables dealerships to:

- › get informed on promotions and product sales tools;
- › access technical and administrative documents and sales literature in real-time;
- › learn and train their own staff on product maintenance and customer management techniques;
- › share corporate information, press releases, activities underway.

Dealer Business Service

The Dealer Business Service provides daily assistance for dealers, to ensure optimal management of the after-sales service: from ordering the vehicle to information on delivery, product warranty management and assistance in general. The service is based on a series of platforms broken down into themes, like logistics, vehicle sales, spare parts and accessories 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 dealers, 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

Other activities joined the ranks of these tools during the year, like for example the local dealer convention, the workshops on specific topics, the pilot tests on panels of dealers for new projects and training, both sales and technical. The aim was to ensure that Group and dealer activities and actions target customer management in order to establish customer loyalty and consolidate the Group's reputation on the market.

The Group also promotes responsible sales techniques, based on information that is transparent, complete and conforming, given to customers during all stages of the sales process.

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 Dashboard, which are designed to ensure that shared quality and service standards for managing sales processes are taken up across the organisation (company front-end). Listen to the customers, bringing their needs into the organisation and orienting it to satisfy them is the role of the "Customer experience" function.

Customer Experience

Piaggio has created and consolidated over time a customer engagement platform, operational on the main market where the Group's products are sold, 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;
- › brand awareness and loyalty.

In 2014 in Europe the research and analysis methods already launched in previous years to measure product experience were confirmed: phone interviews on new products (Vespa Primavera, Vespa GTS ABS, MP3 and V7) and web surveys on the consolidated range.

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 on faults/failure of products under warranty and technical tests and trials.

Measurement of the customer experience was introduced to the USA market on a test basis, for the scooter business, using customised web searches and entirely managed by Piaggio personnel.

In terms of the Vietnam market, 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.

Furthermore, specific research was launched in Europe (Italy, France, Germany and the UK) and Vietnam, to monitor the entire decision-making process that leads to the purchase of a two-wheeler vehicle. Specifically, the objective is to understand the buying aptitude, main points that influence the choice, motivations to buy and perception of various brands operating on the market of motorcycle and scooter business. The results of this research will be available in the first two months of 2015 and will make it possible to orient strategic action and marketing tactics.

In total, in the whole world, about 62,000 two-wheeler owners were contacted.

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 dedicated to Customer Experience



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

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.

	Analysis scope		
	Brand	Product	Service
Net Promoter Score Index	X		X
Loyalty - commitment to repurchase	X		X
Customer Satisfaction Score		X	X
Level of satisfaction on specific aspects and their relevance		X	X
Defect rate perceived by the customer		X	
Defect severity		X	

Types of indicators used by Piaggio to monitor *Customer Experience*

Web Presence

A Web Monitoring analysis was created to evaluate the perception of the Vespa brand and relative products on this channel in Vietnam. The spontaneous comments of the web users analysed helped understand and continue to improve the product and relative services for the customer.

Since November 2014, the official residence of the main Group brand on social media has grown, starting with daily activity of postings of content and dialogue with fans on Facebook, Twitter, Instagram and Pinterest.

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 has a virtual on-line space on the SAP CRM platform for all main European markets - Italy, France, Spain, Germany, Benelux and Great Britain, as well as for the USA, Indonesia and Vietnam. In India, another management tool specifically developed for this market, was implemented.

There were 66,200 managed contacts in Europe and more than 4,300 in USA, Vietnam and Indonesia in 2014; problems with products and/or services accounted for 19% of calls for assistance.

The Group's level of service on the main market was up to par with outstanding standards for the sector: indeed, 87% of the calls is managed within 30 seconds and the average time for solving the requests barely goes over 24 hours.

The platforms are all characterised by standardised management of customer reports that help set 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.

In 2006, the Piaggio Group and the Piaggio Foundation established the Vespa World Club (VWC), a non-profit association, created to 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 all over 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.

2014 Activities

Throughout 2014 the number of Vespa Clubs members of the Vespa World Club grew, with the enrolment of countries like Israel, Jordan, Peru and Slovenia.

In 2014, the VWC organised the following events:

- › **Vespa World Days** (world tourism rally) in Mantua, with more than 4,000 Vespas registered and the participation of about 10,000 Vespas and many, many quick getaway attendees. The event was held from 12 to 15 June 2014 at the same time as the opening of the Motoplex;
- › 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 4 races: Pinerolo on 19/20 July, Cologne (Ger) 23/24 August, Steiermark (Aut) 5/6/7 September, then ending in Pontedera, 24/25/26 October;
- › **500 kilometres of Vespa driving - Vespa Raid European Championship** a biennial event to practice for the Gran Fondo, and where Vespa World Club backed the organisation of the Vespa Club Milan. The 200 Vespa riders participating took part in an economy test from Milan to La Spezia;
- › rally of the **Vespa International Historical Register** held in Italy;
- › **EUROAPE**, tourism rally dedicated to the Ape Piaggio, held in November at Castello di Pavone, in Piedmont in association with Ape Club Italia.

2015 Programme

Vespa World Days will be held in Biograd na Moru (Croatia), with enrolment already open on the Vespa World Club website.

Candidatures are being evaluated for holding the Vespa Rally European Championship, of which the two Italian stops have already been decided, in Jesolo and at the Lake of Bolsena.

The 12th 1000km Vespistica is scheduled, organised by the Mantua Vespa Club, which will be held from 26 to 28 June.

The Rally of the Historical Register will be held in Belgium, for the first time outside of Italy.

Furthermore, initial contact has been made with the German branch to bring EuroApe 2015 to the Lakes region south of Munich.

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 and non-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.

Today, after 12 years of activity, Moto Guzzi World Club boasts direct members and 82 recognised clubs in Italy plus:

- › 6 clubs recognised in America, Asia and Australia, representing approximately 7,500 members;
- › 20 clubs recognised in Europe, representing approximately 5,000 members.

2014 - ACTIVITIES

Over the course of 2014 the Moto Guzzi World Club:

- › organised two rallies, one of which national in Versilia, and the other international in Port Valais (Switzerland);
- › oversaw some specific product events (California Day, V7 Day);
- › supported various rallies organised by recognised clubs;
- › promoted and developed the “Moto Guzzi Trophy”, a safe economy run, on 6 Italian circuits (Varano dè Melegari, Adria, Magione, Franciacorta, Vallerlunga, Misano) dedicated to vintage motorcycles;
- › offered organisational and logistic support to the inventors of the Aprilia Cup, the competition created following the example of the Moto Guzzi Trophy, on the same dates.

The rally of the “Mediterranean Area” was also held in Greece, where the Guzzi clubs from Greece, Malta and Albania get together with the Moto Guzzi Club Aquile dell’Etna, Moto Guzzi Club Aquile e Rose di Calitri and Moto Guzzi Club Capo di Leuca.

This last club finished the calendar of official events with the “Christmas Guzziata” (19-21 December) stopping at various locations around Salento.







ENVIRONMENTAL SUSTAINABILITY

Production sites	89
Environmental certifications	91
Reduction of energy consumption	91
Reducing emissions of CO ₂ and other pollutants	93
Conserving water resources	94
Waste handling and recovering	95
Biodiversity	96
Environmental spending and investments	96
Logistics	99



“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)

Commitment	2014 objectives	2014 results	2015 objectives	Mid-term objectives
Protecting the environment: ›reducing pollutant emissions ›conserving natural resources.	› Mandello Plant: Decontamination operation for building D area.	Project started and in progress.	Mandello Plant: completion of decontamination building D area.	› Evaluation / application of new technologies with a lower environmental impact (for example, changing the painting cycle).
	› Pontedera Plant: Completion of asbestos cement removal building 25.	Decontamination started in 2014. Planned to end in 2015.	› Pontedera Plant: Starting from 2015, start of dismantling of asbestos cement roofing of some buildings (starting from those not encapsulated). Specifically, the dismantling of the roofs of buildings 35, 52, 57 was approved.	› Renovation of the Mandello del Lario production site for a more virtuous management of operations. › Final separation of the internal sewage system serving the Pontedera production site by building a new sewage system for the industrial painting wastes.
	Dismantling of parts of the plant in the two-wheeler Painting Department.	Dismantling completed as scheduled.		
	Installation of continuous air pollution monitoring systems on 3 stacks in the two-wheeler Painting Department.	Systems installed.	Construction of new two-wheeler painting system (see box). Activation of continuous monitoring system (Pontedera). Baramati Plant: for energy-saving purposes: adoption of heat recovery systems; installation of LED lamps.	› Reduction of asbestos cement roofs (various sites in Italy) At the Pontedera plant, plan to dismantle 100% of non-encapsulated roof by 2017. › Pontedera Plant: commissioning of new two-wheeler painting plant in the spring of 2016.

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.

Piaggio is continuing its efforts to reduce the environmental impact of its industrial activities to a minimum through the careful design of the transformation technology cycle and the use of the best technologies and cutting-edge production methodologies. The pursuit of these environmental sustainability goals is blazing a trail of ongoing improvement of environmental performance.

This commitment, enacted in the Code of Ethics¹³ 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.

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.

13_ Code of Ethics
- Article 7: Without prejudice to compliance with the specific applicable regulation, the Company pays attention to environmental issues in its decisions, also adopting - where operationally and economically feasible and compatible - environmentally friendly production technologies and methods, with the aim of reducing the environmental impact of its activities.

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). Please be noted that the Spanish production complex at Martorelles was closed in February 2013 and that the production of Derbi brand vehicles was moved to Italy.

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.

Vehicles produced	No.	EMEA and Americas			India	Asia Pacific	Total	
		Pontedera Noale and Scorzè	Mandello Del Lario	Martorelles	Baramati two-three-four wheelers	Vinh Phuc		
	2014	144,883	25,747	6,793	0	232,725	103,532	513,680
	2013	143,935	23,431	7,528	2,255	237,408	106,720	521,277
	Difference 2014-2013	0.66%	9.88%	-9.76%	-100.00%	-1.97%	-2.99%	-1.46%
	2012	180,726	31,272	6,876	9,384	227,654	103,520	559,432

Engines produced	No.	EMEA and Americas		India	Asia Pacific	Totale
		Pontedera	Baramati	Vinh Phuc		
	2014	142,471	52,271	94,572	289,314	
	2013	137,588	59,525	93,313	290,426	
	Difference 2014-2013	3.55%	-12.19%	1.35%	-0.38%	
	2012	174,981	27,757	19,070	221,808	

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 organisational structure of Italian sites of the Piaggio Group

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)

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.

In December 2013 the production plants at Pontedera, Noale, Scorzè, and Mandello del Lario obtained the renewal of the ISO 14001:2004 certificates for the Environmental Management System up to December 2016. In November 2014, audits were successfully conducted by the certification company Det Norske Veritas (DNV)^[1] in order to confirm **Quality** (ISO 9001), **Environment** (ISO 14001) and **Occupational Health and Safety** (BS OHSAS 18001) certification for the Pontedera, Noale-Scorzè and Mandello del Lario sites. The following were of particular relevance for certification activities:

- › the transfer of the 01 Mechanical Plant inside the production site at Pontedera, which required the new building to fully meet Piaggio company standards as regards the environmental management system;
- › extension of certification to the warehouse at Quinto di Treviso.

The outcome was positive and no "Nonconformities" were found.

The Piaggio Group holds certification for the **Environment** (ISO 14001) including for the Vinh Phuc plant in Vietnam 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 to carefully monitor consumption, thus making attentive management possible.

In 2014 in Pontedera, targeted research into avoiding and reducing energy waste got off the ground, along with activities to identify, develop and implement plant re-engineering measures in order to increase efficiency.

Thanks to operating changes and adjustments, such as lowering the heating system temperature, optimising delays in plant start-ups and not using plants proven to have no added value, an estimated annual saving of 400,000 KWh was achieved.

As regards plant modifications carried out during the August shutdown, with inverters installed and the cooling circuit pump units replaced, an overall reduction in consumption of 500,000 kwh/year was measured.

A structured project to service air compression systems was outsourced, to guarantee a reduction in consumption of 1,400,000 kwh/year. In general, the strategy adopted, starting from a proactive approach involving plant engineering, will be extended to cover the control and rational management of energy, as part of an initiative that will lead to ISO 50001 certification of the Pontedera site in 2015. Process start up and the times for awarding certification were made official during the annual confirmation of certification already held.

1_ Det Norske Veritas is one of the world's leading certification bodies

Energy consumption of Piaggio Group production sites

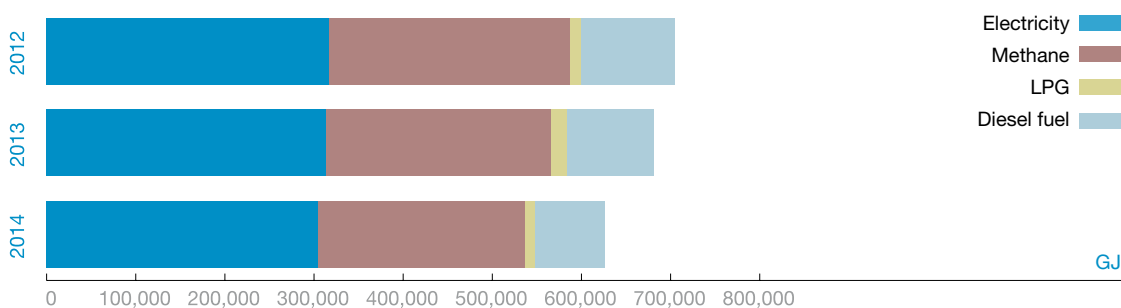
		Pontedera	Noale and Scorzè	Mandello Del Lario	Martorelles ¹	Baramati	Vinh Phuc	Total
Electricity (Thousand KWh)	2014	40,213	3,800	746	0	26,562	13,270	84,591
	2013	41,136	3,921	830	913	26,198	13,979	86,977
	Difference 2014-2013	-2.2%	-3.1%	-10.1%	-100.0%	1.4%	-5.1%	-2.7%
	2012	43,153	4,308	844	1,569	26,378	11,851	88,103
Methane/Natural Gas (Sm ³)	2014	5,378,771	197,091	135,095	0			5,710,957
	2013	5,959,639	354,091	205,248	4,019	0	0	6,522,997
	Difference 2014-2013	-9.7%	-44.3%	-34.2%	-100.0%			-12.4%
	2012	6,314,949	387,872	209,090	13,384	0	0	6,925,295
LPG ¹ (Ton.)	2014					199	22	221
	2013					389	21	410
	Difference 2014-2013					-48.9%	8.0%	-46.0%
	2012					239	23	262
Diesel fuel ² (Litres)	2014	1,590			0	2,168,530	696,578	2,866,698
	2013	1,692			96,000	1,803,725	790,974	2,692,391
	Difference 2014-2013	-6.0%			-100.0%	20.2%	-11.9%	6.5%
	2012	1,626			96,000	1,880,110	913,442	2,891,178

1_ Plant no longer active since March 2013.

2_Some values are based on estimates. The 2013 LPG and diesel consumption figure for the Baramati 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 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.



A comparison of 2014-2013 figures shows a substantial stability in electricity consumption for all active sites, underlining how normal operating interventions are close to the physiological limit. In terms of other energy sources a change is found more strongly linked to the periods actually worked.

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.

There is ample evidence of the effectiveness of the changes brought about by the structural works (replacement of boilers and renovation of distribution networks) carried out over time and already reported in previous editions, specifically at the Pontedera and Mandello del Lario plants. Also in 2014 the reduction in energy consumption already reported in previous years was confirmed.

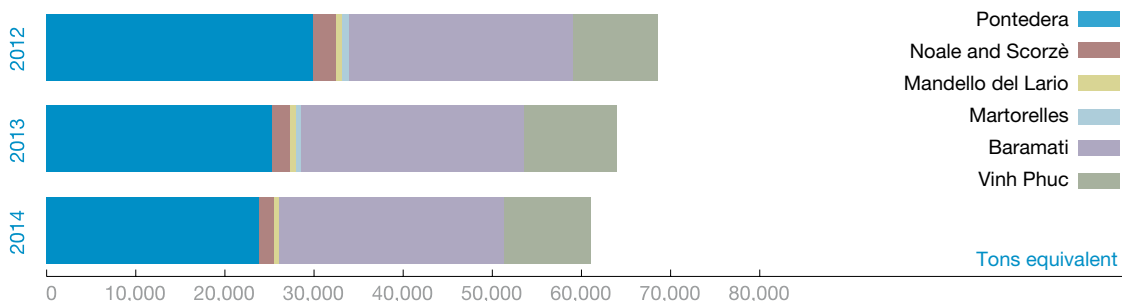
Ton		Pontedera	Noale and Scorzè	Mandello Del Lario	Martorelles ¹	Baramati	Vinh Phuc	Total
2014	direct ²	10,526	388	266	0	5,801	2,052	19,033
	indirect	13,270	1,254	246	0	19,550	7,649	41,969
2013	direct ²	11,673	691	404	294	5,725	2,377	21,164
	indirect ³	13,575	1,294	274	274	19,328	8,057	42,802
Difference 2014-2013	direct ²	-9.8%	-43.8%	-34.2%	-100.0%	1.3%	-13.7%	-10.1%
	indirect	-2.2%	-3.1%	-10.2%	-100.0%	1.1%	-5.1%	-1.9%
2012	direct ²	12,392	757	408	303	5,669	2,671	22,200
	indirect	17,520	1,749	343	419	19,461	6,831	46,323

Direct and indirect CO₂ emissions of Piaggio Group production sites

¹ Plant no longer active since March 2013.

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

³ Compared to the reports published in previous years, some historical data were recalculated using the final data. At Pontedera these were adjusted following data validation procedures for the purpose of communicating CO₂ data in accordance with the ETS Directive.



CO₂ emissions of the Piaggio Group

It should be noted that for the determination of gases with a greenhouse effect, diesel, fuel oil and methane sources, the conversion criteria of the “Emission Trading” Directive (Directive 2003/87/EC) were used.

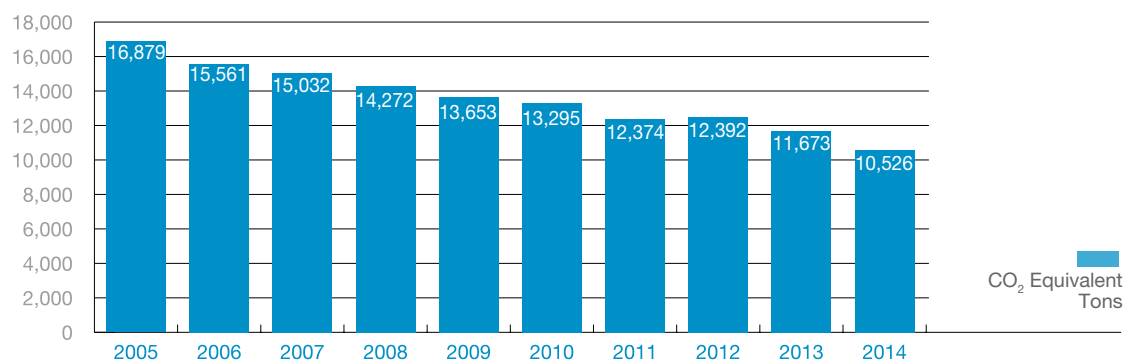
With reference to CO₂ emissions, the industrial plant at Pontedera comes under the sensitivity area classification of the “Emission Trading” directive (Directive 2003/87/EC) which implements the Kyoto Protocol. The site is classed as a “Group A” site, relative to companies releasing the lowest amount 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. The quantities reported therein are certified by an audit body accredited by the Competent National Authority (CNA) with the exception of the 2014 figure, consolidated, but not yet certified, expected by the end of March 2015.

Direct CO₂ emissions of the Pontedera site



Other significant emissions at the production sites of the Piaggio Group¹

¹ Reported data are also based on processing using estimates.
² Plant no longer active since March 2013.
³ The 2013 figure already published was recalculated using the final data.

	Pontedera	Noale and Scorzè	Mandello Del Lario	Martorelles ²	Baramati	Vinh Phuc	Total
2014	118.4				452.0	4.4	574.8
2013 ³	126.0			10.3	411.0	4.4	551.7
VOCs (Ton.)	Difference 2014-2013	-6.0%			10.0%	0.4%	4.2%
2012	141.0			10.8	444.0	2.9	598.7

Although emissions of VOCs have decreased considerably in the last few years, the use of technologies with less impact on atmospheric pollution and on water resources is being evaluated. Specifically, a new painting system is currently under construction at the Pontedera plant and it is estimated that it will cut VOCs by about 80%. These changes will be in full operation starting from the first half of 2016.

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.

Water procurement of Piaggio Group production sites

m ³		Pontedera	Noale and Scorzè	Mandello Del Lario	Martorelles*	Baramati	Vinh Phuc	Total
2014	Water from wells	333,337	5,035	8,025				346,397
	Water from the mains	45,572	5,897	747		275,781	103,255	431,252
	Total	378,909	10,932	8,772	-	275,781	103,255	777,649
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
Difference 2014-2013	Total	-0.3%	-16.4%	-51.1%	-100.0%	-2.5%	15.6%	-1.0%
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

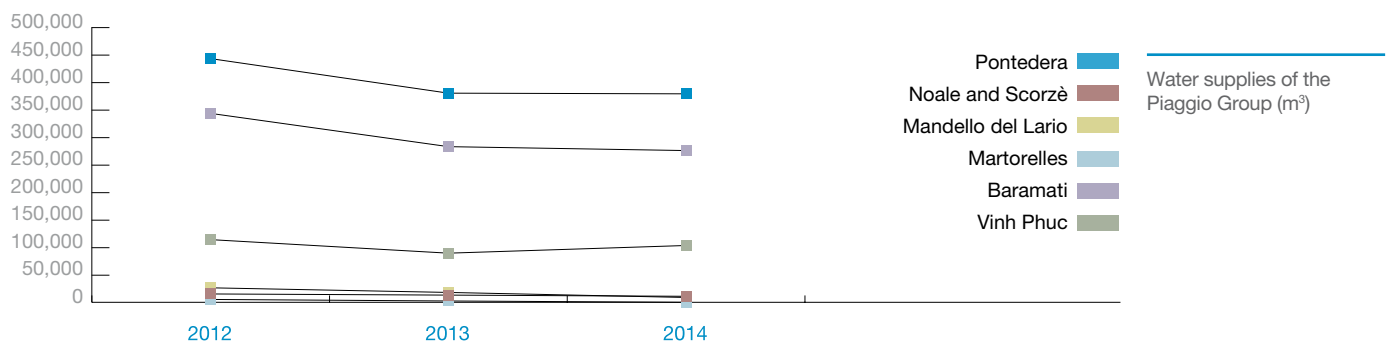
* Plant no longer active since March 2013

Water consumption for the active European sites is stable or dropping, and despite having already obtained drastic reduction which could lead to the conviction of having reached a level difficult to further reduce, Piaggio continues to undertake activities and tests aimed at additional reductions.

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;
- › **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 125,905 m³ of water were recycled and reused by the Indian plant in 2014, equal to 45.65% of the total amount drawn by the plant. At the Vietnamese plant waste water recovery amounted to 13,426 m³/y, equivalent to 13.0%, unchanged compared to the year before.



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 with an environmental management system have specific procedures in place to facilitate waste disposal and recovery, thus avoiding operations that are harmful for the environment or that may affect activities. At all other sites, general indications are based on the above mentioned procedures and modified to take into consideration applicable local regulations.

Waste produced at Piaggio Group production sites

Ton		Pontedera	Noale and Scorzè	Mandello Del Lario	Martorelles*	Baramati	Vinh Phuc	Total
2014	Total waste	1,876	564	331	0	1,859	1,137	5,766
	Hazardous	26.3%	3.8%	0.6%		22.6%	76.1%	31.2%
	For recycling	84.6%	89.6%	99.5%		78.9%	19.0%	71.2%
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%
Difference 2014-2013	Total	-27.3%	-10.8%	60.1%	-100.0%	-7.9%	14.1%	-13.0%
	Total waste	1,595	595	161	121	1,866	1,111	5,449
2012	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%

* Plant no longer active since March 2013

The difference in the amount of waste between 2013 and 2014 depends upon an ever more attentive management of this factor, not to mention production increases and decreases of the different companies. The spike at Mandello was due to scrapping in 2014, while at the Pontedera plant the increase in the amount of hazardous waste was due to disposal and cleaning of some tanks put to the service of a new aluminium processing floor. In addition, at this same plant the sharp drop in total waste produced in 2013 was affected by the relocation of the aluminium processing activities, which were previously carried out (in 2013) outside the main plant and by the occasional scrapping of obsolete materials (especially containers).

Soil contamination

We report that in 2014, as in 2013, 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 € 2 million invested in the environment by Italian production sites in 2014. These investments regarded mainly projects aimed to improve and monitor environmental aspects, impacts and risks.

	2014	2013
(figures in euro)		
Waste disposal, waste treatment and environmental restoration costs	332,819	390,172
Costs for prevention and environmental management	1,629,451	645,230
Total	1,962,270	1,035,042

Environmental spending
and investments in Italy

The new painting system at the Pontedera two-wheeler plant

The enamel painting system at the Pontedera two-wheeler plant, built in 1990 as an automatic system and now converted into a manual system, is used to paint the bodywork of Vespas with four steps: sealing, priming to facilitate adhesion and reaching the shade of colour, first hand (colour) and final hand of transparent paint.

The existing system, now obsolete, is being replaced with an entirely robot-operated one.

In 2014 an area within the unit was prepared for the installation of the new system. The works included the elimination of a painting system no longer used and the construction of a taller roof to allow installing the new system. A new mezzanine was also built to host the control and polishing booths with relevant implementations on the skid and overhead dual rail conveyor system.

The works are rather challenging in their complexity due to the fact the production in the unit is continuing in the meantime.

The works are planned to end in spring 2016.

The new system will bring substantial improvements in environmental and safety terms. Specifically, the robot-operated system will recycle the air, saturating it with VOCs. This will make it possible to burn it in a special system currently being tendered included in the plan. The latter will also be able to power itself. The construction of the afterburner will also substantially cut the emission points as well as VOC emissions by more than 80%. The emissions of the final drying oven, which has recently undergone major extraordinary maintenance work and will be kept as modified in the new configuration will also be channelled toward the afterburning system.

The new system will also cut the consumption of the applied materials since the robots will ensure greater efficiency through the use of objective parameters instead of relying on the subjective opinion of operators. The new technologies applied will also allow saving considerable amounts of energy through the smaller volume of the painting booths and the lower amount of incoming air that needs to be treated, as well as reducing water consumption.

Finally, the decision to build the system entirely above ground required complex and expensive works to raise the level of the building to ensure greater safety for the environment, since any spills or leaks of reactants will be immediately visible. This will also improve the safety of workers who no longer need to access underground facilities to carry out periodic maintenance and cleaning operations.

The new system will continue to use solvent-based products but it is designed to adopt water-soluble technologies in the future once the necessary implementation works are completed.



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.

Following the renewal of the contract for the distribution of two-wheeler vehicles (2014-2016 period) an improvement pathway was charted out for the operating activities and in 2014 a 3.9% reduction in operations overall was already achieved in addition to a -0.5% in kilometres covered.

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.



DEVELOPING HUMAN RESOURCES

Staff	103
Personnel management policies	104
Diversity and equal opportunity	105
Organisational Development: Actions in 2014	109
Developing human capital	110
Training	113
Reward policies	114
Personnel dialogue and involvement	116
Industrial relations	117
Occupational health and safety	121



Commitment	2014 Objectives	2014 Results	2015 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"> › Activity completed. › OHSAS 18001-2007 certification confirmed for plants in Italy, Vietnam and India 2W and extended to the warehouse in Treviso and SM01 Plant. 	<ul style="list-style-type: none"> › OHSAS 18001-2007 certification of the Indian VC plant. 	<ul style="list-style-type: none"> › Alignment of the health and safety management system with the new ISO 45000 standard – Risk based approach. › Implementation of an IT system for evaluation of risks and management of health and safety groupwide.
Talent management	<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"> › 2 global training sessions for talented individuals provided, including new young people, and remote training sessions planned, which will be concluded in the first months of 2015. 	<ul style="list-style-type: none"> › Continuation of the development of talented individuals (Piaggio Way), through further global training sessions, remote training and development plans. 	<ul style="list-style-type: none"> › Assessment of the development tools proposed, and analysis of outcomes with a view to continuing improvement.
Succession Planning	<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"> › Defined new EMEA and APAC succession planning, now being finalised in India. › Defined specific succession planning plan for the Group's expatriates. 	<ul style="list-style-type: none"> › Finalisation succession planning in India. › Update of global succession planning plan. › Definition of specific development plan for resources inserted in succession planning on posts covered by expatriates. 	<ul style="list-style-type: none"> › Improvement of Management Review tools and processes and Succession Planning.
Skills model	<ul style="list-style-type: none"> › Monitoring of the job system during the management review processes to verify alignment of skills to actual business needs. 	<ul style="list-style-type: none"> › Performed revision of professional roles consistent with the organisational evolution. › Carried out appraisal of managerial and technical skills on a global scale. 	<ul style="list-style-type: none"> › Update of the evaluation model with extension of the functional evaluation on the matrix organisations. › Review of technical skills and roles in line with the Company strategies and external professional benchmarks. 	<ul style="list-style-type: none"> › Assessment and alignment of skills to strategic plan requirements.
Training	<ul style="list-style-type: none"> › October 2014 GO LIVE LMS (Learning Management System). 	<ul style="list-style-type: none"> › Further implementation and addition of functions for the development of a platform adapted to the Group Training process with tests performed on all functions. 	<ul style="list-style-type: none"> › GO LIVE of the platform in February. Management of all historical data and all future training actions in one place. Global management of the training process. › Definition of the training actions correlated with the skills requirement through a new LMS system. › Sharing of some suppliers and training methods among Group companies. 	<ul style="list-style-type: none"> › Introduction of the LMS to all the Group. › Standardisation of the Training process, modelling of the most important steps.

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.

Staff

In 2014, the Group continued its streamlining and organisational cutbacks in the EMEA area, while maintaining the headcount in the Asian area and India. As of 31 December 2014, Group employees totalled 7,510, down by 178 (- 2.3%) compared to 31 December 2013.

Employee/staff numbers	2014	2013	2012
EMEA and Americas	4,008	4,098	4,318
<i>of which Italy</i>	3,734	3,805	3,873
India	2,622	2,677	2,814
Asia Pacific 2W	880	913	997
Total	7,510	7,688	8,129

Company employees by geographic segment as of 31 December

Employee/staff numbers	2014	2013	2012
Senior Management	96	96	95
Middle Management	569	573	574
White collars	2,122	2,161	2,202
Blue collars	5,030	5,343	5,477
Total	7,816	8,173	8,348

Average number of Company employees by professional category

Employee/staff numbers	Graduate	High School	Middle School	Primary School	Total
EMEA and Americas	678	1,723	1,487	120	4,008
<i>of which Italy</i>	525	1,629	1,467	113 ¹⁴	3,734
India	669	1,946	7	0	2,622
Asia Pacific 2W	317	562	0	1	880
Total	1,664	4,231	1,494	121	7,510

Company employees by educational qualifications as of 31 December 2014

¹⁴ The data also includes 8 employees who did not earn a degree.



Company employee turnover in Italy as of 31 December 2014

An entry turnover rate of 0.86% and leaving turnover rate of 2.60% was recorded in Italy in 2014.

Company employee turnover in Italy as of 31 December 2014

Employee/staff numbers	Staff as of 31 December 2014	Men	Women	< 31	31 - 40	41 - 50	> 50	Total	% Turnover
Senior Management	65	6	1	0	1	5	1	7	10.77%
Middle Management	216	7	3	0	4	6	0	10	4.63%
White collars	936	6	5	3	6	1	1	11	1.18%
Blue collars*	2,517	4	0	2	2	0	0	4	0.16%
Total	3,734	23	9	5	13	12	2	32	0.86%
Leavers									
Senior Management	65	6	1	0	0	0	7	7	10.77%
Middle Management	216	13	1	0	4	3	7	14	6.48%
White collars	936	22	6	3	7	8	10	28	2.99%
Blue collars*	2,517	31	17	0	2	16	30	48	1.91%
Total	3,734	72	25	3	13	27	54	97	2.60%

*Figures for the blue collars category do 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 personnel recruitment process supports company strategy, ensuring a prompt response to organisational needs of the business and markets as they arise. It supplements risk mapping and succession planning of strategic resources guaranteeing continuity in the quality of resources.

Reviews

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 process analyses training needs and defines training procedures and actions to guarantee that each resource is adequately aligned with the managerial and technical professional skills model. It ensures that critical and special skills are updated and maintained.

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 make important contributions 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 supporting the creation of a multinational, lean, customer-oriented organisation that generates value and works in an integrated way, based on a "network" logic, with all partners (e.g.: 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.

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 company 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:

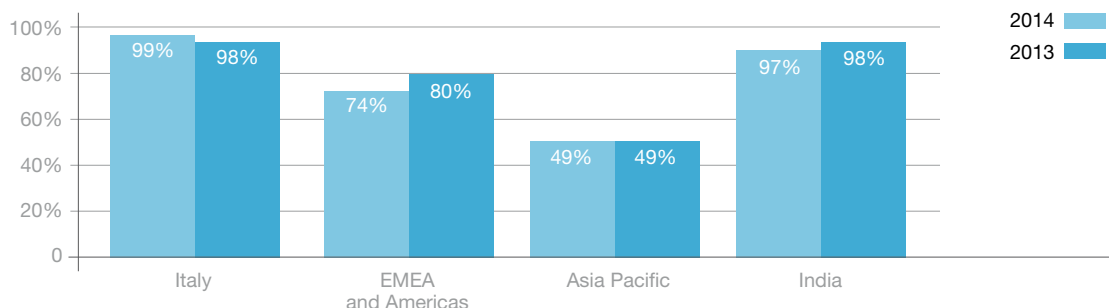
- › strategies and policies concerning employees,
- › the recruitment and placement process,
- › development, career and training tools,
- › reward policies,
- › talent management programmes,

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. It does, however, ensure the development of staff from local communities, as shown in the following table⁽¹⁵⁾.

¹⁵ 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.

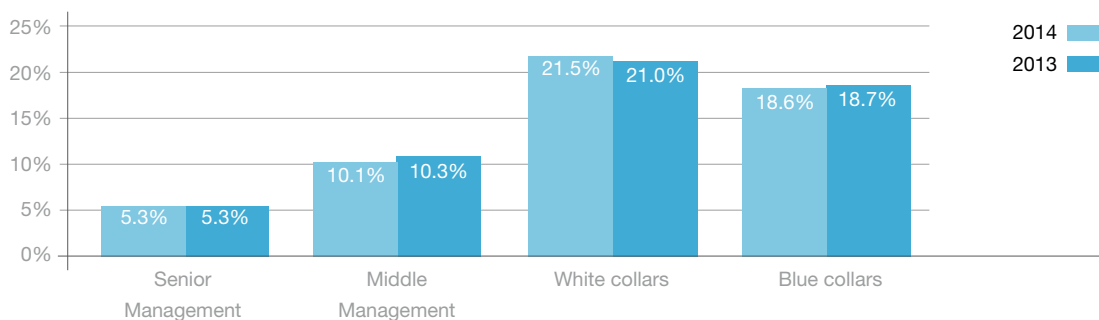
Female employment

Female employees at Piaggio play a fundamental role at all levels of the organisational structure and account for 21.5% of white collars.

Company employees by gender and geographic segment as of 31 December

Employee/staff numbers	2014		2013	
	Men	Women	Men	Women
EMEA and Americas	2,827	1,181	2,899	1,199
<i>of which Italy</i>	<i>2,622</i>	<i>1,112</i>	<i>2,679</i>	<i>1,126</i>
India	2,564	58	2,610	67
Asia Pacific 2W	723	157	752	161
Total	6,114	1,396	6,261	1,427

Number of women employees as of 31 December



Company employees by contract type, gender and geographic segment as of 31 December 2014

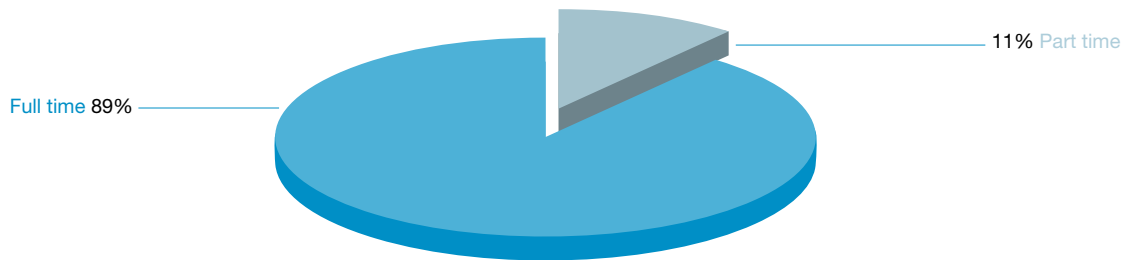
Employee/staff numbers	Fixed-term contract			Open-ended contract ¹⁶		
	Men	Women	Total	Men	Women	Total
EMEA and Americas	1	3	4	2,826	1,178	4,004
<i>of which Italy</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,622</i>	<i>1,112</i>	<i>3,734</i>
India	1,113	26	1,139	1,451	32	1,483
Asia Pacific 2W	19	0	19	704	157	861
Total	1,133	29	1,162	4,981	1,367	6,348

¹⁶ For Italy, this data also includes some internship contracts that are considered open-ended contracts.

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	2,726	862	3,588	101	319	420
<i>of which Italy</i>	<i>2,521</i>	<i>797</i>	<i>3,318</i>	<i>101</i>	<i>315</i>	<i>416</i>
India	2,564	58	2,622	0	0	0
Asia Pacific 2W	723	156	879	0	1	1
Total	6,013	1,076	7,089	101	320	421

Company employees by profession, gender and geographic segment as of 31 December 2014



Part-time employment in Italy as of 31 December 2014

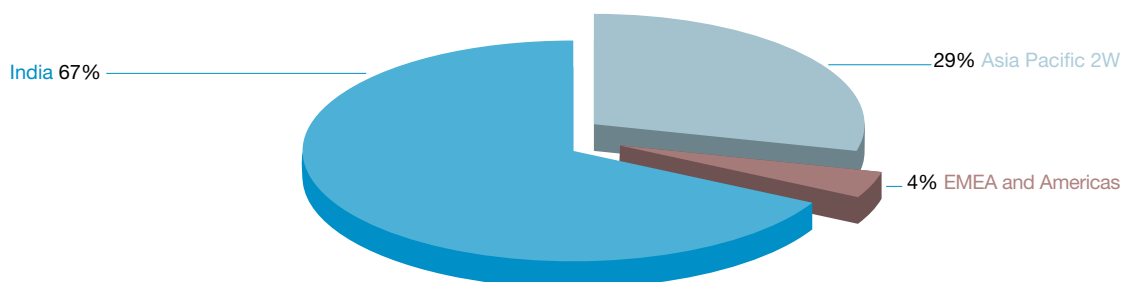
Piaggio's aim over the next few years is to consolidate its number of female employees and make their working conditions easier. To this end, alternatives to full time work have been in use for several years in Italy and are becoming increasingly popular with employees. In 2014, 416 employees were working an alternative to full-time hours in Italy: In particular, 4.0% 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 are in the age bracket of up to 30 years and this is a fundamental starting 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 staff.

Employee/staff numbers	up to 30	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
2014					
Senior Management	0	3	36	56	95
Middle Management	1	148	283	135	567
White collars	381	847	558	316	2,102
Blue collars	1,795	791	1,237	923	4,746
Total	2,177	1,789	2,114	1,430	7,510

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



Company employees up to 30 years of age by geographic segment as of 31 December 2014

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.

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

Employee/staff numbers	2014	2013	2012
Middle Management	1	1	1
White collars	10	10	9
Blue collars with supervisory duties/blue collars	137	130	134
Total	148	141	144
Percentage out of total employees	4.0%	3.7%	3.7%

In 2014, 148 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 4% of the total workforce.

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, 151 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.

	Parental/maternity leave								
	ITALY			VIETNAM			EMEA/USA		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Employees on maternity leave during 2014	38	31	69	0	21	21	3	5	8
Employees returning in 2014 after maternity leave	38	25	63	0	23	23	3	3	6
Employees returning to work and on the payroll 12 months after returning from maternity leave	36	29	65	0	11	11	0	1	1
"Return to work" rate	94.74	93.55	94.20		52.38	52.38	0.00	20.00	12.50

Organisational Development: Actions in 2014

In 2014, the Piaggio Group, despite a macroeconomic context still struggling at a sector and market level, maintained its position thanks to a global industrial and commercial presence, developing new products, monitoring different markets, keeping costs down and monitoring productivity.

The main organisational changes taking place in the period are detailed below:

- › the Marketing and Communication Department has a new organisation, with units mainly dedicated to the management and coordination at a global level of marketing strategies and Group brand communication, the surveying and analysis of customer experience, the marketing and development of accessories, the definition of marketing and digital communication strategies and the CRM global platform, as well as events' management and the development of communities worldwide. In order to strengthen the image and heritage of the Group, the Marketing and Communication Department has also been tasked with managing the Group's Museums and Historical Brand Archives, ensuring the coordinated management of communication and image activities;
- › two new Departments - Two-Wheeler Product Development and Three-Wheeler/Four-Wheeler Product Development - were established reporting directly to the CEO of Piaggio & C., in order to achieve a greater focus on the design and development of two-, three- and four-wheeler products. The organisation of each Department has been defined in detail, with the aim of reducing developing times and costs, ensuring a greater focus on design and experimentation through dedicated competence centres and the promotion of integrated style and design activities for various systems and components, guaranteeing the continual improvement of product quality standards, consolidating the style identity of Group brands and managing intellectual property relative to patents and models;
- › a new Group company, "Piaggio Concept Store Mantova S.r.l." has been established, to operate the first concept store, called Motoplex, inaugurated at Mantova. At the end of 2014, the second Motoplex was opened in Italy: the Motoplex Milano City Lounge;
- › completion of the process to integrate the Meccanica Sites, for the working of aluminium components for engines and arising from the acquisition of the Company Tecnocontrol, as part of EMEA Plant Management, which was finalised with the actual relocation of equipment, machinery and resources to the Pontedera site;
- › activities of the Legal and Corporate Department have been re-organised, with the "Corporate" organisational unit established to oversee company obligations and assist with extraordinary company

operations, and the “Legal & Compliance” unit established to provide legal assistance for Group activities, prevent and manage litigation and supervise and manage legal compliance activities. The department also manages intellectual property relative to brands;

- › reorganisation of the EMEA and Americas area, making the Piaggio Group Americas company report directly to the Chief Executive Officer of Piaggio & C. in order to consolidate the strategic position and presence of the Group in the Americas, as well as of the Departments dedicated to 2 and 3/4-wheel product sales.

Developing human capital

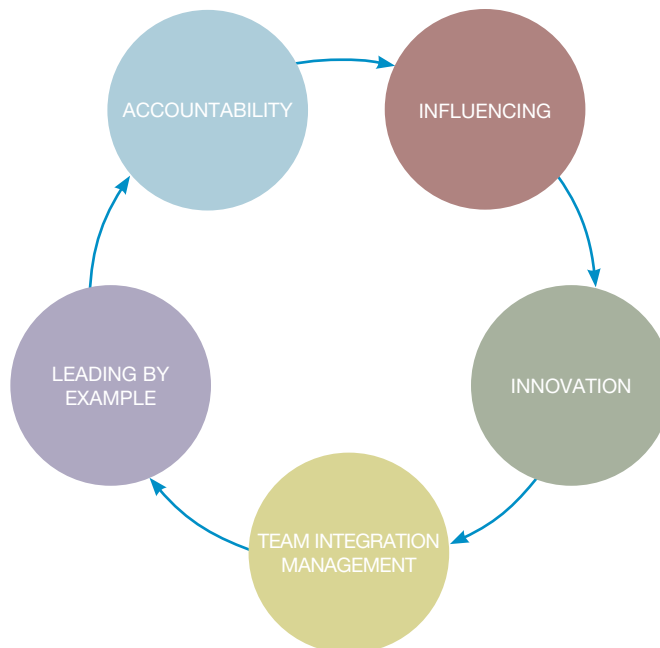
The development of core competencies required by business and market developments is a priority. This is why the Group’s human resources development policies focus on building, maintaining and developing factors that are instrumental for competing in international contexts which are continually evolving.

The Group’s managerial competencies model

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

This model is the reference at Group level for the development of company culture and growth of employees. In 2014, 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 employees acquire the level of competence required by their role.

In 2014, the specific roles of the Group's operating units were added to the professional system and 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 2014.

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.

Evaluation outcomes are discussed by reviewers with the people they evaluate, and may form the basis of a development and training plan.

Employees are evaluated by comparing their competencies against the Company mode for their specific role, as evidenced by concrete and observable action in their everyday work. The evaluation process is managed in an integrated way, and provides the information necessary for Management Review and Gap Analysis of professional competencies, which are conducted uniformly across the Group.

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, defined 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 2014, 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)	100%	100%	100%	100%
Middle management	98%	89%	100%	100%
White Collars	100%	95%	100%	100%
Blue Collars	N.A.	N.A.	100%	N.A.

Percentage of employees who received performance and career development reviews in 2014¹⁷.

17_ 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.

During recruitment, two evaluations are carried out for candidates applying for a specific position: one concerns the managerial competencies of the Piaggio Model, carried out by HR, and the other, the professional competencies of the Piaggio System, carried out by the line manager. This evaluation method and the authorisation flow for recruitment are fully integrated in SAP in the SAP Recruiting module.

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 2014, development actions to consolidate the Company’s international mindset were consolidated.

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 2014, tools for monitoring and managing plans for taking over key positions within the Group were consolidated.

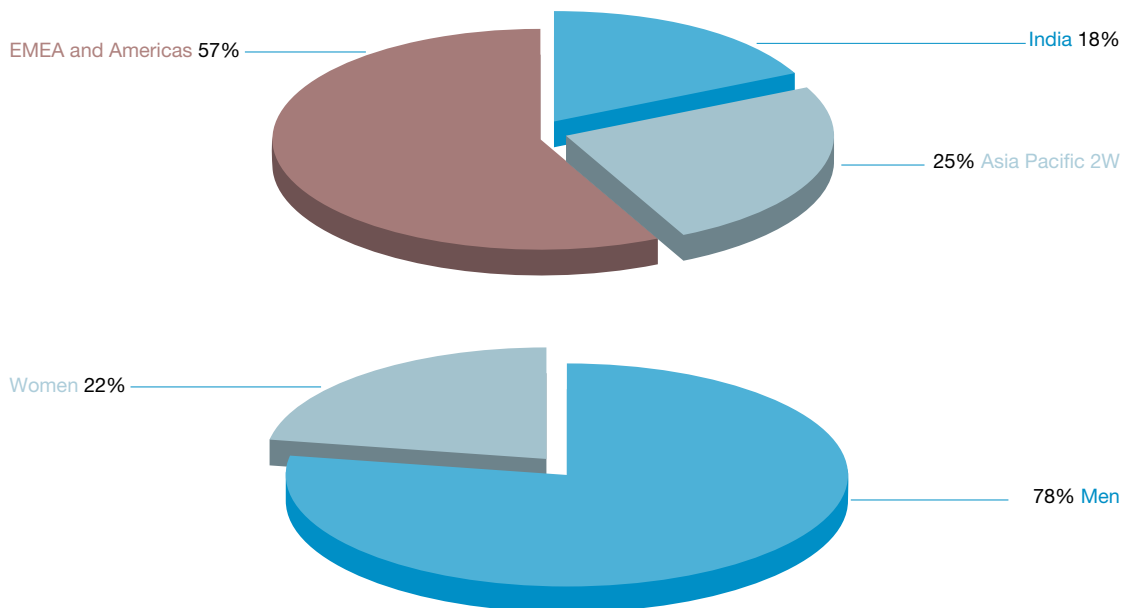
Talent Management: the Piaggio Way programme

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% India, 17% Asia Pacific).

At present, the Group’s pool talent comprises some 70 employees. Piaggio Way boasts a community of 34 students who have completed their development plan and who still remain active in the programme.

Geographic distribution of talent and breakdown by gender as of 31 December 2014



During 2014, 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;
- › personal training.

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

Training

The total hours of training provided in the Group went up compared to previous years.

The training mix compared to 2013 is different, with a strong increase in the number of hours of technical/professional training, which is nearly two-fold the number of hours allocated to language training.

Figures for language training have been considerably affected by activities in Italy, which alone account for 79% of total language training hours within the scope of the group. The number of health and safety training hours has decreased; in 2013, this figure was positively impacted by an extensive campaign conducted in Italy.

In India, technical/professional training comprised extensive campaigns on quality management, project management and lean management.

Thematic area	2014*				2013*			
	Emea Americas	India	Asia Pacific	Total	Emea Americas	India	Asia Pacific	Total
Managerial training	5,542	18,440	2,472	26,454	6,237	22,713	2,814	31,764
Technical – professional training	16,204	37,496	964	54,664	14,456	12,165	1,042	27,663
Language training	8,707	136	1,993	10,836	5,022	-	926	5,948
Safety and environmental training	3,763	5,870	6,147	15,780	21,944	9,047	5,211	36,202
TOTAL	34,216	61,942	11,576	107,734	47,659	43,925	9,993	101,577

Hours of training by training area

* Data does not include on-the-job training

Professional category	2014*	2013*
Senior Management	666	2,058
Middle Management	10,909	12,307
White collars	56,107	43,225
Blue collars	30,195	43,411
Project workers	9,857	576
Total	107,734	101,577
Total per-capita	14.3	13.2

Total training hours by professional category

* Data does not include on-the-job training

Figures for professional training went up considerably for white collars, mainly due to the higher number of hours of technical/professional training.

Training hours by gender 2014

Thematic area	2014			2013		
	Men	Women	Total	Men	Women	Total
Managerial training	24,113	2,341	26,454	29,169	2,595	31,764
Technical – professional training	50,555	4,109	54,664	24,684	2,979	27,663
Language training	7,818	3,018	10,836	4,215	1,733	5,948
Safety and environmental training	14,994	786	15,780	29,316	6,886	36,202
Total	97,481	10,253	107,734	87,384	14,193	101,577

Data on training hours by gender show a decrease in safety and environmental training for female employees, mainly due to the considerable impact on this training area of a specific campaign in 2013, which was not repeated in 2014 (as it was not required by Italian laws).

The number of hours of technical/professional and language training for female employees instead went up considerably compared to 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).

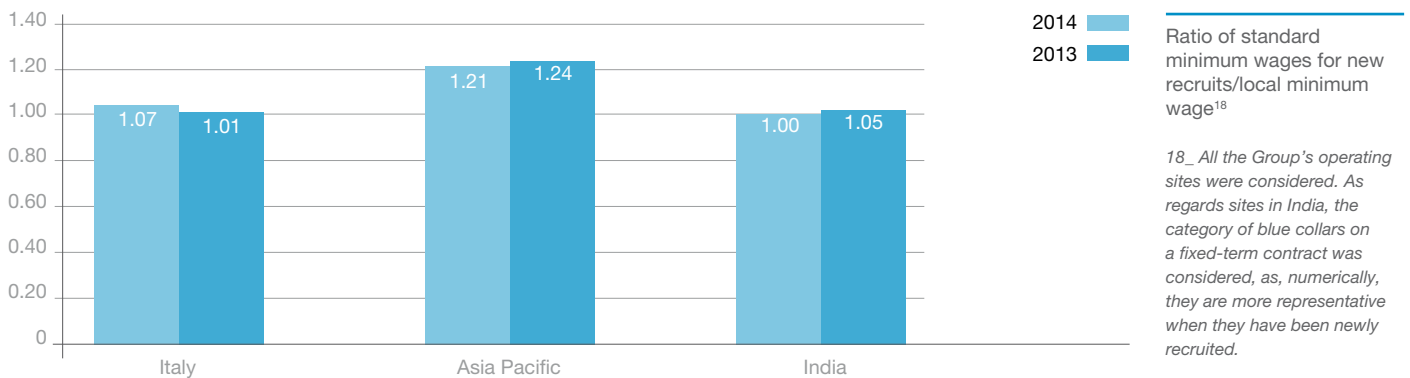
The Group reward system is differentiated for the various professional groups in the Company, and consists of a fixed salary component and variable objective- and benefits-based incentive systems. More specifically, rewards are contemplated for:

- › executives;
- › managers;
- › professionals;
- › new graduate recruits;
- › participants in talent programmes.

Salary packages

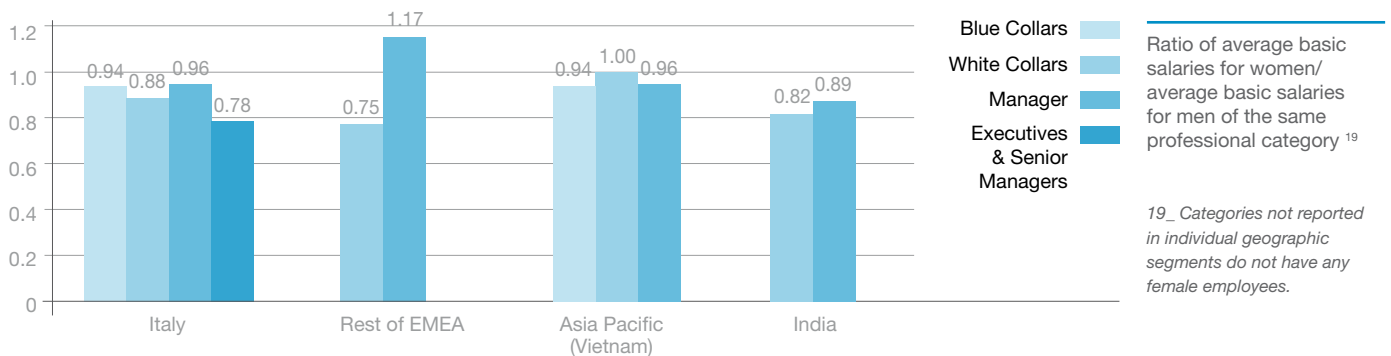
Piaggio offers new recruits and all its employees a salary package in line with the best market practices. Accordingly, Piaggio has adopted a structured salary review process based on:

- › comparing salaries with market benchmarks, considering the market positioning of the Company as a whole and the review of individual organisational roles, which is periodically revised. 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 criteria of meritocracy, competitiveness, internal fairness and sustainability;
- › specific identification of fixed and variable salary components, in accordance with guidelines, with meritocracy logics and retention needs relative to strategic resources for the business.



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.



Objective-based incentive systems

Achieving excellent results for company-established objectives is rewarded by variable incentive systems focused on quality and quantity objectives in line with the business, as well as the internal efficiency of each area of responsibility. Specifically, Piaggio adopts the following systems:

- › MBO for executives;
- › Performance Management for managers and participants in the talent programme;
- › 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;
- › company medical centre at various sites;
- › agreements with local groups and facilities of interest for employees.

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

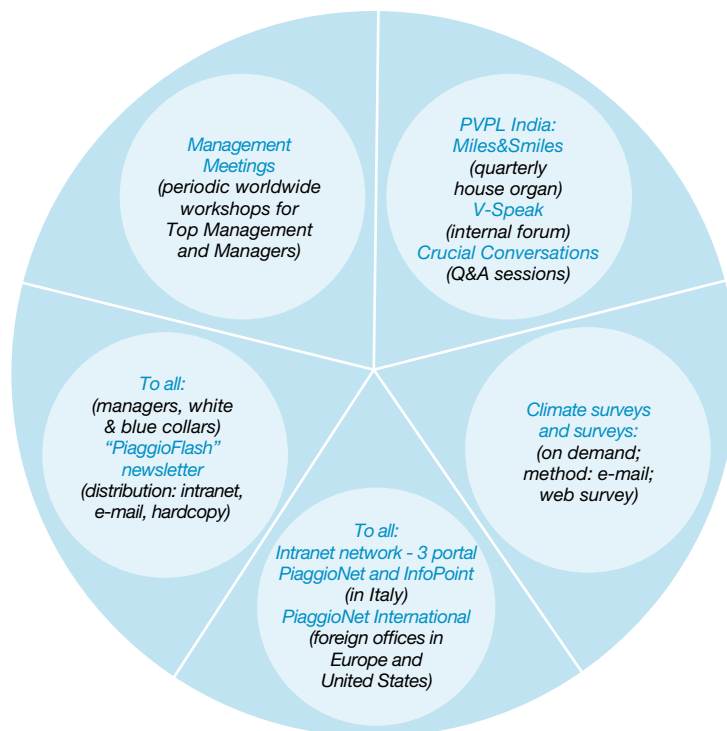
Personnel dialogue and involvement

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)



Company communication and information channels:

- › "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, online pay slips, 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 2014, the PiaggioNet portal was implemented with the new Piaggio Welfare section, which has all available information and useful documents on six themes – Health, Healthcare Schemes, Family, Company Catering, Special Agreements and Discounts and Pension Schemes - which all promote the "well-being" of employees, with a positive impact for families too. The new area provides a complete and systematic overview for quicker and even more effective browsing and is periodically updated, with new contents added. In 2014, the Group's intranet portal published 343 news items on its home page, and had 156,848 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 (international sites): 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 2014, 134 news items were published on the international portal home page, which registered 1,955 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.
- › PiaggioFlash (Italy): a periodic newsletter distributed at all the Piaggio Group's Italian sites (as a hard copy and soft copy 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 2014, 6 press releases were published.
- › "Company Notices" with information, service information and regulations on company life (in Italy), published on the intranet by the Personnel and Organisation Department (in 2014, 36 press releases were issued, registering a total of 20,847 hits); these notices are also affixed on company bulletin boards.
- › V-Speak (India): an internal forum for employees.
- › 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.

Industrial relations

The Piaggio Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focussed on attention, dialogue and a common understanding; in fact ongoing dialogue is considered as fundamental for finding the best solutions to specific company needs.

The Piaggio Group's Industrial Relations policy is therefore based on involving workers and their representatives in pursuing company objectives, and is focussed on ongoing dialogue and engagement. The solutions and conduct adopted in various countries where the Group operates are in line with the social and institutional context, but are always consistent with the fundamental principles and overall needs of the Group.

Italy

In 2014, with particular reference to Italy, dialogue and engagement with trade union organisations and workers' representatives continued with the aim of seeking shared solutions to respond to the market crisis and manage consequences for workers. Collective bargaining has made it possible to identify shared management tools that can be used to tackle the crisis in the industry, while safeguarding company competencies, thus avoiding a loss of resources and instead promoting their re-employment.

In particular, despite some signs of recovery in the first few months of the year, 2014 saw a considerable decline in the two-wheeler market compared to the previous year. In 2014, the Italian market in overall terms (motorcycles and scooters with number plates, plus 50cc vehicles), registered 182.8 thousand

vehicles, down 1.0% compared to 2013. This decrease follows on from five years of a continual downturn on this market.

This further decline has had a negative impact on production volumes and on staff activities at various production sites. For this reason, issues concerning economic and financial market crises and the consequent impact on production volumes and related problems, were discussed with local trade union representatives at all production sites in Italy, within the framework of a system of industrial relations that focusses on cooperation and involvement.

As regards the Pontedera site, a trade union agreement was signed in January 2014 to continue the Solidarity Contract for another year (February 2014 – February 2015), for employees working on the production of Commercial Vehicles and for employees (blue collars, white collars and middle managers) of technical, administrative and staff activities. A solidarity contract, running from December 2013 to July 2014 had already been adopted for other employees, i.e. two-wheeler production employees (both engines and vehicles).

With signs of a recovery in sales of motorcycles and scooters, on various European markets and partly in Italy, a trade union agreement was signed in April 2014 to stop the solidarity contract for the Engine and Two-wheeler Vehicle departments, and for the commercial vehicles departments, and to employ 100 workers for 3 months on temporary contracts.

As from July 2014, a considerable market downturn reversing the trend of the first half, negatively affected the positive signs of growth in the year. It was therefore necessary to resume the Solidarity Contract, as from September 2014, for the Commercial Vehicles production department, and on the other, to reach a new trade union agreement as from November 2014, to resume the Solidarity Contract for one year (November 2014 – November 2015), for production employees working in the Mechanical and Engine Assembly production areas and in the Two-wheeler Production area.

At the Noale and Scorzè sites, a new trade union agreement was signed in January 2014, in which the parties outlined a need to rebalance costs and downsize staff in relation to a market that has declined in overall terms, and to restore the efficiency and productivity of the technical structure; at the same time, the Company committed to continuing its innovation and production development plans, motorcycling races and business development.

At the Noale site, activities continued to streamline staff and staff activities, with a new mobility procedure affecting 25 people. The solidarity contract at the Noale site was extended throughout 2014, so that service volumes could be adjusted to demand.

The production mission of the Scorzè site was confirmed, with an agreement signed in January 2014, supported by the production of Derbi vehicles, relocated from the Spanish site at Martorelles, which has closed down. Considering the continual changes in orders and resulting production programmes, the workforce has been downsized, with a mobility programme for 100 persons. At the same time, social measures of Solidarity Contracts ended during 2014, so the temporary unemployment fund was used to deal with lower work volumes.

Lastly, in December 2014, at the Scorzè site, a new trade union agreement was defined in which the parties confirmed the content of the previous agreement of January 2014, and therefore the Solidarity Contract will start from 1 February 2015 and total staff numbers will continue to be downsized, in a new mobility procedure for 80 people.

As regards the production site at Mandello del Lario, production peaks were managed by involving employees from other production units and temporary employment contracts.

Membership of trade union organisations at Italian sites (2012 – 2014) is shown in the table below:

	2014			2013			2012		
	Pontedera	Noale and Scorzè	Mandello del Lario	Pontedera	Noale and Scorzè	Mandello del Lario	Pontedera	Noale and Scorzè	Mandello del Lario
FIOM	373	145	42	363	153	44	354	157	42
UILM	330	1	2	318	1	2	310	1	2
FIM	354	128	24	352	135	24	354	131	26
UGL	19	0	0	66	0	0	139	0	0
CGIL/CISL/UIL	2	0	0	2	0	0	2	0	0
Total number of employees who are members of a trade union	1,078	274	68	1,101	289	70	1,159	289	70
	36.8%	48.3%	65.4%	37.1%	48.1%	68.0%	38.6%	45.7%	66.0%

As regards **industrial action**, the trend of strikes in 2014 mainly concerned the Pontedera site and, although the figures are fairly low, the number of hours lost over strikes, compared to the previous year, increased.

The table below summarises hours lost due to strikes in 2014 at company sites, with a focus on micro conflicts:

		2014	2013
N° HOURS LOST DUE TO STRIKES	General/category	2,094	1,622
	Company	15,992	8,643
	TOTAL	18,086	10,265
% HOURS LOST compared to HOURS WORKED	General/category	0.10%	0.08%
	Company	0.78%	0.42%
	<i>of which Pontedera compared to hours worked at Pontedera</i>	0.90%	0.52%
	TOTAL	0.88%	0.50%
NO. OF DAYS LOST DUE TO STRIKES	General/category	262	203
	Company	1,999	1,080
	TOTAL	2,261	1,283

A structured company welfare system has been established in Italy, with services that aim to increase the well-being of employees and their families, in economic and social terms.

In particular a trade union agreement was signed for the Pontedera, Rome and Milan sites, for a supplementary health scheme running from 1 January 2011, that takes into account legal and tax developments and is based on the following points:

- › the Company pays a contribution of € 120 for each employee that voluntarily joins the scheme;
- › each employee that joins the scheme pays an annual contribution of € 40;
- › 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 established by a work group consisting of trade union representatives and company representatives.

A similar scheme is in place at the Mandello del Lario site. This scheme is based on company and employee contributions, and provides benefits such as financial help for purchasing medicines, for specialists' fees, dental treatment, etc.

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 fund in 2012. Participation in the scheme is voluntary and became operative in 2013.

At Pontedera, a **childcare agreement** (based on a trade union agreement) is also in place, made between the Company and the local authorities in the area (the Unione Comuni della Valdera that counts some 13 municipalities and 32 nurseries), with a monthly contribution of € 160 or € 120, depending on whether attendance is under 4 hours or daily, for the nursery fees paid by employees whose children up to three years attend one of the nurseries covered by the agreement.

The scheme also includes **health benefits/services** for employees:

- › at Pontedera, the Company medical centre for employees has 5 specialists (an optician, an orthopaedic specialist, a lung specialist, a dermatologist and an ENT specialist) for consultations during working hours;
- › at Noale/Scorzè and Mandello del Lario, all employees are entitled to paid time off for specialist consultations outside the Company and for clinical analyses.

All sites also offer employees vaccinations free of charge.

Lastly, over the Christmas period, **Italian sites hold an event involving all employees** with children from 0 to 10 years, who are given a gift.

Vietnam

Since it was established, Piaggio Vietnam has based its relations with trade union organisations on cooperation and engagement, in line with the Piaggio Group's policies and with the ultimate aim of improving the Company climate and employees' sense of belonging to the Company. In this framework, trade union representatives at a company level (selected by a Company Trade Union Committee) are tasked with protecting employees, helping them to understand aspects concerning labour regulations and company policies, and providing economic support for some company initiatives benefiting employees.

In particular, the current Trade Union Committee, elected in February 2014 and comprising 15 members who will remain in office for 5 years, made an excellent contribution in 2014, having sponsored and assisted the Company in a number of events to bolster employee motivation. The main events are outlined below:

- › the "**Nutrition Day**" for employees' children: in June, paediatric doctors met with employees to provide advice on the nutrition and health of their children. The half-day event was attended by approximately 200 children, mainly the sons and daughters of blue collar workers. In particular, the children, who were entertained with games, entertainers and small gifts, were examined by 20 national nutrition doctors;
- › the "**Piaggio Vietnam Summer Vacation**" lasting 3 days in August, when employees with their families were given a contribution to spend 3 days' holiday at a location selected by the Company and trade union representatives;
- › to mark International Women's Day (March), the "**Excellent Female Trade Union Member**" event was organised, to award 10 female employees that had particularly excelled for results achieved in the past year and for their commitment to and compliance with company policies and procedures.

As from 1 January 2014, the Vietnamese government increased the minimum wage in the province of Vinh Phuc, where Piaggio Vietnam is based, from 2.1 million Dongs to 2.4 million Dongs. Piaggio Vietnam reviewed the salary policies in order to stay competitive on the job market. In 2014, the Vietnamese government revised maternity regulations (extending compulsory maternity leave from 4 to 6 months) and the compulsory holiday period during the Chinese New Year (from 4 to 5 days). For 2015, the Vietnamese government is considering a new increase in minimum wages.

In 2014, no strikes were reported.

India

The Indian subsidiary has always based trade union relations on cooperation and ongoing dialogue. Trade unions and the Company acknowledge that it is in the reciprocal interest of workers and the Company to guarantee and pursue an even greater level of productivity and higher product quality standards so as to guarantee an optimal performance of factory operating processes, while retaining a competitive edge in the automotive industry.

In India, trade unions have a two-tier structure, at a company and local/area level; this structure is also replicated at the Indian subsidiary where the trade union system comprises a company trade union committee with Piaggio workers' representatives, and a central trade union committee, which is the highest hierarchical level, with members selected by the trade union. At present, the Company trade union committee (appointed in December 2014 and remaining in office for one year) has 10 members.

A collective company agreement is in place at the Indian subsidiary, signed in July 2013 and with a 4-year validity.

In 2014, main activities concerning industrial relations focussed on:

- › maintaining and achieving productivity levels of workers as established in the July 2013 agreement. The agreement establishes labour levels based on productivity indicators linked to various production levels;
- › implementing a flexible, temporary labour model. The use of temporary workers is related to production volumes based on pre-established ratios;
- › maintaining and improving positive and cooperative relations with workers and trade unions;
- › guaranteeing full compliance with labour laws, also in view of new government legislation (for example the Provident Fund Act, Minimum Wages Act, Apprentice Act, etc.);
- › involving workers to improve the Company climate and motivate them. In line with this approach, Piaggio carried out numerous activities involving its employees, including family picnics, sports competitions and awards for children who have done particularly well at school.

Occupational health and safety²⁰

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. This principle is valid and adopted in all countries where the Piaggio Group operates. 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.

Health prevention and protection for workers in such a complex industrial context as the Piaggio Group, both in Italy and abroad, can only take place through an adequately structured organisation which specifically aims to foster as far as possible a safety "culture" within the Company. Therefore, the belief that safety must focus on conduct and daily operations is today disseminated at all levels; this approach has led the Piaggio Group to adopt safety management standards that are very similar in all countries where it operates, regardless of whether legal constraints are not as strict as company standards. The Piaggio Group therefore guarantees its employees a pleasant working environment and safe working conditions, beyond the minimum conditions established by law. In this framework, sites in Italy and Vietnam and the Vespa plant in India have an Occupational Health and Safety Management System certified to OHSAS 18001 by an accredited certification body.

²⁰ In the paragraphs above the injury statistics of the production establishments are given.

Interaction between various sites was stepped up in 2014 with workshops on health and safety, in order to gradually integrate the sharing of best practices, operating plans, alignment of reporting and safety indicators (KPIs) among sites.

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

In line with Health and Safety Management System requirements, the Piaggio Group has identified **safety training** as the key driver for disseminating a culture and fostering a conduct focussed on safety leadership and for generating commitment and steering conduct.

Promoting health is another important aspect for the Piaggio Group, and this is achieved based on two areas of action: free testing and information campaigns on healthy lifestyles. Each Group site has a health unit for prevention, surveillance and first aid, manned by specialist medical and paramedical staff.

Italy

In keeping with the above and to guarantee the highest standards of occupational health and safety monitoring and undertaking of responsibilities, the Piaggio Group has established an organisational structure in Italy, which also conforms to relevant laws in force, with six Employers appointed for Company areas and a group of senior managers and designated persons that oversee various organisational units and sites, supported by Prevention and Protection Service Managers and Company Doctors. Moreover, Workers' Safety Representatives are present in all Company areas.

A safety management IT system has been developed over the last few years at Italian sites, 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 "reporting a risk condition" application available on the Company intranet. Company managers report any risk conditions in this application, starting 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. This tool guarantees the management of near misses, which are fundamental for preventing the onset of hazardous situations, that may lead to serious accidents.

As regards training:

- › as in previous years, personnel training and awareness on work place accidents and health and safety continued, with approximately 3,700 hours of training provided, involving blue collars and white collars.
- › The Piaggio Group also started a training plan (in addition to basic training to complete training already provided for all company employees in 2013), on the use of some work equipment, in line with directives of the State-Regions agreement, which requires specific training for operators. In this context, training for forklift and mobile platform operators was provided.
- › A specific training session was given to employees who, during 2014, were involved in "conduct-related" incidents, i.e. incidents due to unsafe conduct at work. The aim was to improve workers' awareness of the importance of safe conduct in the work place and the impact this has on the risk of accidents. The course is based on an active training approach, targeting interaction and involvement, with the aim of optimising the learning process and transferring the content to a professional scenario, with practical exercises and case studies.

Numerous initiatives took place in 2014 to guarantee work place health and safety at Italian sites:

- › from June 2014 to October 2014, when production peaks, two additional doctors worked at the Pontedera medical centre, guaranteeing the practically continual presence of a doctor during work hours, even though this is not required by laws in force. Occupational medicine at Pontedera involved over 2,500 preventive, routine and non-routine check ups, as well as specific, clinical chemical and biological tests;
- › a semi-automatic defibrillator was installed at the Mandello del Lario production site and 6 employees, selected on a voluntary basis, were trained in basic life support - defibrillation (BLS-D) by the Italian Red Cross;
- › during the year, specific surveys were also conducted to:
 - check that no hazards related to the use of products/chemical substances in the production cycle existed;
 - check risk levels related to factors such as vibrations, explosive atmospheres, internal and external noise and the micro climate in summer;
- › the Company also continued its activities scheduled in conjunction with the local health authorities on “work place ergonomics” in order to estimate the risk of developing pathologies of the upper limbs;
- › in terms of “objective risks from the manual handling of loads”, Piaggio continued its extensive activity in 2014 to diagnose jobs/workplaces, closely based on measures defined for problems related to repetitive movements, with the aim of completing this activity during 2015 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.

In November 2014, audits conducted by the Certification Body were successfully completed, awarding OHSAS 18001:2007 (Occupational Health & Safety) certification up until December 2016 to the Pontedera, Noale-Scorzè and Mandello del Lario plants. The following were of particular relevance for certification activities:

- › The transfer of the 01 Mechanical Plant inside the production site at Pontedera, which required the new building to fully meet Piaggio company standards as regards the occupational health and safety and environmental management system;
- › extension of certification to the warehouse at Quinto di Treviso.

To achieve this result, extensive inspections of workplaces were conducted by an audit team, that performed approximately 50 audits in 2014.

The audits were successful, and certification was maintained, 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).

As regards accident statistics, the frequency index average for Italian sites in 2014, calculated for the three plants, is lower than the previous year, confirming the downwards trend of recent years. The table summarising data by production site is shown below.

Accident Frequency
Index - Italy

Production sites	2014	2013	2012	2011
Pontedera	2.5	3.0	3.3	3.0
Noale and Scorzè	0.6	0.2	0.9	1.7
Mandello del Lario	1.2	1.1	3.2	3.1

Besides guaranteeing work place health and safety, **emergency management** is also a top priority. To this end, every site in Italy has a plan, as required by laws in force, that comprises the analysis of main risks, the operating procedures to be adopted during different types of emergency, the roles and actions that duly appointed and trained staff must implement and communication protocols. Naturally, the efficiency of this organisational system is tested during many drills that extensively involve Piaggio's sites. 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. In March 2014, the project which started in 2013 between Piaggio and the local authorities of Pontedera on procedures for the joint management of an emergency caused by seismic events was finalised. Various aspects were agreed on with the Head of the Local Civil Protection organisation including the radio frequencies to use for emergency calls. This activity was also extended to the Moto Guzzi plant at Mandello del Lario and in June 2014, after a joint meeting between Piaggio and the civil protection organisation of Mandello, procedures were defined for the general evacuation of the site, external assembly points and emergency numbers.

The Company Medical Centres of Italian production sites provide a continual service manned by doctors and paramedics; Pontedera has five specialists providing consultancy services regarding occupational medicine and more personal matters.

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 at the Pontedera medical centre concern dermatological, ophthalmological, pneumological, orthopaedic and ENT referrals.

As regards occupational medicine in general, the Medical Centre works with company functions to determine and evaluate risks and put in place measures to safeguard the health of workers, and also performs the following activities:

- › 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.

Vietnam

At Piaggio Vietnam, the health and safety of employees and everyone working within the Company system are considered as being of the utmost importance, confirming the key principle that promoting and maintaining health and safety in the work place is one of the primary responsibilities of managers. To this end, managers at all levels are required to develop, implement and monitor the Health and Safety Management System defined by the Occupational Safety and Medicine unit of Piaggio Vietnam, in conjunction with its partners.

The entire organisational structure of Piaggio Vietnam is therefore an active part of the health and safety management system, in particular:

- › the main priority of **the Company**, in terms of it being an organised system, in compliance with local laws, international health and safety standards and Piaggio Group policies. In this framework, it guarantees that objectives to improve occupational health and safety are pursued through an Occupational Safety and Medicine unit;
- › **managers of each department** guarantee that the occupational health and safety programme is effectively developed and implemented in their areas of responsibility, helping their co-workers perform activities in their remit;
- › **all managers and supervisors** are tasked with establishing and maintaining a safe working environment, that poses no risks to health; in this context, each supervisor adopts concrete measures to guarantee that:
 - employees in their area of responsibility are trained in health and safety issues;
 - employees are consulted about matters concerning health and safety;
- › **all employees** cooperate in developing programmes that guarantee their own and colleagues' health and safety. In this regard, all workers are trained, informed and made aware of safety aspects, in order to adopt a safe conduct in the work place;
- › **suppliers and external companies** required to perform works at the site shall, as indicated in their contract, conform to occupational health and safety policies, comply with Piaggio Vietnam procedures and programmes and observe health and safety information given to them during the preparation of the contract. Failure to observe these indications is considered as a breach of contract and sufficient grounds to terminate the contract.

In order to effectively implement general health and safety regulations, a programme of activities is defined each year, based on operating plans, that are updated on an ongoing basis. The programme concerns all health and safety aspects, including:

- › occupational health and safety training for workers;
- › information for suppliers and contractors about risks in the Company;
- › the development of work procedures and instructions;
- › checking emergency procedures based on simulations;
- › the supply of work equipment, services and structures conforming to legal requirements and international standards;
- › regular inspections/auditing of work places and consequent evaluations of areas for improvement;
- › reporting, registering and analysing accidents, injuries and illnesses.

In operative terms, the Health and Safety Management System, as established by Group policies, includes an Occupational Safety Manual which outlines the policies issued by top management; these are implemented in operating procedures that cover the entire organisation.

In particular, 15 operating procedures have been defined concerning general safety aspects (management of electrical systems, fire prevention, personal protective equipment) and specific aspects (driving forklifts, information for suppliers and contractors, etc.). Work instructions have also been written explaining how each single operation should be carried out safely.

In December 2013, the Health and Safety Management System was certified to OHSAS 18001-2007 by an accredited external certification body: this certification was confirmed in November 2014.

In 2014, improvement actions planned to further develop safety awareness in the work place continued at Piaggio Vietnam. For this purpose, a Safety Committee was established involving all members of functions and chaired by the production manager. The Committee members are responsible for managing any safety-related problem within their areas of responsibility and corrective actions to take. They also conduct periodic audits of the entire site and report to the Committee on all relevant aspects regarding safety, so that corrective actions may be promptly taken.

In line with the Health and Safety Management System, extensive training on conduct and specialist training were provided during 2014, amounting to some 6,150 hours in total, which is a considerable increase compared to the same period of the previous year. The purpose of training workers about conduct is to promote a greater safety awareness and ensure that all employees can address safety issues as players. As part of specialist training, initiatives include a training session for the team of R&D department road testers, chaired by a member of the National Committee for Traffic Safety, with each tester given guidelines on how to drive and ride vehicles safely and how to behave in an accident.

Along with personnel training, actions also focused on consolidating a culture of safety, including:

- › “**The best safety coordinator of Piaggio Vietnam**” where the coordinator making the biggest contribution to safety activities, identifying the most hazards, making the most suggestions to improve safety and the most inspections etc., is selected;
- › **Safety interviews or toolbox meetings**, with specific topics prepared by the safety department in conjunction with the area supervisor and safety coordinator, that are then notified by the line manager to co-workers, to increase their involvement and responsibility concerning safety issues;
- › **Periodic safety audits** to guarantee that safety conditions are maintained and indicate possible improvement actions. Moreover, audit results are used to compare various company areas and identify the safest place, which is also considered in recognition & reward policies.

Contractors / external suppliers that operate at Vietnamese sites are required to attend a specific training session on safety, after which permits to access the work place are issued. The list of companies granted access is managed by the Industrial Safety department and updated every 3 months. Specific training addresses the following:

- › Piaggio Vietnam’s safety policy and regulations in force at the factory;
- › the Company emergency plan and fire prevention;
- › safety measures indicated in work instructions provided by the contractor.

Employees of companies operating at the site are also tested every three months on the training session attended. If test results are unsuccessful, the employees are requested to attend the training course again.

As established by laws in force, an emergency plan has been defined which includes analysis of main risks (fire, chemical product spills, food poisoning and injuries), operating procedures to adopt during various types of emergency, roles and actions that suitably trained and duly appointed personnel shall adopt and communication protocols.

An extensive range of fire detection and extinguishing equipment, including smoke detectors, sirens, extinguishers and hydrants, is in place at the factory. Fire exits, escape routes and all of the above systems are clearly indicated. The efficiency of this system is periodically tested with drills involving Piaggio personnel. In October 2014, an emergency drill was held inside the site, involving external organisations including the Fire Brigade, Traffic Police and the Hospital. Piaggio Vietnam took part in the local competition on fire prevention for companies, and won second prize. With this result, Piaggio Vietnam has been highly regarded by the local authorities of the province and selected as a Best Practice in Safety and Fire Prevention Company.

As confirmation of work carried out in the last few years, the number of accidents occurring in 2014 was extremely low and down on the previous year, with a frequency index of 0.1 in 2014 against 0.2 registered in 2013.

	2014	2013	2012	2011
Vietnam	0.1	0.2	0.2	0.1

Accident Frequency
Index - Vietnam

Medical Centre activities continued in 2014; the presence of a doctor and professional nurses means that medical assistance can be provided at the site in the case of minor illnesses, to carry out medical tests and administer medicines that are reimbursed by the Vietnamese state, thanks to an agreement with the local welfare department. The Medical Centre also organised a “Nutrition Day” in June dedicated to the health of employees’ children, which is reported in the section on Industrial Relations.

In 2014, all employees had annual health checks in December, as of regulations. Employees who work in conditions of discomfort, such as painting and welding, have 2 occupational disease check ups, in June and December.

India

In India, the health and safety of employees is fundamental for Piaggio. In this regard, the entire company is focussed on reducing the risk of accidents and health hazards, and at increasing employees’ awareness of occupational safety issues, guaranteeing compliance with local regulations, international standards and, in general Piaggio Group policies, establishing improvement objectives for occupational health and safety on an ongoing basis.

In line with the above and in order to guarantee the highest occupational health and safety standards, the Indian subsidiary has an organisational structure that operatively involves the “Occupier” (Employer), which is a single person for various production sites who has responsibility for the health, safety and well-being of all employees in the work place, Factory Managers and a Safety Committee comprising 20 members that include Executives, Managers and White Collars. The Safety Committee meets at regular intervals to plan, revise and discuss action plans necessary to establish and disseminate awareness and a safety culture in the work place among employees. The presence of a Health & Safety team guarantees that the entire system may operate effectively.

In particular, as part of this organisation, additional roles and responsibilities are defined, involving the entire Company:

› **functional area managers** have primary responsibility for health and safety within their division and for managing safety policies and relative organisational procedures, supported by Safety Managers. Responsibilities include, among others, the following aspects:

- establishing measures to prevent accidents in the division, in conjunction with the Safety Manager;
- guaranteeing that operating safety programmes are duly adopted, defining the roles and responsibilities of supervisors and blue collar workers;
- providing and implementing health and safety procedures and work instructions applicable to their divisions in line with management system requirements;
- guaranteeing that work accidents are investigated and adopt consequent actions necessary to effectively and immediately eliminate the causes;

› **managers and supervisors** have primary responsibility for guaranteeing that the Company occupational health and safety policy and objectives are implemented and pursued. All managers and supervisors are responsible for the health and safety of their co-workers. This responsibility also covers the safety of equipment and assets within their areas of responsibility. Managers shall ensure, among others, that all employees use personal protective equipment (PPE) appropriately, and that a preventive maintenance programme is established for all machinery, equipment and installations. Supervisors also have responsibility for ensuring that processing and operations are

carried out in compliance with applicable safety procedures, regulations and operating instructions in force. They shall also check that preventive maintenance is carried out on equipment, as regards safety, and that equipment and plants are maintained in safe operating conditions, immediately reporting all possible faults.

The Health and Safety Management System is part of the organisational structure, in line with Group policies. At the Indian Subsidiary, the system includes an Occupational Safety Manual which outlines the policies issued by top management; these are then implemented in operating procedures that cover the entire organisation. In particular, 10 operating procedures have been defined concerning general and specific safety aspects and various work instructions, that explain how each single operation shall be carried out, so that safety standards are complied with.

In line with the Group's approach, a great deal has been invested in training over the last few years as a main driver to increase each employee's accountability in relation to safety and, consequently, to promote their proactive approach and involvement in safety issues.

In 2014, training on conduct and specialist training was provided, for a total of around 6,000 hours involving employees, suppliers and contractors operating at the site. Specialist training for employees included a training session for the team of R&D department road testers. Special attention was paid to the risk of attack by snakes and resulting first aid, as this is an issue of particular concern in rural areas of India where tests are often carried out. As part of road safety, the Indian subsidiary also took part in the national safety initiative "Road safety week" in 2014, organising safe driving sessions for vehicle and fork lift operators, and addressing road safety issues too. As regards training for suppliers and contractors, a "safety for vendors" training day was held in March 2014, to explain the basic principles behind Piaggio's safety policy and operating procedures to comply with.

Along with training, various initiatives were held to increase awareness of safety issues; events to celebrate "safety week" held from 4 to 11 March 2014 were particularly important. During this week, various initiatives took place to make all employees more aware of safety as a value, including: the "safety slogan competition" (with winners of various competitions winning for the best safety slogan, the best safety poster, the best online safety quiz), and the "school safety awareness programme", where employees gave talks about safety in schools. In general, the importance of taking an active approach to safety issues was discussed during the "safety week". The company also launched a "TAKE...two" awareness campaign, with its main message being to get people to think before acting based on the principle "T:think;A:ask; K: know; E: execute".

At Indian sites, an emergency plan is in place based on current laws and practices and is tested during annual drills involving personnel and simulating various scenarios. In particular, during 2014, extensive training on fire prevention was accompanied by simulations and analysis of emergency situations relative to:

- › LPG leaks from a gas pipe flange;
- › an electrical short circuit at a welding station;
- › fire breaking out at a work station.

During the drills, episodes of staff feeling unwell were also simulated, to test the efficiency of first aid systems.

OHSAS-18001:2007 (Occupational Health & Safety Management System) certification was confirmed during 2014 for the 2W Vespa Plant while the certification process will be completed in the first few months of 2015 for the Commercial Vehicles site.

In line with activities carried out in the last few years, the number of accidents in 2014 was particularly low and on a par with 2013 values.

	2014	2013	2012	2011
India	0.3	0.2	0.4	1.0

Accident Frequency
Index - India

A Medical Centre, manned by a specialist doctor and professional nursing staff, meant that 2,500 check ups were conducted in 2014, as well as 1,000 pre-employment check ups; 1,000 anti-tetanus vaccinations were given and around 800 checks ups required by health protocols were also conducted.



RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Corporate Finance Area	133
Vendor Assessment	134
Suppliers portal	134



Piaggio Group produces vehicles that are sold under its brand on the various markets around the world. The only exception is the vehicles purchased by the Chinese subsidiary Zongshen Piaggio Foshan and supplier Jincheng Group (about 30,000 pieces 2014, equivalent to 5.6% of the vehicles sold). Piaggio is a leader in engine technology and produces engines at its plants both for internal production and to meet the demand of other manufacturers. All the other components that constitute a vehicle are purchased externally and assembled in-company.

Italian plants

In 2014 Italian plants purchased raw materials, merchandise and spare parts for an overall value of 370 million euros (excluding complete vehicles) from about 800 suppliers.

The first ten suppliers made up 19% of the total purchases.

Geographic localisation
of the suppliers of Italian
plants

Geographic segment	2014	2013
EMEA	69%	76%
China+Taiwan	18%	15%
Vietnam	4%	1%
India	7%	6%
Japan	1%	1%
Other	1%	1%

In 2014 payments were made to suppliers for about € 600 million.

Indian plants

In 2014 plants in India purchased raw materials, merchandise and spare parts for an overall value of 228 million euros from about 890 suppliers.

The first ten suppliers made up 43.1% of the total purchases.

Geographic localisation
of the suppliers of Indian
plants

Geographic segment	2014	2013
India	99%	99%
Other	1%	1%

No substantial changes are foreseen for 2015.

In 2014 payments were made to suppliers for about € 290 million.

Vietnamese plants

In 2014 plants in Vietnam purchased raw materials, merchandise and spare parts for an overall value of 87 million euros from about 190 suppliers.

The first ten suppliers made up 36.5% of the total purchases.

Geographic localisation
of the suppliers of
Vietnamese plants

Geographic segment	2014	2013
Vietnam	55%	55%
China+Taiwan	25%	27%
EMEA	12%	12%
Thailand	3%	1%
India	3%	4%
USA	1%	1%
Malaysia	1%	0%

The ratio of local suppliers over European ones is expected to grow in 2015.

In 2014 payments were made to suppliers for about € 86 million.

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.

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 continued in 2014. In 2015 a verification of principal partners will begin, also concerning Compliance with opportune tools (database).

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. In addition to managing the Supplier Qualification Process, the function has the task of doing an evaluation of the 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 2014 supplier ratings covered over 95% of expenditure on purchasing.

The assessment process is also done in Vietnam, a local assessment with regard to the initial documentary pre-qualification stage and the technical assessment stage, while there is a Corporate assessment at a central level with regard to the economic and financial reliability analysis (Corporate Finance Area).

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. An update of the Vendor Rating system is planned in 2015.

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. Substantially, the website is a standard tool for management of direct materials suppliers in all three countries, and the larger part of those who supply vehicles and services in Italy and Vietnam.



SUPPORTING LOCAL COMMUNITIES

The Piaggio Foundation, Museum and Historical Archive

138

Charity activities and sponsorships

143



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

(Johann Wolfgang Goethe)

Commitment	2014 objectives	2014 results	2015 objectives	Mid-term objectives
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"> › Organisation of many exhibitions, conferences and cultural events at the Piaggio Museum. 	<ul style="list-style-type: none"> › Organisation of cultural events at the Piaggio Museum. 	<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.

Piaggio Group recognises the social importance of communication and develops relations with associations (UPA), public entities (Confindustria [Italian manufacturers' association]), Ancma [the National Association of Manufacturers of Motorcycles and Accessories], Anfia [National Association of Automotive Manufacturers]), to promote eco-compatible mobility and spread the values of technological innovation in favour of the end-user and to save the environment.

The Group is also part of an international network of laboratories, university-run and private research centres at the cutting edge in their fields of specialisation.

The Piaggio Foundation, Museum and Historical Archive

The Piaggio Foundation, a non-profit institution, carries out the function of meeting place and cultural reference for the territory.

In 2014 the activities of the Piaggio Foundation continued to centre around enhancing Piaggio's history, its products and its values. Great importance was also given to the promotion of culture in all its forms, of ethical and social values of the people, particularly to that of the culture of young people, and of the territory's tourism and economic activities.

This year too, just like in 2013, the Piaggio Foundation was awarded the € 50,000 contribution from the Tuscany Region for the 2014 cultural project - *Musei di qualità al servizio dei visitatori e delle comunità locali* [Quality museums at the service of visitors and local communities].

The year's rich calendar, with the organisation of exhibits and conferences—from entertainment activities to guided tours and educational projects—immediately yielded results in terms of the annual number of visitors which broke all the records, reaching **43,000** attendees.

The exhibitions

This year the common thread of the exhibitions was the recycling theme seen as the reuse of things thrown away that take on a new life, to the point that they transform and become art or fashion. In fact, three exhibitions on the theme were put on, as well as a conference, *La moda che visse due volte* [Fashion with Two Lives], which we describe below.

- › **Riciclati ad arte** [Recycled into art], an exhibit/lab organised in association with the Municipality of Pontedera and the Tuscan company Waste Recycling and artists in the “SCART” project.
- › **Storie di Terra – il favoloso mondo ceramico di Deborah Ciolli** [Stories of the Land - The Wonderful World of Ceramics of Deborah Ciolli], an exhibit dedicated to the concept of The Ecological Man who lives in harmony and accord with nature.
- › **L’oggetto ri-fiutato. Tre artisti a confronto tra riuso e post modernismo** [The Re-jected Object. Three artists in Comparison from Reuse to Post-modernism] Group of three artists who chose to express art by using materials they recovered.

For the *La grande arte contemporanea al Museo Piaggio* (Great Contemporary Arts at the Piaggio Museum cycle):

- › **Da Fattori a Modigliani Grandi Maestri - Grandi Allievi** (From Fattori to Modigliani Great Masters - Great Pupils).
In cooperation with the great expert and collector of works by the Macchiaioli and the art of the late 19th and 20th century, Carlo Pepi, the Piaggio Foundation, together with the Municipality of Pontedera, organised the exhibition, which hosted over 100 works by the great masters of the calibre of Modigliani, Fattori, Lega, Cabianca, Signorini, De Nittis and great pupils like Gioli, Kienerk and Viani in the exhibition area of the Piaggio Museum.

Ample space was also given to exhibitions of the territory’s most creative artists:

- › **Humanitas Machinae (il lavoro dipinto)** Exhibition of paintings, sculptures and carving by artist Marcello Scarselli.
- › **Il mio lavoro democratico (opere pittoriche 2009 – 2014)** [My Democratic Work (paintings 2009 - 2014)] Exhibition of paintings by Maurizio Biagini, artist from Livorno, who is part of the Labronico Group.

In association with the territory, two particularly important exhibitions:

- › A scientific exhibition on the New Frontiers of 3D, for Cre@ctivity, which involves the exhibition of the most important machinery of this new “avant-garde” of technology.
- › The photo exhibit **Pontedera città dei motori e dell’innovazione: dai dirigibili ai robot** [Pontedera, City of Engines and Innovation: from Dirigibles to Robots], organised in association with the BioRobotics Institute of the Scuola Superiore Sant’Anna, with Tagete Edizioni and sponsored by the Municipality of Pontedera on the 25th anniversary of the foundation of the first research lab of the BioRobotics Institute of the Scuola Superiore Sant’Anna. Besides the exhibition, the calendar of celebrations scheduled at the Piaggio Museum also included the conference dedicated to **Pontedera città dei motori e dell’Innovazione** [Pontedera, City of Engines and Innovation] and the theatrical and scientific show **Marie Curie**.

Closing out the year was an exhibition dedicated to the Vespa:

- › **In Vespa con Madaia** [In Vespa with Madaia], exhibition of artist Mario Madaia which presents a selection of works from the 1960s to today, featuring the Vespa.

Side events to the exhibitions hosted

Events organised for the final part of the exhibition *Passaggio in India* [Passage to India]. A gateway to Piaggio:

- › **Le mille anime dell'India** [The Thousand Souls of India]. Show by, and with, Giuseppe Cederna with live music by Alberto Capelli.
- › Projection of the film **Lessons in Forgetting**, film that won the *Piaggio Foundation Award* which sprang from the renewed collaboration between the Piaggio Foundation and the River to River Florence Indian Film Festival.
- › **Quando dei e demoni prendono vita. Il teatro-danza classico indiano Bharata Natyam**. A captivating evening of stories and dance about India's Smith myths.

Events organised for other exhibitions:

- › **Laboratorio Sbirciando Marcello Scarselli...** ['Glance at' Laboratory Marcello Scarselli...] (during the Humanitas Machinae exhibition). Tour dedicated to youngsters.
- › Theatre/song show by singer-songwriter, actor and writer **Giulio Casale** (at the inauguration of the exhibition *Da Fattori a Modigliani. Grandi Maestri - Grandi Allievi*) [From Fattori to Modigliani. Great Masters - Great Pupils].

Conferences, training meetings and book presentations

- › **Territori di una cittadinanza globale** [Territories of global citizenship]. Second Conference on International Cooperation and Integration organised by the Municipality of Pontedera in association with the Piaggio Foundation.
- › Presentation of the DVD **I Bombardamenti di Pontedera del Gennaio 1944** [Bombing of Pontedera in January 1944] to schools, made by Tagete Edizioni for the 70th anniversary of wartime.
- › Conference on the need for synergies among the companies and research labs at the **Inauguration of the new Pontlab laboratories in Pontedera**.
- › Conference **La moda che visse due volte. Il bello e sostenibile dell'artigianalità italiana** [Fashion with Two Lives. The Beauty and the Sustainability of Italian Artisanry], organised by the Piaggio Foundation in association with the Modartech Institute and with the Gattinoni fashion house. Event with the participation of high schools around the region.
- › Conference **Il Ritorno ai Binari - Scelta di mobilità e di disciplina urbanistica** [The Return to Tracks - A Mobility and Urbanistic Discipline Choice]. Event organised by the Piaggio Foundation in association with the Municipality of Pontedera and with the Tuscan Universities, with the participation of important scholars and mobility and town planning experts in the region.
- › Meeting **Epicentro Mediterraneo. Raccontare il mondo nuovo** [Mediterranean Epicentre. Telling about the New World], with the account of writer Ilaria Guidantoni and RAI journalist and war correspondent Sandro Petrone.
- › Training and information meeting during the **Diabetes Day**.
- › **Merenda con delitto** [Snack with a Crime]. Presentation of the book by Giorgio Caponetti **Venivano da lontano** [They Came from Afar], organised by the Piaggio Foundation in association with the Pontedera Library and Tagete Edizioni. Presentation of the book, readings and tasting of typical products from the territory.
- › Conference on **Leadership**, meeting with teachers and Tuscan businesspeople organised in association with the 2071 District of Rotary International.
- › **La Camera di Consiglio tra segretezza e diritto all'informazione** [The Council Chamber: Between Secrecy and Right to Information], conference organised by the School of Specialisation of Legal Professions in association with the Piaggio Foundation.

Concerts

Also in 2014, thanks to the collaboration with music schools of the territory and with local and national cultural associations, the Piaggio Foundation continued its work spreading musical culture, giving both emerging and established and refined artists a chance to perform at the Piaggio Museum Auditorium. Here below, the concerts hosted and organised:

- › Classical guitar concert by the **Master Saldarelli**.
- › Gospel concert by the **St. Jacob's Choir** with tasting of products from the territory.
- › **Rotary Sband** concert, by a group of Tuscan musicians who belong to the Region's Rotary Club.
- › Concert at the premier presentation of the new record by **Vick Frida** "*Thisastro - Una pioggia di stelle sull'umanità*" [Thisastro - A Rain of Stars on Humanity].
- › *La mia musica* [My Music] concert by the Master **Francesco Seri**. Quartet composed of harmonica, clarinet, guitar and double bass.
- › **Don Backy - 50 anni di mestiere delle canzoni** [50 Years in Song Making] Concert.
- › Piano and violin concert of the **Sarti Trio** organised by the Tuscan Musical Academy in association with the Piaggio Foundation.
- › Concert by singer-songwriter from Livorno **Bobo Rondelli**.
- › Cycle of four concerts by the **Emiliano Loconsolo Jazz Quartet**.

Events and programmes dedicated to young people and students

- › **Cre@tivity - Innovazione nel design industriale** [Cre@ctivity - Innovation in Industrial Design]. This year's edition of Cre@ctivity addressed - in addition to traditional themes of mobility, fashion, ecology and communication - the particular theme of 3D.
- › **RoboCup 2014**. Sixth edition of the national robotics contests for schools nationwide of all types and levels, organised with the sponsorship of the Municipality of Pontedera and the Region of Tuscany, and the BioRobotics Institute of Scuola Superiore Sant'Anna in Pisa with the cooperation of the Piaggio Foundation. During the four days of the show, about 1,500 teachers and students came to the Piaggio Museum.
- › Awarding of the students who won the classical literature contest **Certamen in Ponticulo Herae**.
- › Awarding of the students who won the **Math Games** Contest.
- › Awarding of **Hundred-metre Sprinters from the High Schools of Valdera**.
- › Donation ceremony for the **Vespa Pop** at the Piaggio Museum. Big "young party" for the presentation of a new Vespa Primavera hand-decorated by artist Maddalena Carrai.
- › Lastly, the **Educational Programme** carried out by the Piaggio Foundation for young people, from preschool to university, on historical, artistic and economic topics.

Events organised in association with Vespa Clubs or other motorcycle clubs

- › Stop on the **Giro d'Italia in Griso**, a charity event with the participation of hundreds of Moto Guzzi motorcycle lovers.
- › Finale and awarding of the **Vespa Rally European Championship**.
- › Club rallies which gather the **Vintage Car** lovers, of the **500**, the **Sidecars**, the **Historic Motorcycles**, etc.

Other events

- › **Cantina Jazz**. In 2014 as well, the collaboration with the FISAR continued, with the organisation of four evenings of music and tastings to promote the territory's outstanding food and wine.
- › Play for children **The Little Prince**.
- › Dance show **My-Ysteria**. Organised by the Piaggio Foundation for the European Night of Museums.

Scientific publications

Throughout the year, preparation of the **Notebooks of the Piaggio Foundation** began, which will be published in 2015.

Preparation of the second volume of the **Column of Tommaso Fanfani Studies** began, which will be published in 2015.

Activities underway for the communication and promotion of the Piaggio Museum

- › Creation of the new Piaggio Museum website, which includes sections that are constantly updated and provide information in real-time on programmes, events and news. The website is meant to be a precious tool for the museum's promotion of tourism.
- › Up-to-date photos shot of the historic and artistic collection on display at the museum and creation of an advertising video.
- › Creation of the Museum's new catalogue.

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
"Automotoretrò"	IL LINGOTTO - Turin	Vespa 98 II series (1947), Vespa GS (1959), Vespa 50 N (1969), Gilera 4 GP (1957)	5 - 10 February
Exhibition Novegro Exchange	EXPO AREA - Novegro (MI)	Gilera VT 317 (1909)	13 - 17 February
Shoot for Vogue	MILAN	Prototype MP6 (1945)	21 - 22 February
Showing of exhibition "Icône del Design Italiano" [Icons of Italian Design]	MUSEUM OF DESIGN - LATRIENNALE OF MILAN	Vespa 98 II series (1947)	31 March - 5 May
MUMAC Museum Temporary exhibition "Com'eravamo" [The Way We Were]	BINASCO (MI)	Preserved Ape body (1953), Ciao Japan (1978), Vespa GS (1959), Preserved Vespa 150 (1960)	3 April - 13 May
78th Artisans Show	FLORENCE	Vespa GS (1955)	23 April - 1 May
Villa d'Este 2014 Elegance Contest	CERNOBBIO (CO)	Gilera Rondine Circuito (1939)	23 - 25 May
Vespa World Days 2014	MANTUA	22 models of Vespas, including some prototypes (produced from 1963 to 2012)	12 - 15 June
Collection de voitures anciennes de S.A.S. le prince de Monaco	MONTECARLO	Gilera Rondine Circuito (1939), Vespa 98 Corsa (1947)	25 September - 4 December

Historical Archive

Over the course of 2014, as usual the historic archive was decisive in many of the foundation's activities; it continued its valuable role helping to search for and manage users, as well as supporting the educational activities of the museum and iconographic and document research for outfitting internal and external exhibitions and events. Particularly important was its participation – in partnership with the Italian Institute of Culture of São Paulo – in the organisation of the exhibition "Vespa: um ícône italiana – História, Cultura e Design", hosted in São Paulo in Brazil at the Museo da Casa Brasileira for the 2014 FIFA World Cup. The public also really liked the "Vespa Mon Amour" photo exhibit conceived by the Foundation together with Mirko Albini and hosted by the Castello dei Doria in Dolceacqua (IM) in July. For the 25th anniversary

of the BioRobotics Laboratory of the Scuola Superiore Sant'Anna, the Archive worked together with the school and with the publishing house Tagete to put together the photo exhibit which we already mentioned, "Pontedera Tecnologica. Dai dirigibili ai robot".

The collaboration with Piaggio also continued through historic consultancy, selection and sending of images used to create the international exhibitions and publications, this year particularly for iconographic research for outfitting the "Vespa Museum" in Mantua in the cloister of the Diocesan Museum, during the Vespa World Days 2014 (12-15 June).

The Historic Archive was also a fundamental source for iconographic and document research needed to create the new website and new museum catalogue, even after doing work to update the data sheets and inventory of the vehicles on display.

Charity activities and sponsorships

Piaggio continued the Vespa for Children project in 2014, a humanitarian initiative for charity 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 the agreement signed in 2013 with the Bambino Gesù Children's Hospital in Rome (OPBG) for the creation of a specialised urology centre for children at the Hospital for Pediatrics in Hanoi (Vietnam). The initiative comes from 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.

In the spring of 2014, as part of the evolution of this project the first kidney transplant from a live donor was successfully performed on a 10-year-old girl at the National Hospital for Pediatrics in Hanoi. The surgery was done by a team of specialists from the OPBG in collaboration with local medical personnel. During the same mission, the doctors from Bambino Gesù managed to treat another 20 children with serious urological problems through surgery, and they selected other very young patients with kidney failure for kidney transplant.

In 2014, also under the aegis of the Vespa for Children project, Piaggio Group participated in various events with social resonance by donating vehicles that went to charity auctions and events. Among others, these initiatives were carried out in association with Vogue Italia, IEO Foundation, Laureus Foundation, Make a Wish Italy Nonprofit organisation, San Patrignano Foundation, AIRC, Pupi Foundation.

The Group also took part in some very important cultural events, like for example the Mantua Literature Festival, not to mention other events organised by the Vespa World Club and specifically, Vespa World Days, which came back to Italy in 2014.

Lastly, for some years now - for the end of the year holidays - together with the entire Immsi Group, Piaggio Group fosters educational and rehabilitative activities for disabled children affected by brain damage by making a donation to the "Casa del Sole Onlus" association, in the name of all the employees of the Immsi and Piaggio groups. 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-G4 INDICATORS

Table of GRI-G4 indicators

G4 Content Index for "In accordance" - Core			
GENERAL STANDARD DISCLOSURES		Page/Reference	External Limited Assurance
<i>1. STRATEGY AND ANALYSIS</i>			
G4.1	Statement from the most senior decision-maker of the organization.	Letter from the Chairmain p.7	x
<i>2. ORGANIZATIONAL PROFILE</i>			
G4.3	Report the name of the organization.	The commitment of Piaggio Group p.14-18	x
G4.4	Report the primary brands, products, and services.	Group profile p. 31-32	x
G4.5	Report the location of the organization's headquarters.	Group profile p. 30	x
G4.6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Group profile p. 30	x
G4.7	Report the nature of ownership and legal form.	Corporate Governance p. 38-40	x
G4.8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Group profile p. 30	x
G4.9	Report the scale of the organization.	Piaggio - facts and figures p. 34	x
G4.10	Report the total number of employees by employment contract and gender. Report the total number of permanent employees by employment type and gender. Report the total workforce by employees and supervised workers and by gender. Report the total workforce by region and gender. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Developing human resources - staff p.103-104	x
G4.11	Report the percentage of total employees covered by collective bargaining agreements.	Developing human resources - Industrial relation p. 117-121	x
G4.12	Describe the organization's supply chain.	Responsible management of the supply chain p. 132-135	x
G4.13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Environmental Sustainability p.89-90 Developing human resources p.109-110	x
G4.14	Report whether and how the precautionary approach or principle is addressed by the organization.	Product innovation and sustainable mobility p. 56-67 Environmental sustainability p. 89-90	x
G4.15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Product innovation and sustainable mobility - founded national and European projects p. 69-70	x
G4.16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic This refers primarily to memberships maintained at the organizational level.	Product innovation and sustainable mobility - founded national and European projects p. 67-70 Supporting local community p. 138-143	x

G4 Content Index for "In accordance" - Core

GENERAL STANDARD DISCLOSURES		Page/Reference	External Limited Assurance
3. IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4.17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	Methodological note p. 23-24	x
G4.18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Methodological note p.22-26	x
G4.19	List all the material Aspects identified in the process for defining report content.	The commitment of Piaggio Group - sustainability strategy p. 13 Methodological note p. 23-24	x
G4.20	For each material Aspect, report the Aspect Boundary within the organization.	Methodological note p.22-26	x
G4.21	For each material Aspect, report the Aspect Boundary outside the organization.	Methodological note p.22-26	x
G4.22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Methodological note p.22-26	x
G4.23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Methodological note p.22-26 Developing human resources - organisational development p. 109-110	x
4. STAKEHOLDER ENGAGEMENT			
G4.24	Provide a list of stakeholder groups engaged by the organization.	The commitment of Piaggio Group - stakeholders' involvement p.14-18	x
G4.25	Report the basis for identification and selection of stakeholders with whom to engage.	The commitment of Piaggio Group - stakeholders' involvement p.14-18	x
G4.26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	The commitment of Piaggio Group - stakeholders' involvement p.14-18	x
G4.27	Report 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. Report the stakeholder groups that raised each of the key topics and concerns.	The commitment of Piaggio Group - stakeholders' involvement p.14-18	x

G4 Content Index for "In accordance" - Core				
GENERAL STANDARD DISCLOSURES		Page/Reference	External Limited Assurance	
5. REPORT PROFILE				
G4.28	Reporting period (such as fiscal or calendar year) for information provided.	Corporate Social responsibility Report p.5 Methodological note p.22-26	x	
G4.29	Date of most recent previous report (if any).	Corporate Social responsibility Report p.5 Methodological note p.22-26	x	
G4.30	Reporting cycle (such as annual, biennial).	Corporate Social responsibility Report p.5 Methodological note p.22-26	x	
G4.31	Provide the contact point for questions regarding the report or its contents.	p. 162	x	
G4.32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	Corporate Social responsibility Report p.5 Methodological note p.22-26	x	
G4.33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	Methodological note p.22-26 Report on the limiting auditing of the Corporate Social Responsibility Report p. 160-161	x	
6. GOVERNANCE				
G4.34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Corporate Governance p. 38-41	x	
7. ETHICS AND INTEGRITY				
G4.56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Corporate Governance - Code of Ethics p.40 The commitment of Piaggio Group p. 10-13	x	
SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
ECONOMIC				
<i>Aspect: Economic performance</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	Trasparenza and creation of added value- determination and distribution of economic value p. 46-47		x
G4.EC1	Direct economic value generated and distributed	Trasparenza and creation of added value- determination and distribution of economic value p. 46-47		x
G4.EC4	Financial assistance received from government	Trasparenza and creation of added value- determination and distribution of economic value -Public grants and tax benefits p. 48		x

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
ECONOMIC				
<i>Aspect: Market presence</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Developing human resources - Personnel management policies p. 104-105		x
G4.EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Developing human resources - Reward policies p.114-115		
G4.EC6	Proportion of senior management hired from the local community at significant locations of operation	Developing human resources - Diversity and equal opportunity p.105-106		x
<i>Aspect: Indirect economic impacts</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Responsible management of the supply chain p. 132-135 Supporting local communities p. 138-143		x
G4.EC7	Development and impact of infrastructure investments and services supported	Responsible management of the supply chain p. 132-135 Supporting local communities p. 138-143		
G4.EC8	Significant indirect economic impacts, including the extent of impacts	Responsible management of the supply chain p. 132-135 Supporting local communities p. 138-143		x
ENVIRONMENTAL				
<i>Aspect: Materials</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Environmental sustainability - Environmental certification p. 91 Product innovation and sustainable mobility -Environmental compatibility of the product and the process p. 56-67		x
G4.EN2	Percentage of materials used that are recycled input materials	Product innovation and sustainable mobility -Environmental compatibility of the product and the process p.67	Reported only plastic components	x

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
ENVIRONMENTAL				
<i>Aspect: Energy</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Environmental sustainability - Environmental certification p. 91 Environmental sustainability - Reduction of energy consumption p. 91-92		x
G4.EN3	Energy consumption within the organization	Environmental sustainability - Reduction of energy consumption p. 91-92		x
G4.EN6	Reduction of energy consumption	Environmental sustainability - Reduction of energy consumption p. 91-92		
G4.EN7	Reductions in energy requirements of products and services	Product innovation and sustainable mobility - Environmental compatibility of the product and the process p.67		x
<i>Aspect: Water</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Environmental sustainability - Environmental certification p. 91 Environmental sustainability - Conserving water resources p. 94-95		x
G4.EN8	Total water withdrawal by source	Environmental sustainability - Conserving water resources p. 94-95		x
G4.EN9	Water sources significantly affected by withdrawal of water	Environmental sustainability - Conserving water resources p. 94-95		x
G4.EN10	Percentage and total volume of water recycled and reused	Environmental sustainability - Conserving water resources p. 94-95		x
<i>Aspect: Biodiversity</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Environmental sustainability - Environmental certification p. 91 Environmental sustainability - Conserving water resources p. 94-95		
G4.EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Sustainability - Biodiversity p.96		

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
ENVIRONMENTAL				
<i>Aspect: Emissions</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	Environmental sustainability - Environmental certification p. 91 Environmental sustainability - Reducing emissions of CO ₂ and other pollutant p.93-94		x
G4.EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental sustainability - Reducing emissions of CO ₂ and other pollutant p.93-94		x
G4.EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental sustainability - Reducing emissions of CO ₂ and other pollutant p.93-94		x
G4.EN19	Reduction of greenhouse gas (GHG) emissions	Environmental sustainability - Reducing emissions of CO ₂ and other pollutant p.93-94		x
G4.EN20	Emissions of ozone-depleting substances (ODS)	Environmental sustainability - Reducing emissions of CO ₂ and other pollutant p.93-94		x
G4.EN21	NOX, SOX, and other significant air emissions	Environmental sustainability - Reducing emissions of CO ₂ and other pollutant p.93-94	VOCs is reported	x
<i>Aspect: Effluents and waste</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	Environmental sustainability - Environmental certification p. 91 Environmental sustainability - Conserving water resources p. 94-95 Environmental sustainability - Waste handling and recovering p. 95-96		x
G4.EN22	Total water discharge by quality and destination	Environmental sustainability - Conserving water resources p. 94-95		x
G4.EN23	Total weight of waste by type and disposal method	Environmental sustainability - Waste handling and recovering p. 95-96		x
G4.EN24	Total number and volume of significant spills	Environmental sustainability - Soil contamination p. 96		x

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
ENVIRONMENTAL				
<i>Aspect: Products and services</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Environmental sustainability - Environmental certification p. 91</p> <p>Environmental sustainability - Conserving water resources p. 94-95</p> <p>Environmental sustainability - Waste handling and recovering p. 95-96</p>		x
G4.EN27	Extent of impact mitigation of environmental impacts of products and services	Product innovation and sustainable mobility p.56-70		x
G4.EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Product innovation and sustainable mobility - Environmental compatibility of the product and the process p. 67		
<i>Aspect: Compliance</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Environmental sustainability - Environmental certification p. 91</p> <p>Corporate Governance - Compliance with laws and regulations p.42</p>		
G4.EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Corporate Governance - Compliance with laws and regulations p.42		
<i>Aspect: Transport</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Environmental sustainability - Environmental certification p. 91</p> <p>Environmental sustainability - Logistics p. 99</p>		
G4.EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Environmental sustainability - Logistics p. 99		

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
ENVIRONMENTAL				
<i>Aspect: Overall</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Environmental sustainability - Environmental certification p. 91 Environmental sustainability - Environmental spending and investments p. 96-97		x
G4.EN31	Total environmental protection expenditures and investments by type	Environmental sustainability - Environmental spending and investments p. 96-97		x
SOCIAL				
LABOUR PRACTICES AND DECENT WORK				
<i>Aspect: Employment</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Developing human resources- Personnel management policies p. 104-105		x
G4.LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Developing human resources - Staff p. 103-104	Report is related only to Italy	x
G4.LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Developing human resources - Reward policies p.115		x
G4.LA3	Return to work and retention rates after parental leave, by gender	Developing human resources - Diversity and equal opportunity p.108-109		x
<i>Aspect: Labour/management relations</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Developing human resources - Personnel management policies 104-105 Developing human resources- Industrial relations p. 117-121		x
G4.LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Developing human resources - Industrial relations p. 117-121		x

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
SOCIAL				
<i>Aspect: Occupational health and safety</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	Developing human resources - Personnel management policies p.104-105 Developing human resources - Health and safety p.121-129		x
G4.LA5	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	Developing human resources - Health and safety p.121-129		
G4.LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender	Developing human resources - Health and safety p.121-129	Rate of injury is reported	x
G4.LA7	Workers with high incidence or high risk of diseases related to their occupation	Developing human resources - Health and safety p.121-129		
G4.LA8	Health and safety topics covered in formal agreements with trade unions	Developing human resources - Industrial relations p. 117-121		x
<i>Aspect: Training and education</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	Developing human resources - Personnel management policies p.104-105 Developing human resources - Developing human capital p. 110-113		x
G4.LA9	Average hours of training per year per employee by gender, and by employee category	Developing human resources - Training p. 113-114		x
G4.LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Developing human resources - Developing human capital p. 110-113		x
G4.LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Developing human resources - Developing human capital p. 110-111		x
<i>Aspect: Diversity and equal opportunity</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	Developing human resources - Personnel management policies p.104-105		x
G4.LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Developing human resources - Diversity and equal opportunity p.105-109		x
<i>Aspect: Equal remuneration for women and men</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	Developing human resources - Personnel management policies p.104-105 Developing human resources- Reward policies p.114-115		
G4.LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Developing human resources - Reward policies p.115		

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
SOCIAL				
HUMAN RIGHTS				
<i>Aspect: Investment</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Corporate Governance - Code of Ethics p. 40</p> <p>Corporate Governance - Compliance with laws and regulations p.42</p>		
G4.HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>Corporate Governance - Code of Ethics p. 40</p> <p>Corporate Governance - Compliance with laws and regulations p.42</p>		
<i>Aspect: Non discrimination</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Corporate Governance - Code of Ethics p. 40</p> <p>Corporate Governance - Compliance with laws and regulations p.42</p>		
G4.HR3	Total number of incidents of discrimination and corrective actions taken	<p>Corporate Governance - Code of Ethics p. 40</p> <p>Corporate Governance - Compliance with laws and regulations p.42</p>		
<i>Aspect: Freedom of association and collective bargaining</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Developing human resources - Industrial relations p.117-121</p>		x
G4.HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<p>Developing human resources - Industrial relations p.117-121</p>		x
<i>Aspect: Child labour</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Corporate Governance - Code of Ethics p. 40</p> <p>Corporate Governance - Compliance with laws and regulations p.42</p>		
G4.HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	<p>Corporate Governance - Code of Ethics p. 40</p> <p>Corporate Governance - Compliance with laws and regulations p.42</p>		

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
SOCIAL				
HUMAN RIGHTS				
<i>Aspect: Forced or compulsory labour</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Corporate Governance - Code of Ethics p. 40 Corporate Governance - Compliance with laws and regulations p.42		
G4.HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Corporate Governance - Code of Ethics p. 40 Corporate Governance - Compliance with laws and regulations p.42		
<i>Aspect: Human rights grievance mechanisms</i>				
SOCIAL				
SOCIETY				
<i>Aspect: Local communities</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Supporting local community p. 138-143		
G4.SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Supporting local community p. 138-143		
<i>Aspect: Anti corruption</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Corporate Governance - Code of Ethics p. 40 Corporate Governance - Compliance with laws and regulations p.42		
G4.SO5	Confirmed incidents of corruption and actions taken	Corporate Governance - Code of Ethics p. 40 Corporate Governance - Compliance with laws and regulations p.42		
<i>Aspect: Public policy</i>				
G4.DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Corporate Governance - Code of Ethics p. 40		
G4.SO6	Total value of political contributions by country and recipient/beneficiary	Corporate Governance - Code of Ethics p. 40		

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
SOCIAL				
SOCIETY				
<i>Aspect: Anti-competitive behaviour</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Corporate Governance - Compliance with laws and regulations p.42		
G4.S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Corporate Governance - Compliance with laws and regulations p.42		
<i>Aspect: Compliance</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Corporate Governance - Compliance with laws and regulations p.42		
G4.S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Corporate Governance - Compliance with laws and regulations p.42		
SOCIAL				
PRODUCT RESPONSIBILITY				
<i>Aspect: Customer health and safety</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Product innovation and sustainable mobility - applications p. 59-68 Meeting customer requirements - product quality and reliability p.74-77		x
G4.PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Product innovation and sustainable mobility - applications p. 59-68 Meeting customer requirements - product quality and reliability p.74-77		x

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS		Page/Reference	Omissions	External Limited Assurance
SOCIAL				
PRODUCT RESPONSIBILITY				
<i>Aspect: Product and service labeling</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Meeting customer requirements - product quality and reliability p.74-77		x
G4.PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Meeting customer requirements - product quality and reliability p.74-77		x
G4.PR5	Results of surveys measuring customer satisfaction	Meeting customer requirements - Customers p.79-81		
<i>Aspect: Marketing communications</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Corporate Governance - Compliance with laws and regulations p.42		
G4.PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Corporate Governance - Compliance with laws and regulations p.42		
<i>Aspect: Customer privacy</i>				
G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	Corporate Governance - Compliance with laws and regulations p.42		
G4.PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Corporate Governance - Compliance with laws and regulations p.42		

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	Page/Reference	Omissions	External Limited Assurance
-------------------------	-----------------------	------------------	-----------------------------------

SOCIAL

PRODUCT RESPONSIBILITY

Aspect: Compliance

G4.DMA	<p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach, including:</p> <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach 	<p>Corporate Governance - Compliance with laws and regulations p.42</p>	
G4.PR9	<p>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</p>	<p>Corporate Governance - Compliance with laws and regulations p.42</p>	

RODRIFF



Report on the limited auditing of the Corporate Social Responsibility Report



INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE CORPORATE SOCIAL RESPONSIBILITY REPORT 2014

To the Shareholders of
Piaggio & C. SpA

We have carried out a limited assurance engagement on the Corporate Social Responsibility Report (hereinafter the "Report") of Piaggio Group (hereinafter the "Group") for the year ended 31 December 2014.

Responsibility of the Directors for the Report

The Directors are responsible for preparing the Report in compliance with the *G4 Sustainability Reporting Guidelines* defined in 2013 by the *GRI - Global Reporting Initiative* (the "*G4 Sustainability Reporting Guidelines*"), as indicated in the paragraph "Methodological note" of the Report, and for that part of internal control that they consider necessary to prepare a sustainability report that is free from material misstatement, whether due to fraud or unintentional behaviours or events. The Directors are also responsible for defining the sustainability performance targets of Piaggio Group, for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

Auditor's responsibility

We are responsible for the preparation of this report on the basis of the work performed. We conducted our engagement in accordance with "*International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information*" ("*ISAE 3000*"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the Report is free from material misstatement. The procedures consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the Report, analysis of documents, recalculations and other verification procedures.

The procedures we performed on the Report consisted in verifying its compliance with the principles for defining the content and the quality of a sustainability report set out in the "*G4 Sustainability Reporting Guidelines*", and are summarised as follows:

PricewaterhouseCoopers Advisory SpA

Sede legale: Milano 20149 Via Monte Rosa 91 Tel. 02667201 Fax 0266720501 Cap. Soc. Euro 3.700.000,00 i.v. - C.F. e P.IVA e Iscrizione al Reg. Imp. Milano n° 03230150967 - Altri Uffici: **Bari** 70122 Via Abate Gimma 72 Tel. 0805640311 Fax 0805640349 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 Fax 0552482899 - **Genova** 16121 Piazza Piccapietra 9 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 Fax 0422315798 - **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



- comparing the financial information reported in chapter “Transparency and creation of economic value” of the Report with the information included in the Group’s consolidated financial statements as of 31 December 2014 on which we issued our audit opinion, in accordance with articles 14 and 16 of legislative decree n° 39 of 27 January 2010, on 18 March 2015;
- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to the Group’s strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the processes underlying the generation, recording and management of quantitative data included in the Report. In detail, we carried out:
 - meetings and interviews with management 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 submission of the information to the function responsible for the Report preparation;
 - a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the Report;
- analysing the internal consistency of the qualitative information described in the Report and its compliance with the guidelines identified in the preceding paragraph “Responsibility of the Directors for the Report”;
- analysing the engagement of stakeholders and its results through the existing documentation concerning the significant matters arisen during the Group’s dialogue initiatives;
- obtaining a representation letter, signed by the legal representative of Piaggio & C. SpA, on the compliance of the Report with the guidelines identified in the paragraph “Responsibility of the Directors for the Report”, as well as the reliability and completeness of the disclosed information.

Data and information subject to our limited assurance procedures are included, as required by the “*G4 Sustainability Reporting Guidelines*”, in the “*GRI Content Index*” of the Report.

Our limited assurance work was less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000 (“*reasonable assurance engagement*”) and, consequently, it does not provide us with a sufficient level of assurance necessary to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Corporate Social Responsibility Report of Piaggio Group as of 31 December 2014 has not been prepared, in all material respects, in compliance with the “G4 Sustainability Reporting Guidelines” defined in 2013 by the GRI - *Global Reporting Initiative* as disclosed in the paragraph “Methodological note” of the Report.

Turin, 03 April 2015

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 3 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 S.p.A.

Share capital € 207,613,944.37, 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

