



PIAGGIO  
GROUP



# REPORT ON CORPORATE GOVERNANCE AND CORPORATE OWNERSHIP 2022

Piaggio & C. S.p.A.

# REPORT ON CORPORATE GOVERNANCE AND CORPORATE OWNERSHIP

pursuant to art. 123-bis of the Consolidated Law on Finance

(Traditional management and control model)

Issuer: Piaggio & C. S.p.A.  
Website: [www.piaggiogroup.com](http://www.piaggiogroup.com)

Financial Year to which the Report refers: 2022  
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# GLOSSARY

**Shareholders' Meeting:** the Shareholders' Meeting of the Issuer.

**Borsa Italiana:** Borsa Italiana S.p.A.

**Corporate Governance Code / CG Code:** the Code approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., in January 2020, available at [www.borsaitaliana.it](http://www.borsaitaliana.it), adopted since 1 January 2021.

**Civil Code / CC:** the Civil Code.

**Committee / CG Committee / Corporate Governance Committee:** the Italian Committee for the Corporate Governance of Listed Companies, promoted, by Borsa Italiana S.p.A., and also by ABI, Ania, Assogestioni, Assonime and Confindustria

**Board/Board of Directors:** the Issuer's Board of Directors.

**Board of Statutory Auditors:** the Board of Statutory Auditors of the Issuer.

**Date of the Report:** the date of approval of this Report by the Board of Directors of Piaggio.

**Issuer/Company/Piaggio:** the Issuer of the listed shares to which the Report refers.

**Financial Year:** the financial year 2022, to which the Report refers.

**Group:** the group of companies reporting to the Issuer.

**Instructions to the Stock Exchange Regulations:** the instructions to the Regulations for Markets organised and managed by Borsa Italiana S.p.A.

**Stock Exchange Regulations:** the Regulations of Markets organised and managed by Borsa Italiana S.p.A..

**Consob Regulation on Issuers or Issuer Regulation:** the Regulations issued by Consob by Resolution no. 11971 of 1999 (and amendments thereto) concerning Issuers.

**Consob Market Regulation:** the Regulations issued by Consob by Resolution no. 20249 of 2017 (and amendments thereto) concerning markets.

**Consob Related-Parties Regulation:** the regulations issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) concerning transactions with related parties.

**Report:** this report on corporate governance and corporate ownership prepared by Piaggio pursuant to Article 123-bis of the TUF, referred to the Financial Year.

**Remuneration Report:** the "Report on remuneration policy and compensation paid" prepared pursuant to Article 123-ter of the Consolidated Law on Finance and Article 84-quater of the Consob Regulation on Issuers, available in accordance with law at the registered office, on the website of the issuer at [www.piaggiogroup.com](http://www.piaggiogroup.com) and in the authorised storage mechanism "eMarket Storage" available at [www.emarketstorage.it](http://www.emarketstorage.it).

**Company with Concentrated Ownership:** the "companies with concentrated ownership" referred to in the CG Code, i.e. the company in which one or more shareholders participating in a shareholders' agreement hold, directly or indirectly (through subsidiaries, trustees or intermediaries), the majority of votes that may be exercised at the ordinary shareholders' meeting.

**Large Company:** the "large company" referred to in the CG Code, i.e. the company whose capitalisation exceeded €1 billion on the last open market day of each of the three preceding calendar years.

**TUF (Consolidated Law on Finance):** Legislative Decree no. 58 of 24 February 1998 (as amended).



# 1. ISSUER PROFILE

Founded in 1884, the Issuer, having its registered office in Pontedera (Pisa), is now one of the leading world manufacturers of two-wheeler motor vehicles.

The Issuer is classified amongst the first 4 world operators in the reference market. The product range includes scooters, mopeds and motorcycles from 50 to 1,200cc marketed under the Piaggio®, Vespa®, Gilera®, Aprilia®, Moto Guzzi®, Derbi® and Scarabeo® brands. The Issuer also operates in the three- and four-wheeler light transport sector with the Ape®, Piaggio Porter® and Quargo® vehicles.

The Issuer is organised in accordance with the traditional compliance programme contemplated in Articles 2380-bis et seq. of the Civil Code, with powers reserved respectively to the General Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

As part of the process to align with the recommendations in the Corporate Governance Code, the Board of Directors promotes the integration of sustainability issues within its own corporate governance system and remuneration policy, in the terms described below in the Report. For further information on the sustainability policies adopted by the Issuer and the Group, please refer to the Non-Financial Statement and the Code of Ethics published on the Issuer's website, in the sections "Financial Statement and Reports" and "Governance - Code of Ethics" respectively.

The Board of Directors guides the Issuer with the aim of pursuing sustainable success, an objective that is substantiated in the creation of long-term value benefitting shareholders, taking into account the interests of other stakeholders that are relevant to the Issuer, as explained in more detail in the next paragraphs 4.1, 6, 8 and 9.

Pursuant to Legislative Decree 254/2016, the Issuer prepares on a mandatory basis the Non-Financial Statement, published as an attachment to the Annual Financial Report, (available on the Issuer's website in the section "Financial Statements and Reports", to which reference should be made for further information). This Statement presents the main policies practised by the company, the management models and the main activities carried out by the Group during the financial year in relation to the topics specifically referred to in Legislative Decree 254/16 (environmental, social, relating to personnel, respect for human rights, the fight against corruption), as well as the main risks identified related to these topics.

The Issuer does not fall within the definition of SME pursuant to Article 1(1)(w-quater.1) of the Consolidated Law on Finance and Article 2-ter of the Consob Regulation on Issuers.

On the basis of provisions in the Corporate Governance Code, at the date of the Report, the Issuer did not qualify as a Large Company, but as a Company with Concentrated Ownership (see Sections 4.3 and 7.2 of the Report for the flexibility options used).

## 2. INFORMATION ON CORPORATE OWNERSHIP (PURSUANT TO ARTICLE 123-BIS OF THE TUF) AT 31/12/2021

### A) STRUCTURE OF SHARE CAPITAL (art. 123-bis, paragraph 1, letter Consolidated Law on Finance)

The Issuer has a share capital of EUR 207,613,944.37, fully subscribed and paid up, divided into 358,153,644 ordinary shares with no stated par value. Each share carries the right to one vote, is indivisible, and was issued in dematerialised form.

Categories of shares that make up the share capital:

#### STRUCTURE OF THE SHARE CAPITAL

	NO. OF SHARES	% OF SHARE CAPITAL	NO. OF VOT-ING RIGHTS LISTED	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	358,153,644	100	358,153,644	Euronext Milan (for-merly MTA - Mercato Telematico Azionario) Each share gives the right to one vote. The shareholders rights and obligations are those in Articles 2346 et seq. of the Civil Code.

### B) RESTRICTIONS ON THE TRANSFER OF SECURITIES (article 123-bis, paragraph 1, letter b), Consolidated Law on Finance)

There are no securities transfer restrictions.

### C) SIGNIFICANT INVESTMENTS IN CAPITAL (art. 123-bis, paragraph 1, letter c), Consolidated Law on Finance)

At 31 December 2022 and at the Date of the Report, significant investments in the capital of the Issuer, as resulting from disclosures pursuant to Article 120 of the Consolidated Law on Finance and from disclosures received by the Issuer, were as follows:

#### SIGNIFICANT HOLDINGS IN THE SHARE CAPITAL

DECLARER	DIRECT SHAREHOLDER	% OF ORDINARY SHARE CAPITAL	% OF SHARES WITH VOTING RIGHTS
IMMSI S.p.A.	IMMSI S.p.A.	50.07	50.07
Diego della Valle	Diego della Valle & C. S.r.l.	5.54	5.54



## **D) SECURITIES THAT GRANT SPECIAL RIGHTS (article 123-bis, paragraph 1, letter d), Consolidated Law on Finance)**

No securities have been issued bearing special rights of control.

The articles of association of the Issuer do not contain provisions relating to the increased vote pursuant to Article 127-quinquies of the TUF.

## **E) EMPLOYEE SHARE OWNERSHIP: EXERCISING OF VOTING RIGHTS (article 123-bis, paragraph 1, letter e), Consolidated Law on Finance)**

There is no employee share ownership scheme.

## **F) RESTRICTIONS ON VOTING RIGHTS (article 123-bis, paragraph 1, letter f), Consolidated Law on Finance)**

There are no restrictions on voting rights.

## **G) SHAREHOLDER AGREEMENTS (article 123-bis, section 1, letter g) Consolidated Law on Finance)**

As far as the Issuer is aware, at 31 December 2022 and at the Date of the Report no agreements were ongoing between shareholders of the Company, of a content relevant pursuant to Article 122 of the TUF.

## **H) CHANGE OF CONTROL CLAUSES (article 123-bis, paragraph 1, letter h), of the Consolidated Law on Finance) and statutory provisions concerning takeover bids (articles 104, paragraph 1-ter and 104-bis, paragraph 1, of the Consolidated Law on Finance)**

The Issuer has a number of significant agreements in place which contemplate amendment or termination in the event of a change in control of the contracting party. Details of the agreements are provided in a specific section of the Financial Statements at 31 December 2022 (to which reference is made for further details). Specifically the following agreements have been made:

- a syndicated term loan and revolving credit facility totalling EUR 250 million;
- a debenture loan totalling EUR 250 million, issued by the Company;
- a loan agreement with the European Investment Bank, totalling EUR 70 million;
- a loan agreement with the European Investment Bank, totalling EUR 70 million;
- a loan agreement with the European Investment Bank, totalling EUR 30 million;
- a term loan agreement with Banco BPM totalling EUR 30 million;
- a Revolving Credit Facility with Banca del Mezzogiorno - MedioCredito Centrale totalling EUR 10 million;
- a loan agreement with Banca Popolare Emilia Romagna totalling EUR 20 million;
- a loan agreement with BNL totalling EUR 20 million;
- a credit line agreement with Intesa SanPaolo totalling EUR 20 million;
- term loan agreements (Schuldschein Loans) with international banks totalling EUR 100 million;
- a term loan agreement with Cassa Depositi e Prestiti totalling EUR 30 million.

With regard to takeover bids, the provisions of the Articles of Association of the Issuer do not derogate from the provisions of the passivity rule provided for under Article 104, paragraphs 1 and 1-bis of the Consolidated Law on Finance, nor do they provide for the application of breakthrough provisions as referred to in Article 104-bis, paragraphs 2 and 3 of the Consolidated Law on Finance.

## I) AUTHORITY TO INCREASE THE SHARE CAPITAL AND AUTHORISATION TO PURCHASE OWN SHARES (article 123-bis, paragraph 1, letter m), Consolidated Law on Finance)

The Board has not been given any authority by the Shareholders' Meeting to increase the share capital under Article 2443 of the Italian Civil Code.

Powers for the issue of financial instruments have not been vested in or delegated to the Directors.

### Authorisations to purchase and dispose of own shares

On 12 April 2022, the Shareholders' Meeting resolved to authorise the purchase and use of treasury shares - subject to withdrawal of the authorisation granted by the Shareholders' Meeting of 14 April 2021 - in order to provide the Company with a strategic investment opportunity for all purposes allowed by applicable regulations, including the purposes referred to in Article 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, hereinafter referred to as the "MAR") and in accordance with the practices permitted by Consob under Article 13 of the MAR, where applicable, which include the purchase of treasury shares on the basis of their subsequent annulment, in line with the terms and procedures to be decided by competent company boards.

In particular, the Shareholders' Meeting resolved the following:

- (i) to authorise the purchase of ordinary shares of the company, pursuant to and for the purposes of Article 2357 of the Civil Code, on one or more occasions, for a period of eighteen months as from the date of the resolution. The aforementioned purchase is permitted up to a maximum amount which, in consideration of the Piaggio ordinary shares held from time to time in the company's and subsidiaries' portfolios, is not globally above the maximum limit established by applicable ad interim regulations of an amount that is no higher than either the price of the last independent operation or the highest independent offer price of negotiations in which the purchase is made, whichever of the two is greater. This shall apply provided that the unit amount is at least 20% lower and a maximum of 10% higher than the arithmetic mean of official Piaggio share prices registered in the ten stock exchange days prior to each purchase transaction;
- (ii) to authorise the Board of Directors (and the Chairman and Chief Executive Officer of behalf thereof) to identify the amount of shares to be purchased in relation to each purchase programme, for the purposes indicated above prior to the start of the programme, and to purchase these shares in accordance with the procedures established by the applicable provisions of the Issuers' Regulation implementing Article 132 of the Consolidated Law on Finance, in compliance with the conditions relative to trading pursuant to Article 3 of the Commission Delegated Regulation (EU) 2016/1052. This must take place within a time frame deemed appropriate to the interests of the company, attributing the broadest powers for execution of the purchase transactions pursuant to the resolution, as well as any other formalities relating thereto, including any assignments to intermediaries qualified in accordance with the law. This includes the right to appoint executive officers with special powers of attorney;
- (iii) to authorise the Board of Directors (and the Chairman and Chief Executive Officer on behalf thereof) to dispose of the treasury shares purchased pursuant to this resolution - or in any case those which exist within the company's portfolio - at any time, in whole or in part and in one or more tranches, by selling these in or out of the stock exchange, pursuant to and for the purposes of Article 2357-ter of the Civil Code. This may also occur by means of assignment of real and/or personal rights, including but not limited to the loan of securities in compliance with the pro tempore laws and regulations in force, and for the purposes pursuant to this resolution, in line with the terms, procedures and conditions applicable to the disposal of treasury shares deemed most appropriate to the interests of the company, attributing the broadest powers for execution of the disposal transactions pursuant to the resolution, as well as any other formalities relating thereto, including any assignments to intermediaries qualified in accordance with the law. This includes the right to appoint executive officers with special powers of attorney; disposals of treasury shares held by the Company will be effected in compliance with laws and regulations in force governing the execution of orders for the trading of listed securities, including practices permitted in accordance with Article 13 of the MAR, where applicable, and may occur in one or more tranches, timed as best suits the interests of the Company. The authorisation referred to in this point was granted without time limits and it to be considered as granted also for the treasury shares already owned by Piaggio & C. S.p.A. as at the date of the resolution.

At the Shareholders' Meeting, it was also established that purchases of treasury shares must be contained within the limits of the distributable profits and reserves available following the latest financial statements (including interim statements), approved at the time of execution of the transaction. It was also stipulated that, upon purchase and disposal of treasury shares, the necessary accounting entries must be made, in compliance with the provisions of the law and of applicable accounting standards.

Pursuant to the aforementioned authorisation, the Board of Directors' meeting held on 11 April 2022, following the aforementioned Shareholders' Meeting, approved the launch of a new share buyback programme, not yet completed as at the Date of the Report. The

programme is to be implemented under the terms, conditions and procedures set forth in the aforementioned Shareholders' Meeting resolution, also in several tranches by 10 October 2023 and up to a maximum of 16,600,000 ordinary shares of the Company, with no stated par value, for a maximum value of EUR 41,331,787, taking into account the average share price over the last 30 days of open market, and therefore, within the legal limits (20% of the share capital, pursuant to Article 2357, paragraph 3, of the Italian Civil Code).

As at 31 December 2022 and at the Date of the Report, the Company held 3,521,595 treasury shares in its portfolio, accounting for 0.9833% of the share capital.

For further information on the programme to purchase treasury shares, reference is made to the minutes of the aforesaid Ordinary Shareholders' Meeting and Report of the Board of Directors, available on the Company's website, [www.piaggiogroup.com](http://www.piaggiogroup.com), in the Section "Governance - Shareholders' Meeting".

## **L) MANAGEMENT AND COORDINATION (pursuant to Article 2497 and following of the Civil Code)**

The Issuer is subject to the management and coordination of IMMSI S.p.A. pursuant to Articles 2497 et seq. of the Italian Civil Code. This activity is carried out as specified in the specific section of the Report on Operations to which reference should be made for any further information.

The Issuer, as a company subject to management and coordination by another company, is subject to the provisions of Article 16 of Consob Market Regulations. For information on the effects of these rules on the Issuer's corporate governance structure, see Paragraphs 4.2, 4.3 and 4.7.

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With regard to the information required by Article 123-bis, paragraph 1, letter i) of the Consolidated Law on Finance, the Company has stated that no agreements have been entered into between the Issuer and the Directors that provide for indemnities in the case of resignation, dismissal/termination without just cause, or if the employment ceases following a public offering. For further details, reference is made to the Remuneration Report available at [www.piaggiogroup.com](http://www.piaggiogroup.com) in the Section "Governance - Shareholders' Meeting".

With regard to the information required by Article 123-bis, paragraph 1, letter l), Part I and Part II of the Consolidated Law on Finance concerning the "Rules applicable to the appointment and replacement of directors, members of the management board or supervisory board, as well as to the amendment of the articles of association, if different from the laws and regulations applicable by way of supplementary provisions", such information is illustrated in the Board of Directors (Section 4.2) and in the Shareholders' meeting (Section 13) sections of the Report, respectively.

## 3. COMPLIANCE

The Issuer observes the CG Code.

The CG Code is available to the public on the Corporate Governance Committee's website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

Please note that neither the Issuer nor its strategically important subsidiaries are subject to non-Italian legal provisions affecting the Issuer's corporate governance structure.

The actual application of the principles of the CG Code, and any deviations and their reasons, are illustrated in the various paragraphs of the Report; reference is made to Appendix 2 of this Report for a summary of the level of application of the Code.

## 4. BOARD OF DIRECTORS

### 4.1 ROLE OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d), consolidated law on finance).

The Board has a central role in connection with corporate organisation and is responsible for the functions and strategic guidelines, as well as the verification of the existence of the necessary controls to monitor the performance of the Issuer and Group companies of which it is the parent company.

Pursuant to Article 17.1 of the Articles of Association and the Regulations of the Board of Directors ("**Board Regulations**"), the Board of Directors has all powers to manage the Company and to this end it may pass resolutions or take any action deemed necessary or useful for achieving the Company object, with the exception of powers assigned by law and the Articles of Association to the Shareholders' Meeting.

Under Article 17 of the Articles of Association and without prejudice to the provisions of Article 2436 of the Civil Code, the decision-making powers of the Shareholders' Meeting may be delegated to the Board of Directors for decisions concerning:

- mergers and demergers, where defined as simplified in accordance with Articles 2505, 2505-bis, and 2506-ter, final subsection, of the Civil Code;
- the opening or closing of branches;
- the transfer of the registered head office within the national territory;
- which board directors are to be empowered to represent the Company legally;
- share capital reduction due to withdrawal;
- amendments to the Articles of Association to comply with laws and regulations.

Resolutions concerning the above matters may otherwise be adopted at extraordinary Shareholders' Meetings.

As set out in the Board Regulations, the Board of Directors guides the Company by pursuing its sustainable success and to this end it carries out the following activities; (i) defines the strategies of the Company and its group, monitoring their implementation; (ii) defines the corporate governance system that is most suitable for carrying out the company's business activities and pursuing its strategies, taking into account the scope for autonomy offered by the legal system, and, if necessary, assesses and enacts the appropriate changes, submitting them, where appropriate, to the Shareholders' Meeting; (iii) promotes appropriate dialogue with shareholders and other stakeholders relevant to the Company.

In particular, as indicated in the Board Regulations, and in compliance with the CG Code, the Board of Directors: (a) examines and approves the strategic, business and financial plans of the Issuer and of the group headed by it, as well as the annual budgets, periodically monitoring implementation; (b) examines and approves the business plan of the Company and its group, which supplements the main guidelines to promote a sustainable business model and lay the foundations for long-term value creation; (c) periodically monitors the implementation of the business plan and assesses general operating performance, periodically comparing the results achieved with those planned; (d) defines the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all elements that may be relevant to the Company's sustainable success; (e) defines the Company's

corporate governance system and the structure of its Group, and assesses the adequacy of the organisational, administrative and general accounting structure of the Company and of subsidiaries considered to be of strategic importance, with particular focus on the internal control and risk management system (see Section 9); (f) decides on transactions by the Company and its subsidiaries that have strategic, earnings, financial or cash-flow implications for the Company; In this regard, it should be noted that the Board has not established general criteria to identify transactions that have a significant strategic, economic, equity or financial relevance for the Company, as it considers it more appropriate to assess the significance of implemented transactions on a case-by-case basis. However, the matters indicated in paragraph 10 remain under the exclusive responsibility of the Board; (g) adopts internal procedures – including those concerning market abuse (Regulation (EU) No 596/2014, the so-called Market Abuse Regulation) – on the proposal of the Chairman (see Section 5).

It should be noted that the Issuer, taking into account Piaggio's current shareholder base and organisational structure, has not so far adopted a shareholder engagement policy, postponing the assessment of whether to adopt such a policy to 2023, in line with the recommendation of the CG Code.

Pursuant to Article 2381 of the Civil Code and art.1, Recommendation 1, Letter d) of the CG Code, during the Financial Year, the Board evaluated the adequacy of the organisational, administrative and general accounting structure of the Issuer and of subsidiaries thereof considered to be of strategic importance, on at least a quarterly basis, with particular reference to the internal control and risk management system and the process for managing conflicts of interest, in accordance with the procedures adopted by the Issuer for this purpose. Within the framework of this activity the Board has, depending on the case, used the support of the Risk and Sustainability Committee, the Head of Internal Audit, the auditing company IMMSI Audit S.c.a.r.l. and the Executive in Charge of Financial Reporting, as well as the procedures and checks implemented also in accordance with Italian Law 262/2005.

During the financial year, the Board also evaluated the general results of operations at least quarterly, taking into consideration the information received from the Chief Executive Officer, periodically comparing the results achieved with those programmed.

In this regard, it should be noted that, pursuant to Article 17.7 of the Articles of Association, the Board of Directors and the Board of Statutory Auditors are informed, during Board of Directors' meetings, also convened specifically, and in any case at least quarterly, by the delegated bodies, on the activities carried out by the Issuer and its subsidiaries and on the general operating performance and its outlook, on the most significant transactions according to their size and characteristics, with specific regard to transactions in which the Directors have a personal interest or an interest on behalf of third parties or which may be influenced by IMMSI S.p.A. Pursuant to Articles 17.5 and 17.6 of the Articles of Association, the Board of Directors may appoint one or more General Managers, determining their duties and remuneration, and may also set up Committees with advisory functions, determining their responsibilities, powers and operating procedures. For information on the Committees formed by the Issuer's Board of Directors within the Issuer, reference is made to Sections 7.2 (Appointment Proposal Committee), 8.1 (Remuneration Committee), 9.2 (Risk and Sustainability Committee) and 10.2 (Related Party Transactions Committee) below.

Furthermore, pursuant to art. 17.3 of the Articles of association, the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, appoints and removes from office the Executive in Charge of Financial Reporting, who has the powers and functions established by law and other applicable provisions, as well as the powers and functions established by the Board at the time of appointment or by subsequent resolution. The Board of Directors also determines the remuneration of this manager (see Section 9.6).

For more information on (i) the appointment, composition of the Board of Directors, functioning, role of the Chairman and executive directors, and self-assessment, reference is made to Sections 4.2, 4.3, 4.4, 4.6 and 7 below, respectively; (ii) the internal control and risk management system, reference is made to Section 9 of the Report.

For a description of the Issuer's remuneration policy, reference is made to Section I of the Remuneration Report available on the Issuer's website at [www.piaggiogroup.com](http://www.piaggiogroup.com).

## 4.2 APPOINTMENT AND REPLACEMENT OF BOARD DIRECTORS (pursuant to Article 123-bis, paragraph 1, Letter I, Consolidated Law on Finance)

The provisions of the Issuer's Articles of Association governing the composition and appointment of the Board (Article 12) were most recently amended by a resolution of the Issuer's Board of Directors on 28 January 2021, drafted by public deed and adopted pursuant to the provisions of Article 2365 of the Civil Code and Article 17 of the Articles of Association, in order to align them with the rules on gender balance as regards the composition of the Board of Directors pursuant to Article 147-ter, paragraph 1-ter of the TUF, as most recently amended by Law 160/2019, as well as the new text of Article 144-undecies<sup>1</sup> of the Issuers' Regulation<sup>1</sup>.

In particular, according to the aforementioned rules applicable on the Date of the Report, the least represented gender must obtain at least two fifths of the elected members.

This paragraph therefore describes the mechanism for appointing the members of the Board as envisaged in the provisions of the Articles of Association currently in force.

The Company is administered by a Board of Directors comprising at least 7 (seven) and no more than 15 (fifteen) directors. The Shareholders' Meeting is required to determine, at the time of their appointment, the number of Board members within the aforementioned limits, as well as their term of office that may not exceed three financial years, whereafter their appointment expires as at the date of the Shareholders' Meeting called to approve the Financial Statements for the last financial year of their office. Board directors may be re-elected.

Pursuant to Article 12 paragraph 2 of the Articles of Association, persons who have not gained at least three years experience in the following may not be appointed as directors of the Company or, if appointed, shall be disqualified:

- a. administration and supervision activities, i.e. senior management tasks in joint stock companies with share capital of at least two million EUR; or
- b. professional activities or a tenured university position in legal, economic, financial and technical-scientific fields strictly related to company operations; or
- c. managerial functions with public bodies or the public administration sector operating in the credit, financial or insurance fields, or in any case in fields which are strictly related to the company operations.

The Directors must meet the requirements of applicable pro tempore legislation; a minimum number of Directors corresponding to the minimum required by law must meet the independence requirements referred to in article 148, paragraph 3 of the TUF.

If a Director no longer has the prescribed requisites his or her term of office shall immediately expire. If a Director no longer meets the independence requirements as defined above, he/she will not have to step down, if the minimum number of Directors required by applicable laws meets these requirements.

Pursuant to art. 12.3 of the Articles of Association of the Issuer, Directors are appointed by the ordinary Shareholders' Meeting, in accordance with the pro tempore rules in force at any time concerning the balance between genders, based on the lists submitted by Shareholders in which candidates are listed with a sequential number. Each shareholder, as well as Shareholders who have entered into a significant shareholder agreement pursuant to Article 122 of the Consolidated Law on Finance, as well as the Parent Company, its subsidiaries and joint ventures pursuant to Article 93 of the Consolidated Law on Finance, cannot present or take part in presenting more than one list, either by proxy or through trust companies, nor can they vote on different list. The endorsements and votes cast in breach of such prohibition shall not be assigned to any list.

Only those shareholders who, alone or as a group, represent at least 2.5% (two point five percent) of the share capital, or another percentage established by legal or regulatory provisions, may nominate candidates on slates. By executive resolution of the Head of Corporate Governance no. 76 of 30 January 2023, Consob set the relative share capital threshold required to nominate candidates on lists for election to the governance bodies of Issuers at 2.5% (two point five per cent). The lists of candidates for the office of Director must be filed by Shareholders at the registered offices, without prejudice to any additional forms of advertising and filing procedures

1. Paragraph 1-ter, of Article 147-ter, of the TUF in force at the date of the Report states, inter alia, that "the least represented gender must account for at least two-fifths of the elected directors. This rule shall apply for six consecutive terms."

Furthermore, pursuant to Article 144-undecies<sup>1</sup>, paragraph 3, of the Issuers' Regulation, as last amended by Consob Resolution 21359 of 13 May 2020, "when the application of the gender distribution rule does not result in a whole number of members of the management or control bodies belonging to the least represented gender, such number shall be rounded up to the next higher whole unit, with the exception of company boards made up of three members where it will be rounded down to the next lower whole unit."

prescribed by regulatory provisions in force from time to time, at least 25 (twenty-five) days before the date set for the Shareholders' Meeting in first call; for the purposes of submission of the list, ownership of the shareholding required is determined having regard to the shares registered in the name of the shareholder on the date on which the lists are filed with the Issuer; certification of the same can also be submitted subsequent to filing the list, provided that this takes place within the deadline for the publication of such lists.

Along with each list, the following must be filed at the registered office, save for any additional provisions in force pro tempore: (i) information concerning the identity of the shareholders who submitted the list; (ii) a brief curriculum vitae of the candidates included in the list containing the personal and professional characteristics of each candidate; as well as the (iii) statements of the individual candidates accepting their nomination and certifying, under their own responsibility, that there are no causes for ineligibility and incompatibility, and that they meet the requirements established for their respective positions, including the suitability to qualify as independent. A list that does not comply with the above requirements shall be deemed as not submitted; the lists shall also be disclosed as provided for by applicable laws and regulations in force.

Each candidate may only be included on one list under penalty of ineligibility. Candidates who (without prejudice to any other cause of ineligibility or disqualification) do not meet the requirements established by law, the Articles of Association or other applicable provisions for the respective offices may not be included in the lists.

Pursuant to article 12.3 of the Issuer's Articles of Association, as last amended by Board of directors' resolution adopted on 28 January 2021, each list may contain a number of candidates up to the maximum number of members of the Board of Directors and, among these, at least one candidate meeting the independence requirements set out in Article 12.2 of the Articles of Association. Lists that have a number of candidates greater than or equal to three must be composed of candidates belonging to both genders, in accordance with the current applicable regulations on gender balance.

If minority lists are presented, 1 (one) Director is appointed from these lists, as described below.

The appointment mechanism adopted for choosing candidates nominated in different slates is as follows:

- a. all the Directors but one are selected from the list that obtained the highest number of the votes in the sequential order in which they appear;
- b. the remaining director is taken from the minority slate that may not in any way, not even indirectly, be linked with the shareholders who presented or voted the slate referred to in point a) and that received the most shareholder votes, being the first candidate on the list of names.

If the minority list at point b) did not obtain a percentage of votes equal to at least half of the required percentage, pursuant to what has been stated above, for the purpose of presenting the very same list, all the Directors to be appointed will be selected from the list at point a).

Should the appointment not be ensured, with candidates elected with the above indicated methods, of a number of directors having the requisites of independence equal to the minimum number established by the law in relation to the overall number of the directors, the non-independent candidate elected last in progressive order from the list that had the highest number of shareholders' votes, mentioned in a) above, shall be substituted by the independent candidate not elected from the same list in accordance with the progressive order, or, in default, by the first independent candidate in accordance with the progressive order not elected from other lists, in accordance with the number of votes each obtained. Such substitution procedure shall take place until the Board is composed of the number of members having the requisites mentioned in Article 148 paragraph 3 of the Consolidated Law on Finance at least equal to the minimum prescribed by the law. Finally, should said procedure not ensure the last result indicated, the substitution shall take place by a resolution passed by a relative majority at a Shareholders' Meeting, subject to presentation of candidatures of persons having the above-mentioned requisites.

If, in addition, with the candidates elected in the manner described above, a composition of the Board of Directors compliant with current legislation in force concerning the balance between genders is not ensured, the candidate of the more represented gender elected as last in the sequential order in the list that received the most votes shall be replaced by the first candidate of the less represented gender not elected from the same list according to the sequential order. This replacement procedure is repeated until a composition of the Board of Directors compliant with current legislation in force concerning the balance between genders has been ensured. If the aforementioned procedure does not ensure the last result indicated above, the replacement will take place by resolution passed by the Shareholders' Meeting by relative majority subject to the presentation of candidates belonging to the less represented gender.

Pursuant to Art. 12.4 of the Articles of association, if only one or no list is presented, the Shareholders' Meeting shall resolve according to the legally prescribed majorities, disregarding the above procedure but without prejudice to the provisions of the second paragraph of Article 12 of the Articles of Association and in compliance with the pro tempore legislation in force concerning the balance between genders.

If during a term of office one or more directors leave the Board, they may be replaced in accordance with Article 2386 of the Civil Code as specified below, providing that the majority of the Board consists of directors appointed by the shareholders:

- (i) the Board, by resolution approved by the Board of Statutory Auditors, appoints the replacements from among the candidates (who are still eligible) who are on the same list as that of the outgoing Directors, taking into account the requirements in terms of independent directors and in compliance with the regulations on gender balance pro tempore in force; the Shareholders' Meeting passes resolutions, with the majorities required by law, according to the same criterion;
- (ii) where no unelected candidates remain on the candidate list, or where for any reason whatsoever the provisions of point (i) above cannot be implemented, the Board is to nominate, by resolution approved by the Board of Statutory Auditors, the replacement directors, whose appointment is then to be approved by the shareholders on the basis of the majorities required by law, without the use of candidate slates.

In any case, in making the appointments the Board and the Shareholders' Meeting shall ensure that only candidates that meet the requirements established by law, the Articles of Association and other applicable provisions are appointed as Directors, also with regard to the regulations on gender balance pro tempore in force.

If a majority of the directors appointed by the shareholders leave office, the entire Board of Directors will be required to resign and a Shareholders' Meeting called by the remaining directors for the appointment of a new Board.

If, during the financial year, one or more Directors leave office, provided that the majority is still made up of Directors appointed by the Shareholders' Meeting, the Shareholders' Meeting may resolve to reduce the number of Board members to the number of Directors in office for the remainder of their term of office, provided that the composition of the Board meets the requirements established by law, the Articles of Association and other applicable provisions, including in relation to the regulations on gender balance pro tempore in force, and provided that the Director taken from the minority list referred to in letter b) above (if previously elected) is still in office.

Pursuant to Article 12.7 of the Articles of Association, if the number of Directors has been determined to be less than the number provided for above, the Shareholders' Meeting, during the Board's term of office, may increase this number up to the maximum limit. The following procedure is followed for the appointment of the additional Board members:

- (i) the additional Directors shall be drawn from the list that obtained the highest number of votes cast when appointing the members currently in office, from among the candidates who are still eligible, subject to compliance with the regulations on gender balance pro tempore in force, and the Shareholders' Meeting shall pass resolutions, with the majorities required by law, in accordance with this principle;
- (ii) if there are no previously non-elected candidates remaining on the aforesaid list, or if the case described above with reference to Article 12.4 of the Articles of Association has occurred, the Shareholders' Meeting shall make the appointment without complying with the provisions of point (i), with the majorities required by law, subject to compliance with the regulations on gender balance pro tempore in force.

Pursuant to the Articles of Association, a list cannot be submitted by the outgoing Board.

The Board must also meet the requirements of Article 16, paragraph 1, letter d), of the Consob Regulations on Markets that establish - for companies subject to the management and coordination of another Italian company listed on regulated markets - the requirement of a Board to have a majority of members consisting of independent Directors pursuant to the above Regulations.

For further information on the above provisions, reference should be made to the Articles of Association published on the company's website [www.piaggiogroup.com](http://www.piaggiogroup.com) under the Section "Governance/Documents and procedures" and on the authorised storage system, "eMarket Storage", which can be viewed at [www.emarketstorage.it](http://www.emarketstorage.it).

With regard to information on the role of the Board of Directors and the Board Committees in the self-assessment, appointment and succession of directors, please refer to Section 7 of the Report below.



## 4.3 COMPOSITION (as per art. 123-bis, paragraph 2, letter d) and d-bis, consolidated law on finance)

In compliance with the Principles of the CG Code, the Board is made up of executive and non-executive directors, all of whom have the professionalism and expertise appropriate to the tasks entrusted to them (Principle V); the number and expertise of non-executive directors are such as to ensure they play a significant part in the adoption of board resolutions and to guarantee effective monitoring of management, and the Board is composed of a majority of independent directors in compliance with Article 16 of Consob Market Regulations, as detailed below.

On 14 April 2021, the Shareholders' Meeting, after setting the number of members of the Board of Directors at nine, appointed, on the basis of the lists presented by the shareholders, the Directors in office at the end of the Financial Year and at the Date of the Report, for the three-year period 2021 - 2023 and until approval of the financial statements as at 31 December 2023.

Three lists were submitted to the Shareholders' Meeting of 14 April 2021:

- the list submitted by the majority shareholder IMMSI S.p.A, representing 50.07% of Piaggio share capital (the "**Majority List**"), which:
  - included the following candidates: Roberto Colaninno; Matteo Colaninno; Michele Colaninno; Graziano Gianmichele Visentin; Rita Ciccone; Patrizia Albano; Federica Savasi; Giuseppe Tesauro; Maria Chiara Carrozza. It should be noted that after the Majority List was submitted, Ms. Maria Chiara Carrozza announced that she was unable to serve as Director for personal reasons; IMMSI S.p.A. then submitted a draft resolution to appoint Ms. Micaela Vescia as the ninth member of the Board of Directors.
  - obtained 179,328,621 votes in favour, or 60.991% of the shares with voting rights (the draft resolution to appoint Micaela Vescia as the ninth member of the Board of Directors obtained 185,398,856 votes in favour, or 90.334% of the shares with voting rights)
- the list submitted by the shareholder Diego della Valle & C. S.r.l., representing 5.539% of Piaggio's share capital, which:
  - included candidate Mario Cognigni
  - obtained 25,909,173 votes in favour, or 8.812% of the share capital represented at the Shareholders' Meeting;
- the list submitted by a group of investors, representing 2.74826% of Piaggio's share capital (the "**Minority List**"), which:
  - included the following candidates: Andrea Formica and Stefania Mancino.
  - obtained 87,910,459 votes in favour, or 29.899% of the share capital represented at the Shareholders' Meeting.

For further information on the candidates and lists filed for appointment of the administrative body, reference is made to the Issuer's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com) and the Section "Governance - Shareholders' Meeting", which include the curricula vitae of Board Directors including their professional profiles in accordance with Art. 144- decies of Consob Regulation on Issuers.

The directors elected by the aforementioned Shareholders' Meeting, who were in office at the end of the financial year and at the Date of the Report Date are<sup>2</sup>:

- Roberto Colaninno (Chairman and CEO);
- Matteo Colaninno (Executive Deputy chairman);
- Michele Colaninno (Executive Director);
- Federica Savasi (Non-Executive Director);
- Patrizia Albano (Independent Director);
- Graziano Gianmichele Visentin (Independent Director);
- Rita Ciccone (Independent Director);
- Micaela Vescia (Independent Director);
- Andrea Formica (Independent Director).

Further information on the composition of the Board of Directors at the end of the Financial Year is given in Table 2 in Appendix 1 of the Report.

It should be noted that there have been no changes in the composition of the Board since the end of the Financial Year and up to the date of the Report.

The Shareholders' Meeting has not authorised exceptions to the ban on competition contemplated in Article 2390 of the Civil Code.

2. Board directors Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Graziano Gianmichele Visentin, Rita Ciccone, Patrizia Albano and Federica Savasi were drawn from the Majority List. Micaela Vescia was appointed on the basis of the appointment proposal submitted by IMMSI S.p.A. Andrea Formica was drawn from the Minority List.

## Diversity criteria and policies in Board composition and corporate organisation

With regard to the company's diversity policies as applied to the composition of the Board of Directors (at the Financial Year end-date and at the Date of the Report) for aspects such as age, gender composition and educational and professional background (Article 123-bis, letter d-bis), Consolidated Law on Finance), the Board of Directors in office until 14 April 2021, in the explanatory report prepared pursuant to Article 125-ter of the Consolidated Law on Finance on the appointment of the Board of Directors by the Shareholders' Meeting called to approve the financial statements at 31 December 2020, specified guidelines on the optimal quantitative and qualitative composition of the Board (also in compliance with Recommendation 23 of the Corporate Governance Code, albeit addressed to companies other than Companies with Concentrated Ownership such as Piaggio) and a number of indications for shareholders regarding the policy on diversity the composition of the governing body (also in accordance with Principle VII and Recommendation 8 of the Corporate Governance Code).

Specifically, in view of the Shareholders' Meeting held on 14 April 2021, the Company's Board of Directors, at its meeting of 2 March 2021, at the proposal of the Appointment Proposal Committee and taking into account the results of the self-assessment, defined guidelines on the optimal quantitative and qualitative composition of the Board, as well as regarding the policy on diversity in the composition of the Board of Directors, formulating the following indications:

- taking into account the size and activity of the Company, the number of Directors currently making up the Board of Directors in office, i.e. 9 (nine) Directors, is deemed adequate;
- meeting the professional requirements set forth in Article 12.2 of the Articles of Association;
- in accordance with gender balance legislation, at least two-fifths of the elected Board members (rounded up to the nearest whole number) must be from the less represented gender;
- pursuant to Article 16 of the Market Regulation, the majority of the Directors must meet the independence requirements laid down by law and by the Corporate Governance Code, also to ensure the proper composition of the Committees: The fulfilment of the independence requirements must be assessed primarily with regard to aspects of substance, while also taking due account of the importance of continuity in business operations;
- with regard to diversity policies (Article 123-bis, letter d-bis), Consolidated Law on Finance), it is appropriate, also with a view to encourage understanding of the Company's organisation and its activities, as well as the development of its efficient governance, that, subject to the legal gender balance requirement: (a) the Board is characterised by the age diversity of its members; and (b) the Directors' educational and professional backgrounds ensure a balanced combination of member profiles and experience suitable to ensure the proper performance of their duties;
- it is up to each candidate to assess the compatibility of taking on the office of Director in the Company with any further positions as director or statutory auditor held in other companies listed on regulated markets or of significant size;
- with regard to the balance between executive and non-executive members, it is considered that (a) the Executive Director should be granted broad management powers and should have previous experience in managing listed companies comparable to the Company in terms of size, type of business and complexity; (b) all other Directors should be non-executive pursuant to the Corporate Governance Code, also to ensure their useful contribution to the Company's strategic decisions, especially with regard to potential conflict of interest situations.

For further information, see the explanatory report on the appointment of the Board of Directors prepared for the Shareholders' Meeting of 14 April 2021 published on the Issuer's website [www.piaggiogroup.com](http://www.piaggiogroup.com) in the "Governance - Shareholders' Meeting" Section and containing the aforementioned guidelines on the optimal quantitative and qualitative composition of the Board of Directors.

As regards the composition of the Board of Directors in office: (i) the Company's Board of Directors includes four directors belonging to the least represented gender, in compliance with current legislation on gender balance, which requires at least two-fifths of the Board of Directors to be from the least represented gender (rounded up to the nearest whole number); (ii) Board members vary in age, from 80 to 47 years; (iii) the educational and professional backgrounds of the directors ensure a balanced combination of member profiles and experiences within the administrative body, with members selected in order to ensure that all functions thereof are executed correctly.

The Company promotes inclusion, equal treatment and opportunities between genders within the entire corporate organisation, as stipulated in its Code of Ethics and in the Non-Financial Statement (both available respectively on the Issuer's website [www.piaggiogroup.com](http://www.piaggiogroup.com), "Governance/Code of Ethics" and "Financial Statements and Reports" Sections).

## Maximum accumulation of offices held in other companies

The Board decided not to define general criteria regarding the maximum number of administration and control positions that may be held in other companies, which may be considered as compatible with effectively acting as Director of the Issuer (also considering that the CG Code recommends providing guidance on the maximum number of positions that may be held on the management board only of Large Companies), without prejudice to the fact that each Director must assess the compatibility of positions held as Director and Statutory Auditor in other companies listed on regulated markets or of significant dimensions, with the diligent performance of the duties assigned to them as Board Director of the Issuer.

During the meeting held on 2 March 2023, the Board, based on the outcome of the verification of offices presently held by its Directors in other stock companies, considered that the number and standing of the offices held do not interfere and are therefore compatible with an effective conduct of the office of Director of the Issuer.

With reference to the offices assumed by the Issuer's Directors in the Parent Company IMMSI S.p.A., the majority of the Issuer's Board members do not hold administrative and management appointments in IMMSI S.p.A. and in the group of which it is parent company.

The list of the companies in which each director holds management or control appointments as of December, indicating whether the company in which they hold the appointment forms part or not of the Group of which the Issuer is parent company or forms a part.



Below are the positions held by the Directors in office at the Date of the Report.

FULL NAME	COMPANY	MANAGEMENT AND CONTROL POSITIONS HELD IN PUBLIC COMPANIES
Roberto Colaninno	Omniaholding S.p.A.*	Chairman of the Board of Directors
	Omniainvest S.p.A.*	Chairman of the Board of Directors
	IMMSI S.p.A.*	Chairman of the Board of Directors
	Piaggio Fast Forward Inc.*	Member of the Advisory Board
	RCN Finanziaria S.p.A.*	Director
	Intermarine S.p.A.*	Director
	Is Molas S.p.A.*	Director
Matteo Colaninno	Omniaholding S.p.A.*	Deputy Chairman and Chief Executive Officer
	Omniainvest S.p.A.*	Director
	IMMSI S.p.A.*	Director
Michele Colaninno	Ominiaholding S.p.A.*	Chief Executive Officer
	Ominiainvest S.p.A.*	Chief Executive Officer
	IMMSI S.p.A.*	Chief Executive Officer and General Manager
	ISM Investimenti S.p.A.*	Chairman of the Board of Directors
	Piaggio Fast Forward Inc.*	Chairman of the Board of Directors
	ACEM (Association des Constructeurs Européens de Motocycles)	Chairman
	RCN Finanziaria S.p.A.*	Director
	Intermarine S.p.A.*	Director
	Is Molas S.p.A.*	Director
	IMMSI Audit S.c.a.r.l.*	Director
Graziano Gianmichele Visentin	21 Investimenti SRG S.p.A.	Director
	Air One S.p.A.	Statutory Auditor
	Centomilacandele Scpa in liquidazione	Statutory Auditor
	Compagnia Aerea Italiana S.p.A.	Statutory Auditor
	Eurostazioni S.p.A.	Statutory Auditor
	H - Farm S.p.A.	Statutory Auditor
	Opera Holding S.r.l.	Statutory Auditor
	PLC S.p.A.	Director
	Ricerca 12 S.p.A.	Statutory Auditor
	Ricerca Finanziaria S.p.A.	Statutory Auditor
	Sator S.r.l.	Statutory Auditor
	Texa S.r.l.	Statutory Auditor
Whirpool Italia S.r.l.	Sole statutory auditor	
Rita Ciccone	Farmacie Italiane S.r.l.	Chairman
	F2i Porti S.r.l.	Chairman
	F2i Holding Portuale S.p.A.	Director
	MarterNeri S.p.A.	Director
	Compagnia Ferroviaria Italiana S.p.A.	Director
	F2i Ligantia S.p.A.	Director
	F2i Smeralda S.p.A.	Director
	Geasar S.p.A.	Director
	2i Aeroporti S.p.A.	Director
	Gesac S.p.A.	Director
	ReLife S.p.A.	Director
F2i Medtech	Director	
Persidera S.p.A.	Director	

FULL NAME	COMPANY	MANAGEMENT AND CONTROL POSITIONS HELD IN PUBLIC COMPANIES
Patrizia Albano	Artemide Group S.p.A.	Statutory
	Artemide S.p.A.	Statutory
	Artemide Italia S.r.l.	Chairman of the Board of Statutory Auditors
	Fineco Bank S.p.A.	Independent Director
	Edison S.p.A.	Alternate auditor
	Be Cause Sicaf S.p.A.	Member of the Investment Committee
Micaela Vescia	Metro 5 S.p.A.	Board Member
	Poliambulatorio Fondazione ATM s.r.l.	Deputy Chairman
Andrea Formica	Nuovo Tridente s.r.l.	Director
	E22 Mobility S.r.l.	Director
	Bianchi Industrial Company S.p.A.	Director
	Bianchi Industrial S.p.A. a socio unico	Director
Federica Savasi	Is Molas S.p.A.*	Director

## Induction Programme

In compliance with the provisions of the Corporate Governance Code on each Director carrying out his/her duties effectively and in an informed manner, the Chairman and Chief Executive Officer ensure Directors and Statutory Auditors are kept informed at all times of the company situation and the markets, as well as of main legal and regulatory developments affecting the Issuer and its Group.

In particular, during the Financial Year, the matters referred to in Article 3, Recommendation 12, letter d) of the Corporate Governance Code (i.e. in-depth analyses of the business sector in which the Issuer operates, of corporate dynamics and their outlook, also with a view to the Company's sustainable success, of the principles of correct risk management, as well as of the regulatory and corporate governance framework), were regularly discussed during the meetings of the Risk and Sustainability Committee and subsequently presented during meetings of the Board of Directors.

The Chairman and Chief Executive Officer of the company has also ensured, also through dedicated meetings with the top management of the company and the Directors, that the latter obtained detailed information and explanations on the activities and projects of the group controlled by the Issuer, as well as on the regulatory and self-regulatory reference framework.

During the Financial Year, the directors and the statutory auditors were able to further their knowledge (i) of the automotive sector by taking part in board meetings where issues relating to company dynamics and developments were discussed, and where investments were approved; (ii) of the applicable legal, regulatory and corporate governance updates. In particular, the directors and the statutory auditors received insights into the GRI UNIVERSAL STANDARDS 2021, to be used in the identification of material issues relevant to the "Materiality Scorecard 2022" reporting for the purposes of the Non-Financial Statement; they also received adequate information on the forthcoming entry into force of the Register of Beneficial Owners to be set up at the Companies Register pursuant to MEF Decree No. 55 of 11 March 2022 and related disclosure obligations.

At the meeting of 2 March 2023, the 2023 recommendations made by the Chairwoman of the Corporate Governance Committee, Prof. Lucia Calvosa, in connection with the findings of the 2022 Annual Report on the application of the CG Code, were also submitted to the Board of Directors for examination.

Company management also worked on a continual basis with company boards as regards information flows and/or updates on issues of interest.

\* The company belongs to the same Group as the Issuer.

## **4.4 OPERATION OF THE BOARD OF DIRECTORS (pursuant to article 123-bis, paragraph 2, letter d), consolidated law on finance)**

The management of the Company is the responsibility of the directors, who carry out the operations necessary to achieve the company object.

Pursuant to Recommendation 11 of the Corporate Governance Code, the Board of Directors, at its meetings of 2 March 2021, approved the adoption of its own internal regulations (Board Regulations) to govern the functioning of the Board of Directors, including the procedures for recording the minutes of meetings and the procedures for managing information flows to directors, in addition to the Articles of Association and legal and regulatory provisions.

With regard to procedures for convening, conducting and taking minutes of board meetings, Article 14, paragraphs 1 and 2, of the Articles of Association and the Board Regulations provide that the Board of Directors is convened by the Chairman - or his/her deputy - by letter sent, also by telefax or other suitable means of communication, to the address of each Director and Statutory Auditor, at least 3 (three) days before the date set for the meeting. In urgent circumstances, Board meetings may be called by telegram, fax, electronic mail or other electronic means at least twenty-four hours before the meeting date.

In the event of failure to formally convene a meeting, the meetings of the Board shall be considered validly constituted when all the members of the Board of Directors and the Board of Statutory Auditors are present.

Board meetings are chaired by the Chairman or, in his absence or disability, by the deputy chairman or, where two or more deputy chairmen are appointed, by the longest serving deputy chairman or, where their length of service is equivalent, by the most senior of the deputy chairmen, in terms of age.

Pursuant to Article 14.4 of the Articles of Association and to the Board Regulations, Board meetings are held at the registered office of the company or at another venue, provided it is located in Italy. Meetings may be called whenever deemed necessary by the Chairman, or person acting on his behalf in accordance with the Articles of Association, or when requested by the Chief Executive Officer, if appointed, or by at least three Board members, without prejudice to the power to call Board meetings granted to other parties in accordance with law. Attendees may participate in Board of Directors' meetings remotely via the use of audiovisual links (video or teleconferencing). In this case, each of the participants must be identifiable, and each assured the possibility of speaking and voicing their views in real time and of receiving, transmitting and viewing any documentation not provided in advance; It must also be assured that examinations, addresses and decision-making are conducted live, without delays. The Directors and Statutory Auditors connected by a long-distance network must be able to avail of the same documentation distributed to those attending the meeting at the official meeting venue. The meeting of the Board of Directors is deemed to have been held at the place where the Chairman and the Secretary are located and must work jointly.

Pursuant to Article 15 of the Articles of Association and to the Board Regulations, a majority of serving Board members is required at meetings for any decisions taken by the Board of Directors to be valid. Resolutions are passed with the majority of the voting members, excluding any abstainers. In the case of a tie, the vote of the person chairing the meeting prevails. Voting must be conducted by open vote. In accordance with the provisions of the BoD Regulations, the resolutions of the Board of Directors must be recorded in minutes transcribed in a special book, signed by the Chairman of the meeting and the Secretary of the meeting.

The Board Regulations also govern procedures for appointing the Secretary of the Board of Directors, defining the professional requirements and duties in compliance with Recommendation 18 of the Corporate Governance Code (see paragraph 4.5 for further information).

The Board Regulations also govern the management of information to be provided prior to board meetings: The Chairman of the Board of Directors is responsible for ensuring that sufficient information is provided to all directors on the business tabled in the meeting agenda. In particular, this information is provided in a suitable way, so as to enable Directors to make informed decisions on the matters submitted to them, with draft documents requiring approval provided well in advance, excepting cases of demonstrated urgency. In particular, the Issuer will usually send the most relevant material at least 48 (forty-eight) hours in advance of the board meeting. This time-frame is considered appropriate by all Directors.

If the Chairman, or whoever is taking their place, deems it appropriate in relation to subject and the resolution in question, informative documentation may be provided directly during the meeting, giving prior notice to the members of the Board of Directors within 48

(forty-eight) hours. In addition, the Chairman, with the help of the Secretary, ensures that adequate and accurate investigations are carried out during the meeting and the supporting documentation distributed to board members and statutory auditors is kept in the Board records.

The Chairman of the Board of Directors ensures that sufficient time is allocated to discuss items on the agenda, so that all board directors may intervene, guaranteeing constructive debate during board meetings.

The Directors accept the position when they believe they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment connected with their own work and professional activities and the number of positions they hold in other companies or organisations (also foreign). During the Financial Year, the Directors ensured that they had sufficient time available to carry out their duties for the position held within the Company.

For information on the participation of each Director in the meetings held during the Financial Year, please refer to Table 2 in Appendix 1 of the Report.

During the Financial Year, 9 (nine) Board meetings were held. Specifically, the Board of the Issuer met on the following dates: 20 January 2022, 4 February 2022, 21 February 2022, 2 March 2022, 11 April 2022, 2 May 2022, 10 June 2022, 28 July 2022 and 28 October 2022.

The Board meetings lasted on average one hour and a half.

In addition to the members of the Board of Statutory Auditors, the Executive in charge of financial reporting participated in Board meetings to provide appropriate insights on the internal control and risk management system; the Issuer's senior managers also participated to provide appropriate insights on the topics tabled on the agenda from time to time.

For the current financial year, in addition to the meetings already held on 26 January 2023 (approval of the budget), 24 February 2023 (impairment test) and 2 March 2023 (approval of the financial statements and consolidated financial statements at 31 December 2022), at least three additional meetings are scheduled in the Calendar of the main corporate events for the financial year 2023 (already disclosed to the market and to Borsa Italiana S.p.A. on 26 January 2023 in accordance with regulatory requirements) which is available, in Italian and English, on the Issuer's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com), in the "Investors - Financial Calendar" Section, as well as at the authorised storage system "eMarket Storage" available at [www.emarketstorage.it](http://www.emarketstorage.it).

To ensure the continuity and regularity of disclosure of information to the financial community, the company has voluntarily decided to continue to publish quarterly information and - until otherwise decided - will adopt the communication policy described in detail in the press release of 15 December 2016, available on the Issuer's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com) and on the "eMarket storage" system, which can be viewed at [www.emarketstorage.it](http://www.emarketstorage.it).

## **4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS (pursuant to article 123-bis, para. 2, letter d), consolidated law on finance)**

In accordance with Article 13 of the Articles of Association, the Board of Directors is required to elect a chairman from its members, where no such appointment is made by the shareholders. The Board may also elect one or more deputy chairmen.

On 15 April 2021, the Board of Directors confirmed (i) Roberto Colaninno as Chairman and Chief Executive Officer, and (ii) Matteo Colaninno as Deputy Chairman.

On 28 October 2022, the Board of Directors also assigned Mr. Matteo Colaninno powers in the area of institutional relations on a national and international level, as Executive Deputy Chairman, as detailed below.

Pursuant to the Board Regulations, Board meetings are chaired by the Chairman or, in his absence or disability, by the deputy chairman or, where two or more deputy chairmen are appointed, by the longest serving deputy chairman or, where their length of service is equivalent, by the most senior of the deputy chairmen, in terms of age.

In compliance with the provisions of the Board Regulations and with the Recommendations of the CG Code, the Chairman, during the Financial Year:

- a. ensured appropriate information was provided prior to board meetings, as well as additional information during board meetings, to enable the directors to act in an informed manner in performing their role, as described in paragraph 4.4 of the Report;
- b. coordinated the work of the board committees (with advisory functions) with the activities of the Board;
- c. arranged for managers of the Issuer and Group companies, responsible for competent corporate functions, to attend board meetings, according to the subject matter - and also on request of individual Directors - in order to provide appropriate in-depth information on items on the agenda, as specified in paragraph 4.4 of the Report;
- d. arranged for members of the board of directors and board of statutory auditors, after their appointment and during their term of office, to take part in initiatives aimed at providing them with an adequate knowledge of the sectors of activity in which the Issuer operates, of corporate dynamics and their outlook, also with a view to the Issuer's sustainable success, of the principles of correct risk management, as well as of the regulatory and corporate governance framework, as specified in paragraph 4.3 (induction programme);
- e. ensured the adequacy and transparency of the Board's self-assessment process, with the support of the Appointment Proposal and Remuneration Committee, as stipulated in paragraph 7 of the Report.

Pursuant to the Board Regulations, the Chairman also ensures that the Board of Directors is informed of trends in and the significant content of shareholder engagement, by the first available meeting. To this end, the Chairman may be assisted by the head of the Investor Relations function. Please refer to Section 12 for more details.

## Board Secretary

Pursuant to Art. 13 of the Articles of Association and to the Board Regulations, the Board of Directors may appoint a Secretary, who is not necessarily on the Board. The Secretary is appointed and removed from office on the proposal of the Chairman.

On 15 April 2021, the Board appointed Mr. Fabio Grimaldi, the Issuer's Tax, Legal and Corporate Affairs Manager, as Secretary of the Board of Directors until the expiration of the Board's term of office.

As provided for by the Board Regulations, the Secretary has an adequate professional level and experience, preferably gained in positions of responsibility in the corporate, legal or business areas. The Secretary also meets the requirements of independence of judgment and is not in a situation of conflict of interest. The Secretary supports the work of the Chairman, and to this end ensures:

- a. appropriate information is provided prior to board meetings, as well as additional information during board meetings, to enable the Directors to act in an informed manner in performing their role;
- b. that the work of board committees with advisory functions is coordinated with the work of the governing body;
- c. in agreement with the Chief Executive Officer (if different from the Chairman) that the managers of the Company and of the Group companies, responsible for the corporate functions relevant to the subject matter, attend Board meetings, also at the request of individual Directors, in order to provide appropriate further information on items on the agenda;
- d. arranges for members of the board of directors and board of statutory auditors, after their appointment and during their term of office, to take part in initiatives aimed at providing them with an adequate knowledge of the sectors of activity in which the Company operates, of corporate dynamics and their outlook, also with a view to the Company's sustainable success, of the principles of correct risk management, as well as of the regulatory and corporate governance framework, assisted by the Lead Independent Director.

The Secretary provides impartial assistance and advice to the Board of Directors on all matters relevant to the proper functioning of the corporate governance system.

If prevented from attending or absent, the Secretary's duties are performed by another person, appointed from time to time by the Chairman of each meeting.

During the Financial Year, the Secretary of the Board, Fabio Grimaldi, supported the activities of the Chairman of the Board and provided impartial assistance and advice on all aspects relevant to the proper functioning of the corporate governance system, and in carrying out the tasks assigned to the Board and defined above.



## 4.6 EXECUTIVE DIRECTORS

### Chairman of the Board of Directors and Chief Executive Officers

By resolution of 15 April 2021, the Board resolved to appoint Roberto Colaninno as Chairman and Chief Executive Officer of the Issuer. The Chairman of the Board and Chief Executive Officer:

- a. is the main person responsible for the Issuer's management (Chief Executive Officer) and
- b. is not the Issuer's controlling shareholder.

Under the Articles of Association, the Chairman of the Board of Directors is vested with the power and capacity to chair Shareholders' Meetings (Article 9), to call Board meetings (Article 14), to represent the company legally before third parties and at law, and to act as signatory for the company (Article 23).

The Chairman and Chief Executive Officer is vested with full powers for the ordinary and extraordinary management of the Company, with exclusion of the powers assigned to the Director Michele Colaninno described below (other than those at point b) ii), which are deemed comprised within the powers of the Chief Executive Officer), the powers reserved to the collective jurisdiction of the governing body by law or by the Articles of Association, as well as by virtue of the Board resolution of 15 April 2021, such as:

- a. acquisitions or disposals of investments in companies or business units;
- b. conclusion or modification of loan agreements of any type stipulated for amounts of more than EUR 25 million;
- c. the granting of collateral guarantees on assets and personal guarantees for commitments to third parties other than those granted in the interest, directly or indirectly, of subsidiary companies;
- d. transfer of trademarks, patents and other intellectual property rights, as well as the stipulation of licence agreements on the above, of an amount or value above EUR 2.5 million;
- e. conclusion and amendment of agreements of a multi-year commercial nature, including joint ventures, that do not fall within the scope of the company's ordinary operations;
- f. the purchase and sale of real estate;
- g. other extraordinary administrative transactions having an amount of more than EUR 50 million;
- h. without prejudice to the foregoing, transactions entered into with related parties, as defined under the regulations in force and in the related party transactions procedure adopted by the Company, subject to the exemptions envisaged by said provisions and procedure;
- i. the appointment of the general manager and the head of the company's administration, finance and control departments;
- j. the appointment of members of the administrative bodies and general managers of directly controlled companies and proposals for the appointment of members of the administrative bodies of indirectly controlled companies.

In addition, on 15 April 2021, the Board of Directors granted the following powers to Director Michele Colaninno:

- a. powers to develop the Group's activities, with the power to identify projects and initiatives of a strategic, industrial and commercial nature, together with the related implementation tools, to be submitted to the Board of Directors for approval, as well as the consequent power to develop and implement the same projects and initiatives approved by the Board of Directors;
- b. powers to operate regarding product and marketing strategies, and namely to: manage and coordinate the following company functions worldwide, involved in the product strategy creation and development process: marketing and communication, product marketing, design and racing; ii) negotiate and enter into, in the name and on behalf of the Company, brand licence agreements whose value (meaning the total value for use of the licence or licences as per the single agreement), does not exceed EUR 2.5 million per agreement, and also sign and finalise all documents necessary to enter into said agreements.

For more information on the powers granted by the Board to the Deputy Chairman Matteo Colaninno, please refer to the paragraph "Deputy Chairman" below.

## Deputy Chairman

On 15 April 2021, the Board of Directors assigned to the Deputy Chairman, Matteo Colaninno, the powers stipulated by the applicable provisions of law and the Articles of Association.

Subsequently, on 28 October 2022, the Board of Directors - without prejudice to the role of Deputy Chairman granted to Mr. Matteo Colaninno at the above-mentioned Board of Directors' meeting in line with the powers set forth in Articles 9.1, 14.1 and 14.7 of the Articles of association - granted him the following powers as Executive Deputy Chairman:

- a. in coordination with the Chairman, to manage and represent the Company in business and institutional relations with Government, Diplomatic or other Authorities, Supranational Bodies and Public Law Bodies (including Public Administrations at all levels, Diplomatic and Consular Authorities, European Union Institutions and Bodies, Security Agencies, Independent Authorities and other authorities with regulatory or supervisory functions);
- b. to manage the establishment of and participation in, as well as to represent the Company in relations with associations, foundations and other entities or bodies - including non-profit entities - engaged in the field of human rights and the environment, or with other purposes that are deemed consistent with the Company's interests;
- c. to manage and represent the Company in relations with associations, foundations, communities and other entities (such as, for example, environmental or consumer associations, local communities, etc.);
- d. to represent the Company in relations with institutions, research centres, institutes and universities, both national and international, concerning environmental sustainability and energy transition policies, in coordination with the Chairman and Chief Executive Officer Roberto Colaninno and the executive Director Michele Colaninno;
- e. to liaise with the relevant corporate units and functions on the matters that are covered by the delegated powers, carrying out and defining practices and activities, signing deeds, documents and correspondence in the name of the Company.

## Executive Committee

The Board of the Issuer has not established an Internal Executive Committee.

## Information given to the Board by the directors/delegated bodies

During the Financial Year, the Chief Executive Officer and the executive director Michele Colaninno reported to the Board on the exercise of the powers and capacities delegated to them in a timely and adequate fashion, at least every three months, and in such a way as to enable Directors to make informed decisions on the matters submitted to them. On the other hand, the Executive Deputy Chairman, who was only vested with delegated powers in the area of institutional relations at the national and international level on 28 October 2022, will have to report on the exercise of his powers during the 2023 financial year.

## Other Executive Directors

There are no executive directors other than Roberto Colaninno, Michele Colaninno and Matteo Colaninno as Deputy Chairman with delegated powers.

## 4.7. INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

### Independent Directors

The Board is composed of a majority of independent and non-executive Directors who, due to their number and authority, are able to significantly influence decisions made by the Issuer's board; they are adequate in respect of the needs of the company, the functioning of the Board and the establishment of the relevant committees. The non-executive and independent directors bring their specific competencies to board discussions, contributing to the making of decisions that conform to corporate interests. The Chairman of the Board does not qualify as independent.

Please also note that, in order to exclude the potential risks limiting the Issuer's management autonomy, which could lead, in particular, to an overlapping of the administrative bodies of the Issuer and the parent company IMMSI S.p.A.: (a) in the Issuer's Board currently in office there are 2 (two) non-executive directors - Matteo Colaninno and Federica Savasi and 5 (five) independent non-executive directors - Graziano Gianmichele Visentin, Patrizia Albano, Rita Ciccone, Micaela Vescia and Andrea Formica; (b) the majority of the members of the Issuer's Board does not hold administrative and management positions in IMMSI S.p.A.. and the group in which it is the parent company.

Satisfaction of the independence requirements pursuant to Article 148, paragraph 3, letters b) and c) of the TUF, Article 16, paragraph 1, letter d) of the Consob Market Regulations and Article 2, Recommendation 7, of the CG Code was verified for the independent directors currently in office at the meeting of the Board of Directors of 15 April 2021 following their appointment by the Ordinary Shareholders' Meeting (the verification was disclosed to the market on the same date) and, lastly, at the meeting of the Board of Directors of 2 March 2023, on the basis of the independence statements made in February 2023 by the relevant directors (i.e. Graziano Gianmichele Visentin, Patrizia Albano, Rita Ciccone, Micaela Vescia and Andrea Formica). Evaluating all the circumstances that appear to compromise independence identified by the TUF and the CG Code, and applying all the criteria set out in the CG Code regarding the independence of the Directors, the Board at the same time positively assessed the composition of the Board of Directors, the majority of which is made up of independent Directors, as required by the applicable regulations and considering the independence requirements set out in Recommendation 7 of the Corporate Governance Code. In this regard, each non-executive director provided all elements necessary or useful for the Board's evaluations.

In this composition, the Board also meets the requirements of Article 16, paragraph 1, letter d), of Consob Regulations on Markets that establish, for companies subject to the management and coordination of another Italian company listed on regulated markets, the requirement of a Board to have a majority of members consisting of independent Directors pursuant to the above Regulations. In accordance with the declarations of independence made by the Independent Directors, they have committed to maintain their independence for the duration of their term of office, and to promptly inform the Board of Directors of any situations that may affect such status. Pursuant to Article 12, paragraph 2 of the Articles of Association of the Issuer, if a Director no longer qualifies for independent status as required by Article 148, paragraph 3 of the Consolidated Law on Finance, the Director will remain in office if the minimum number of Directors indicated by law still have independent status.

The Board of Directors and the Board of Statutory Auditors have examined the advisability of adopting qualitative and quantitative criteria to assess the significance of the circumstances relevant to the independence of the members of the Board of Directors and the Board of Statutory Auditors; however, they resolved not to adopt any ex ante criteria and to rely on assessments that focus on substance over form and that consider each situation on a case-by-case basis, ensuring greater flexibility of independence evaluations and taking into account the relevant circumstances of each case.

During the financial year, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members. Furthermore, in its report to the shareholders' meeting of 14 April 2021, the Board of Statutory Auditors stated immediately after the appointment of the body, 'that it had verified the independence requirements of its members, as well as the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of the Directors'.

During the financial year, a meeting was held on 16 December 2022 by the Independent Directors in office, to the exclusion of the other directors, to discuss, within the scope of their powers and prerogatives, issues related to sustainability, the adequacy of the administrative structure and internal controls, the dialogue between the Board and the Committees, and regarding information flows between executive and non-executive directors. The meeting was coordinated by the Lead Independent Director in office at the Date of the Report.

## Lead independent director

On 15 April 2021, the Board appointed non-executive independent Director Graziano Gianmichele Visentin as Lead Independent Director pursuant to the CG Code. Pursuant to the Board Regulations and in accordance with the CG Code, the Lead Independent Director is the point of reference and coordinates the requests and contributions of the independent and non-executive Directors, working with the Chairman to ensure that the Directors receive complete and timely information flows, including through the organisation of specific induction activities. In addition, the Lead Independent Director coordinates meetings of the independent directors and has the authority to convene meetings to discuss issues deemed of interest with respect to the operation of the Board of Directors or the management of the Company.

The Lead Independent Director Graziano Gianmichele Visentin also holds the office of Chairman of the Appointment Proposal Committee, the Related Party Transactions Committee and the Risk and Sustainability Committee (see Sections 7.2, 10 and 9.2).



## 5. MANAGEMENT OF CORPORATE INFORMATION

During 2016, in order to comply with the new EU provisions on market abuse (Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, the so-called Market Abuse Regulation (“**MAR**”) and relative European Commission implementing standards), and in order to monitor access to and circulation of inside information before it is disseminated to the public, to ensure compliance with the confidentiality requirements provided by the laws and regulations in force, and to govern the internal management and external disclosure of this information, the company adopted the “Procedure for the Disclosure of Inside Information”, the “Procedure for the Management of the Insiders List” (both updated on 26 February 2018) and the “Procedure for Insider Trading Obligations”, with effect from 3 July 2016.

On 25 June 2021, the Board, on the proposal of the Chairman, updated the “Procedure for Insider Trading obligations”.

These procedures are available on the Issuer’s website [www.piaggiogroup.com](http://www.piaggiogroup.com) under the Section “Governance - Market Abuse”.

### 5.1 PROCEDURE FOR THE DISCLOSURE OF INSIDE INFORMATION

The Procedure for the disclosure of inside information was adopted by Piaggio S.p.A. in compliance with the provisions of Article 17 of the MAR and the associated European Commission implementing standards. It governs the provisions and procedures relating to the internal management and external disclosure of inside information (as defined in Article 7 of the MAR) and Confidential information (as defined in the Procedure) concerning the Issuer and its subsidiaries.

In particular, inside information must be disclosed in apposite communications prepared jointly by the Legal & Corporate Affairs department, the External & Media Relations department and the Investor Relations department; the press release text must be submitted to the Chairman of the Board of Directors or the Chief Executive Officer, and if deemed advisable or necessary, to the Board of Directors, for final approval before certification and external disclosure. If the information contained therein refers to accounting data, the text must also be submitted to the executive in charge of financial reporting, pursuant to and for the purposes of Article 154-bis of the Consolidated Law on Finance.

The purpose of the procedure is to ensure compliance with applicable legal and regulatory provisions and to guarantee the utmost confidentiality of inside information; Specifically, the Procedure is designed to ensure greater transparency with the market and adequate preventive measures against market abuse and, in particular, against insider trading.

### 5.2 PROCEDURE FOR MANAGEMENT OF THE REGISTER OF PERSONS WHO HAVE ACCESS TO INSIDE INFORMATION

Article 18 of the MAR and associated implementing standards of the European Commission regulations establish the obligation for “issuers, or persons acting on their behalf or for their account” to draw up, manage and update a register of persons who have access to inside information as defined in Article 7 MAR.

Pursuant to Article 7 MAR, inside information is “information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments”.

The obligation to establish and maintain the register are aimed at encouraging operators to pay more attention to the value of inside information and, therefore, to stimulate the establishment of adequate internal procedures for monitoring their circulation prior to dissemination to the public.

### 5.3. PROCEDURE FOR THE FULFILMENT OF INTERNAL DEALING OBLIGATIONS

The procedure for the fulfilment of internal dealing obligations governs the disclosure requirements for transactions involving financial instruments carried out by relevant persons, as identified in the same procedure, to ensure greater transparency with the market and adequate preventive measures against market abuse and, in particular, against insider trading.

The procedure is adopted by Piaggio, implementing Article 19 of the MAR, as amended.





## 6.COMMITTEES WITHIN THE BOARD (PURSUANT TO ARTICLE 123-PARAGRAPH 2, LETTER D), CONSOLIDATED LAW ON FINANCE)

In accordance with provisions in the CG Code, the Board of Directors may set up internal committees with advisory functions regarding appointments, remuneration and risk control, as well as other areas considered important for the Company; these committees are also tasked with supporting the Board in carrying out its role.

The Appointment Proposal Committee (see Section 7.2 of the Report), the Remuneration Committee (see Section 8.2 of the Report), the Risk and Sustainability Committee (see Section 9.2 of the Report) and the Related Party Transactions Committee (see Section 10 of the Report) were established within the Board, as required by Recommendation 16 of the Corporate Governance Code.

The Board of Directors currently in office, by resolution of 15 April 2021, set up the following Board Committees:

Appointment Proposal Committee	Graziano Gianmichele Visentin (Chairman)
	Rita Ciccone
	Micaela Vescia
Related Party Transactions Committee	Graziano Gianmichele Visentin (Chairman)
	Rita Ciccone
	Andrea Formica
Remuneration Committee	Rita Ciccone (Chairman)
	Graziano Gianmichele Visentin
	Andrea Formica
Risk and Sustainability Committee	Graziano Gianmichele Visentin (Chairman)
	Rita Ciccone
	Micaela Vescia

The Issuer has not established a committee that performs the functions of two or more committees required by the CG Code, nor has established committees other than those required by the Code. Functions have not been “distributed” among the Committees differently than recommended by the Code nor have the functions of one or more committees required by the Code been reserved to the entire Board, coordinated by the Chairman.

Given the organisational structure of the Issuer, the Company did not consider it necessary to adopt internal regulations governing the operation of the individual committees.

In determining the composition of the committees, the Board gave priority to the expertise and experience of the members. Despite the same Independent Directors are members of the Related Party Transactions Committee and the Remuneration Committee, and the same Independent Directors are members of the Risk Control and Sustainability Committee and the Appointment Proposal Committee, the Board considered that these circumstances do not pose a risk of excessive concentration of tasks in the hands of the same persons capable of preventing the proper operation of those committees.

### Additional committees (other than those required by law or recommended by the Code)

There are no committees other than those required by law or recommended by the Code.



# 7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENT PROPOSAL COMMITTEE

## 7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

In accordance with the Board Regulations, as well as Article 4, Principle XIV and Recommendation 21 of the Corporate Governance Code, the Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual members, through formalised procedures whose implementation it oversees.

More specifically - although the CG Code expressly recommends only Large Companies other than those with concentrated ownership to conduct their self-assessment on an annual basis (see Recommendation 22) - the Board of Directors continued, in line with internal practice and best practice in general, to conduct its own assessment annually. To this end, the Issuer carries out its own evaluation of the size, composition and actual functioning of the Board itself and of the Board Committees (the "board review"), also considering the role that the Board has played in defining strategies and monitoring management performance, and the adequacy of the internal control and risk management system.

In carrying out the board review, the Board was not assisted by external consultants.

Moreover, pursuant to the above provisions of the Corporate Governance Code and the Board Regulations, the Issuer's Board of Directors carried out the annual assessment on the basis of a questionnaire divided into various areas of inquiry (i.e. composition, structure, size and function of the Board, interaction with management, risk governance, composition and structure of committees, etc.), with the possibility to make comments and suggestions; this questionnaire was sent to and completed by all Directors, and examined by the Board on 2 March 2023.

In light of the results of this assessment, the Board deemed the administrative body to be capable of performing the functions allocated to it by current legislation, maintaining that the size, composition and function of the Board itself and the committees thereof are able to meet the management and organisational requirements of the Issuer. The professional characteristics and experience (including managerial experience) and length of service of its members were also taken into account, as well as the presence of 6 (six) non-executive directors, of which five (5) independent non-executive directors and four (4) women out of a total of 9 (nine) members. The foregoing are also responsible for ensuring that the composition of the Board's Committees is fit for purpose. In addition, the Directors considered that the composition of the Board of Directors reflects adequate diversity profiles with regard to aspects such as age, gender composition and training and professional background.

The Board ensures, to the extent of its responsibilities, that the appointment of directors is transparent and furthers the achievement of the optimal composition of the board, by issuing guidelines, in view of each Board renewal, on its optimal quantitative and qualitative composition, also taking into account the results of the self-assessment.

In this regard, in the explanatory report prepared pursuant to Article 125-ter of the Consolidated Law on Finance on the appointment of the Board of Directors in office as at the Date of the Report by the Shareholders' Meeting convened to approve the financial statements at 31 December 2021, the Board of Directors in office until 14 April 2021 specified guidelines on the quantitative and qualitative composition deemed optimal and a number of indications for shareholders regarding the policy on diversity in the composition of the governing body (see Section 4.2).

Furthermore, the Board has not adopted a plan for the succession of executive directors, taking into account the current shareholder and organisational structure of the Issuer and also considering that the CG Code recommends this only for Large Companies.

## 7.2 APPOINTMENT PROPOSAL COMMITTEE

In compliance with the CG Code and in consideration of the list-based voting system in the Articles of Association for nominations to Administrative Body, the Board of Directors has established an internal Appointment Proposal Committee.

The Committee, appointed by resolution of the Board on 15 April 2021 and in office at the end of the Financial Year and at the Date of the Report, is composed exclusively of independent non-executive Directors, in the persons of Graziano Gianmichele Visentin (Chairman), Rita Ciccone and Micaela Vescia.

There have been no changes in the composition of the Appointment Proposal Committee after the Financial Year-end.

During the financial year, the Committee met on 28 February 2022 to share the results of the self-assessment process carried out by the Directors on the size, composition and functioning of the Board and its Committees for the financial year 2021. At the Date of the Report, the Committee meeting to share the results of the same recurring assessment for the year 2022 has already been held. The meetings were co-ordinated by the Chairman and minutes were regularly taken; the Chairman regularly reported to the Board of Directors at the first possible meeting, on activities carried out.

The meetings of the Appointment Proposal Committee lasted less than one hour on average. Table 3 in Appendix 1 of the Report shows the attendance of each member at the Committee meeting.

The Appointment Proposal Committee meetings were attended by members of the Board of Statutory Auditors, and in view of the topics tabled in the Agenda, it was not considered necessary to involve any other company positions.

## Functions of the Appointment Proposal Committee

The Appointment Proposal Committee has the duties set out in Recommendation 19 of the CG Code.

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.

Pursuant to recommendation 19 of the CG Code, the Appointment Proposal Committee also gives opinions to the Board, if and when necessary, on the size and composition of the committee or makes recommendations on the professional figures whose presence on the Board is deemed appropriate, and proposes to the Board candidates for directorships in cases of co-optation when independent directors need to be replaced.

In addition, pursuant to the BoD Regulations and Recommendation 19 of the Corporate Governance Code, the Committee assists the Board in the self-assessment process as well as the Chairman of the Board in ensuring the adequacy and transparency of the Board's self-assessment process.

In particular, as reported above, the Committee meetings held during the financial year examined the results of the Board's self-assessment as obtained from the relevant questionnaires.

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In carrying out its functions, the Appointment Proposal Committee was able to access and consult the corporate information and departments necessary to carry out its duties, and also use external consultants within the terms set by the Board.

No financial resources were allocated to the Appointment Proposal Committee as it uses the Issuer's corporate resources and facilities to perform duties.

## 8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE

### 8.1 REMUNERATION OF DIRECTORS

For information on (i) the remuneration policy for Directors and executives with strategic responsibilities, as well as (ii) the compensation paid during the financial year, please refer to Section I and Section II, respectively, of the Report on remuneration policy and compensation paid published pursuant to Article 123-ter of the Consolidated Law on Finance on the Company's website [www.piaggiogroup.com](http://www.piaggiogroup.com) in the "Governance - Management" section.

### 8.2 REMUNERATION COMMITTEE

In compliance with the CG Code, the company's Board of Directors has established a Remuneration Committee from its members.

The Committee, appointed by resolution of the Board on 15 April 2021 and in office at the end of the Financial Year and at the Date of the Report, is composed exclusively of independent non-executive Directors, in the persons of Rita Ciccone (Chairman), Graziano Gianmichele Visentin and Andrea Formica. All Committee members have experience in finance and remuneration policies considered suitable by the Board at the time of appointment.

There have been no changes in the composition of the Remuneration Committee after the Financial Year-end.

The meetings were co-ordinated by the Chairman and minutes were regularly taken; during the Financial Year, the Chairman regularly reported to the Board of Directors at the first possible meeting, on activities carried out.

The meetings of the Remuneration Committee lasted on average about one hour. Table 3 in Appendix 1 of the Report shows the attendance of each member at the Committee meeting.

In addition, two meetings are planned during the financial year, one of which has already been held as at the Date of the Report.

The Remuneration Committee meetings were attended by members of the Board of Statutory Auditors, and in view of the topics tabled in the Agenda, it was not considered necessary to involve any other company positions.

Pursuant to Recommendation 26 of the Corporate Governance Code, no Director participates in meetings of the Remuneration Committee in which proposals are formulated to the Board of Directors regarding his/her remuneration.

### Functions of the Remuneration Committee

The Remuneration Committee has the duties set out in Recommendation 25 of the CG Code.

The Remuneration Committee is responsible for: (i) assisting the Board of Directors in drawing up the remuneration policy; (ii) submitting proposals or expressing opinions on the remuneration of Executive Directors and other Directors holding special offices as well as on the setting of performance targets related to the variable component of such remuneration (iii) monitoring the actual application of the Remuneration Policy and verifying, in particular, the actual achievement of performance targets; (iv) periodically assessing the adequacy and overall consistency of the Remuneration Policy.

It also has the responsibilities and functions envisaged in the Remuneration Policy adopted by the company.

In particular, the Committee meetings held during the financial year covered the following topics:

- review of the Remuneration Report and compensation paid in 2021 and formulation of the proposal, to be submitted to the Board of Directors, regarding the amendment of the Remuneration Policy (described in Section I of the Remuneration Report);
- variable remuneration proposal for the Chairman and Chief Executive Officer;
- examination of the proposal for additional remuneration to be paid to the Executive Deputy Chairman on the basis of his delegated powers in the field of institutional relations at national and international level.

The Committee meetings held in the 2023 financial year and up to the Date of the Report covered the following topics:

- variable remuneration proposal for the Chairman and Chief Executive Officer, as well as for the Executive Director Michele Colaninno;
- review of the Remuneration Report and compensation paid in 2022 and formulation of the proposal, to be submitted to the Board of Directors, regarding the amendment of the Remuneration Policy (described in Section I of the Remuneration Report).



In carrying out its functions, the Remuneration Committee had the right to access information and company functions necessary to perform its duties.

No financial resources were allocated to the Remuneration Committee in that, in order to fulfil its duties, it uses the Issuer's corporate resources and facilities.



## 9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system comprises rules, procedures and organisational structures to identify, measure, manage and monitor main risks. This system is integrated at various levels with general organisational and corporate governance strategies adopted by the company, and contributes to safeguarding corporate assets, the efficiency and effectiveness of company processes, the reliability of financial information, and compliance with laws, regulations, the company's articles of associations and internal procedures.

As part of this system, the Board, after consulting with the Risk and Sustainability Committee:

- a. defines the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessment all risks that could be relevant in view of medium- to long-term sustainability;
- b. defines the guidelines for the internal control and risk management system, so that main risks concerning the Issuer and its subsidiaries are correctly identified, and adequately measured, managed and monitored, also determining the level of compatibility of these risks with a business management in line with the strategic objectives identified and in order to contribute to the Company's sustainable success;
- c. evaluates, at least annually, the adequacy of the internal control and risk management system in relation to business characteristics and the risk profile undertaken, as well as its effectiveness;
- d. approves, at least once a year, the work plan prepared by the Head of the Internal Audit Function, having consulted the Board of Statutory Auditors and the Chief Executive Officer;
- e. describes, in the corporate governance report, the main characteristics of the internal control and risk management system, evaluating its adequacy;
- f. evaluates, after consulting with the Board of Statutory Auditors, the results of the independent auditors in their letter of findings and fundamental issues identified during auditing.

In exercising these functions, the Board is assisted by the Chief Executive Officer pursuant to the Corporate Governance Code and by the Risk and Sustainability Committee; the Board also takes into consideration the compliance programmes adopted by the Issuer and Companies of the Group of which the Issuer is Parent Company, in accordance with Legislative Decree 231/2001.

The following sections of the Report describe how the internal control and risk management system involves the following bodies, each within their respective responsibilities: the chief executive officer; the Risk and Sustainability Committee; the head of internal audit; the other corporate functions involved in controls (such as the risk management function) and the Board of Auditors.

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At its meeting of 2 March 2023, the Issuer's Board of Directors, also taking into account the indications provided in the annual report of the Risk and Sustainability Committee, expressed a positive assessment of the adequacy, effectiveness and actual functioning of the internal control and risk management system, taking into account the characteristics of the company and its risk profile.

For a description of the main characteristics of the internal control and risk management system in relation to the financial disclosure process, pursuant to Article 123-bis, paragraph 2, letter b), of the Consolidated Law on Finance, reference is made to paragraph 12.6 of the Report.

## 9.1 CHIEF EXECUTIVE OFFICER

On 15 April 2021, the Board assigned the position of Chief Executive Officer to Chairman and CEO Roberto Colaninno.

The Chief Executive Officer is responsible for establishing and maintaining the internal control and risk management system.

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During the Financial Year, the Chief Executive Officer:

- conducted an identification of the main corporate risks (strategic, operational, financial and compliance risks), taking account of the characteristics of the Issuer and its subsidiaries' business activities, and subjected them to periodic examination by the Board;
- implemented the guidelines defined by the Board, arranging for the design, creation and management of the internal control and risk management system, continuously verifying its overall adequacy and effectiveness;
- arranged for the adaptation of this system to the dynamics of business operating conditions and the legal and regulatory framework;
- reported promptly to the Board of Directors and to the Risk and Sustainability Committee on problems and critical issues that arose in the course of their work or of which they became aware, so that the Board and the committee could take the appropriate actions;

The Chief Executive Officer has the power to request that the Internal Audit function controls specific areas of operation and compliance with the internal rules and procedures in the execution of corporate operations, giving concurrent communication to the Chairman of the Board of Directors, the Chairman of the Risk and Sustainability Committee and the Chairman of the Board of Statutory Auditors.

During the Financial Year, although no need was identified to request the performance of specific audits in addition to those already scheduled in the Audit Plan, the Chief Executive Officer gave the Head of Internal Audit information for the preparation of the Audit Plan, according to a risk-based approach, which also took into account the same information provided by the Control Bodies.

## 9.2 RISK AND SUSTAINABILITY COMMITTEE

The Board has established an internal Risk and Sustainability Committee.

The Issuer's Risk and Sustainability Committee is composed exclusively of non-executive independent Directors.

The Committee, appointed by resolution of the Board on 15 April 2021 and in office at the end of the Financial Year and at the Date of the Report, is composed of independent non-executive Directors, including Graziano Gianmichele Visentin (Chairman), Rita Ciccone and Micaela Vescia. The Board of Directors, upon appointment, assessed the situation and found that the entire Committee was composed of persons who have adequate experience in accounting, finance and risk management.

There were no changes in the composition of the Committee after the Financial Year-end.

The meetings were co-ordinated by the Chairman and minutes were regularly taken; during the Financial Year, the Chairman regularly reported to the Board of Directors at the first possible meeting, on activities carried out.

The meetings of the Risk and Sustainability Committee lasted on average about 2 hours.

Table 3 in Appendix 1 of the Report shows the attendance of each member at the Committee meeting.

In addition, at least four meetings are planned during the financial year, two of which have already been held as at the Date of the Report.

The meetings of the Risk and Sustainability Committee were attended by the members of the Board of Statutory Auditors and, at the invitation of the Committee Chairman and informing the Chairman and Chief Executive Officer, in relation to specific topics of interest, also by the Executive in Charge of Financial Reporting, the Risk Officer, the Compliance Officer, the Tax Officer, the Head of Internal Audit, a number of Company managers as well as representatives of the auditing firm in office.

## Functions of the Risk and Sustainability Committee

The Risk and Sustainability Committee, in assisting the Board of Directors:

- provides the Board with a prior opinion for the performance of the tasks entrusted to it by the CG Code on internal control and risk management;
- evaluates, 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;
- expresses opinions on specific aspects concerning the identification of main company risks;
- examines periodic reports on the evaluation of the internal control and risk management system, and reports of particular importance prepared by the Internal Audit Function;
- assesses the suitability of periodic financial and non-financial information to correctly represent the Issuer's business model, strategies, the impact of its activities and the performance achieved;
- monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- requests the Internal Audit Function to audit specific operating areas, informing the Chairman of the Board of Statutory Auditors;
- reports 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;
- supports the Board, with adequate preliminary activities, in its assessments and decisions concerning the management of risk arising from injurious events which come to the knowledge of the Board
- gives the Board an opinion on decisions relative to the appointment, removal from office, remuneration and availability of resources of the Head of Internal Audit.

In the meeting held on 15 April 2021, the Board of Directors resolved to assign additional sustainability-related advisory functions to the same Committee and rename it the "Audit, Risk and Sustainability Committee", with a responsibility to report to the Board on the following: (i) examining and assessing sustainability issues related to business operations and the dynamics of interaction with stakeholders; (ii) examining and assessing the system for collecting and consolidating data for the "Consolidated non-financial statement" pursuant to Legislative Decree 254/2016; (iii) examining in advance the "Consolidated Non-Financial Statement" pursuant to Legislative Decree 254/2016, formulating an opinion for approval by the Board of Directors; (iv) monitoring the Company's positioning on sustainability issues, with particular reference to the Company's position in ethical sustainability indices; (v) providing opinions on any additional sustainability issues, on the request of the Board of Directors; (vi) examining and assessing the possible impacts of ESG topics on the business in terms of risks and opportunities and the dynamics of interaction with stakeholders.

During the Financial Year, the Audit, Risk and Sustainability Committee monitored the internal control and risk management system and sustainability issues on a continual basis. In particular, the Committee focussed on the following:

(i) developments in the organisational structure of the Issuer, changes to processes and company activities; (ii) the progress of the internal auditing work plan, with particular reference to the implementation of measures relative to audits of previous years, the progress of the 2022 Audit Plan activities and compliance audits conducted pursuant to Law no. 262/2005 and Legislative Decree no. 231/01; (iii) monitoring of the independence, adequacy, effectiveness and efficiency of the Internal Audit Function also through the verification of specific indicators and the Quality Assurance Review process activated by the function that has led to attainment of the relevant certification, in compliance with international standards of the profession; (iv) review, with the Financial Reporting Officer and the CFO General Manager Finance, after consulting with the Independent Auditors and the Board of Statutory Auditors, of the financial disclosure process, accounting standards used in reporting, the financial statements and consistency of the accounting standards used in preparing the Consolidated Financial Statements; (v) the impairment test procedure adopted by the company in order to verify adequacy and compliance with IAS/IFRS, as regards the implementation of recommendations in document no. 4 of Banca d'Italia, Consob and ISVAP of 3 March 2010; (vi) examination of risk management and evolution of the risk assessment process; (vii) verification of occupational safety procedures; (viii) sustainability issues.

During its meetings, the Audit, Risk and Sustainability Committee also discussed the most appropriate initiatives relating to audits, with a view to gradually improving the internal control and risk management system.

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In carrying out its functions, the Audit, Risk and Sustainability Committee was able to access and consult the corporate information and departments necessary to carry out its duties, and also use external consultants within the terms set by the Board.

No specific financial resources were allocated to the Audit, Risk and Sustainability Committee as it uses the Issuer's corporate resources and facilities, including the Internal Audit Function, to carry out its duties.

The Audit, Risk and Sustainability Committee reported to the Board on a regular basis during the Financial Year regarding its work, the outcome of its audits and the functioning of the internal control and risk management system, stating how the control and risk management system is basically consistent with the size and organisational and operational structure of the Issuer.

## 9.3 HEAD OF INTERNAL AUDIT

As of 1 January 2009, Immsi Audit S.c.a r.l. is responsible for the internal auditing of all IMMSI Group companies; this consortium is equally owned by said companies, including the Issuer, and ensures an adequate level of professionalism, independence and organisation.

On 15 April 2021, the Board renewed the appointment, on the proposal of the Chief executive officer, with the approval of the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, of the Chief Executive Officer of Immsi Audit S.c.a.r.l., Maurizio Strozzi as Head of Internal Audit with the task of verifying that the internal control and risk management system is functional and appropriate. No specific financial resources have been allocated to the Internal Auditing Supervisor since the same uses, to carry out his tasks, the means and facilities of the Issuer and of Immsi Audit S.c.a.r.l. which charges back to each consortium company the costs incurred for activities undertaken on its behalf.

This organisational solution adopted by the Immsi Group: (i) avoids duplication of facilities by centralising verification activities on one entity; (ii) maximises the independence of the Internal Auditing Supervisor from corporate structures, with respect to which the same operates independently; (iii) continuously monitors, through a specifically dedicated person, the effectiveness, adequacy and operating efficiency of the internal control and risk management system of the Company and the Group.

During the financial year, the Board approved the work plan prepared by the Head of Internal Audit, after consulting with the Board of Statutory Auditors and the Chief Executive Officer

The Internal Audit Function Manager, who is not responsible for any operating area of the Issuer directly reports on activities carried out to the Board of Directors, and has direct access to all information useful for his position. During the Financial Year, the Internal Audit Function Manager:

- verified, on both an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and adequacy of the Internal Control and Risk Management system, through an audit plan approved by the Board of Directors and based on a structured process that analyses and prioritises main risks;
- prepared periodic reports containing adequate information on its activities, how risk management is carried out and on compliance with mitigation plans as well as an assessment of the suitability of the internal control and risk management system, and forwarded them to the chairmen of the Board of Statutory Auditors, the Audit, Risk and Sustainability Committee and the Board of Directors, as well as to the Chief Executive Officer, except in cases where these reports specifically concerned the activities of these persons;
- prepared reports on particularly significant events in a timely manner, also at the request of the Board of Statutory Auditors, and forwarded them to the chairmen of the Board of Statutory Auditors, the Audit, Risk and Sustainability Committee and the Board of Directors, as well as to the Chief Executive Officer, except in cases where these reports specifically concerned the activities of these persons;
- prepared the audit plan for the 2022 financial year, comprising an audit of information system reliability, including accounting systems.

During the Financial Year, the Internal Audit Supervisor, with the assistance of the Internal Audit structure, conducted an audit of the internal control and risk management activities, in accordance with the Internal Audit Plan scheduled for the year, as approved by the Board on 21 February 2022. Financial, operational and compliance auditing activities were carried out (with particular reference to audits carried out for the purpose of compliance with the provisions of Law 262/2005 and Legislative Decree 231/2001), assessing the reliability of information systems (accounting systems included), and the risk assessment system, as well as monitoring the adoption of the plans for correction/ improvement agreed following these internal auditing activities.

The results of audits carried out compared to the Audit Plans have always been analysed, discussed and shared between the Internal Audit function, the various managers of the processes and functions and company management, in order to agree and implement preventive/corrective measures, the implementation of which is continuously monitored until their completion. The Head of Internal Audit presented the audit reports to the Chairman, CEO, Chairman of the Audit, Risk and Sustainability Committee and Chairman



of the Board of Statutory Auditors, as well as to the Supervisory Board and the Executive in charge of financial reporting and Risk Manager, for areas under their responsibilities. This presentation was made at the end of the related audits, both by sending the audit reports and with examination of the specific outcomes during periodic meetings with mentioned recipients. In a specific report, the Head of Internal Audit also provided details on the work of the Internal Audit Department in the 2022 financial year, also with the Company's management, giving an opinion on the adequacy, effectiveness and efficiency of the Company's internal control and risk management system.

## 9.4 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

On 12 March 2004 the Issuer adopted an organisational, management and control model for the prevention of the corporate crimes contemplated by Legislative Decree 231/2001, and amendments thereto ("**Model**").

The Model comprises a general part and special part, divided into sections in relation to the different groups of offences referred to in the Decree.

The general part begins with the Code of Ethics: since 2004, Piaggio has adopted a Code of Ethics as part of its Organisational model pursuant to Legislative Decree 231/2001, which was last updated in July 2017 with the introduction of a specific article on protecting and safeguarding human rights.

The Code of Ethics is distributed extensively and is in effect across all Group Companies; it sets out the principles and values that inspire the entire organisation 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, constantly achieving 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 the 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.

In view of the specificity and relevance of the Indian economy, the Code of Business Conduct & Ethics and the Whistle Blower Policy have been drafted and adopted since December 2016 for the Indian affiliate; the Whistle Blower Policy is specifically intended to protect and guarantee those who report any alleged violations of the Code, thereby also safeguarding the effective application of the Code itself.

At the same time, again in view of the peculiarities of the Indian society, a "Policy on Prevention of Sexual Harassment of Women in the Workplace" has been adopted by the Indian affiliate to prevent incidents of sexual harassment at the factory.

The Model has been sent to all Piaggio Group senior managers, middle managers and employees and has been published on the Issuer's website [www.piaggiogroup.com](http://www.piaggiogroup.com), in the section Governance/Governance Systems.

In parallel with the constant updating of the Model (most recently updated on 21 February 2022 in order to expand the catalogue of predicate offences with the offences recently introduced by the legislator) there has been an updating of corporate procedures, whose correct application, on the indication and coordination of the Supervisory Board, is constantly monitored through planned compliance activities, carried out by Management and by Internal Audit. This monitoring process also involves Process Owners, i.e. the parties/entities responsible for company processes that are considered "sensitive" as regards the commission of offences, that periodically report to the Supervisory Board; employees (managers and lower levels) also receive training on the contents of the Model.

Third parties (e.g. suppliers, customers, consultants, etc.) are informed of adoption by the Company of the Code of Ethics and Code

of Conduct and, when signing agreements, they are required to expressly accept the ethical and conduct principles adopted. The Issuer has also adopted a procedure ("Fraud Policy") in order to establish suitable channels of information for the receipt, analysis and processing of fraud reports that may possibly involve employees, directors, co-workers and partners of Piaggio and of 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 Supervisory Board currently in office was appointed by the Board of Directors on 15 April 2021 for the 2021-2022-2023 financial years, and therefore up until the approval of the Financial Statements at 31 December 2023. The following are members of the Supervisory Board: (i) Giovanni Barbara, Standing Auditor of the Issuer; (ii) Fabio Grimaldi, Issuer's Tax, Legal and Corporate Affairs Manager and Compliance Officer; and (iii) Antonino Parisi, who serves as Chairman, chosen from among external professionals meeting the necessary requirements. The Board of Directors of the Issuer considered the feasibility of assigning supervisory functions to the Board of Statutory Auditors, but considered the supervisory functions of an ad hoc organisation, i.e. the Supervisory Board, to be more efficient and effective at monitoring the functioning of and compliance with the Model.

The Supervisory Board operates at top management level according to principles of independence, autonomy, professionalism and impartiality, and on the basis of the Regulations approved by the Board of Directors to whom it reports periodically on its activities carried out, information received and any sanctions adopted. The Company has for some time now had an e-mail account active - the details of which are contained in the Code of Conduct - allowing anyone to send messages directly to the Supervisory Board for reporting suspected offences. This message may only be read by the Supervisory Board, thus ensuring that the operations of the Board are exercised in accordance with the Model.

During the Financial Year, the Issuer's Supervisory Board met 5 (five) times.

In particular, the Board, during the Financial Year, i) monitored the effective application of the Model according to the specific audit plan of reports by company representatives, through examination of the results of the internal audits carried out pertinent to Legislative Decree 231/2001, as well as through meetings and hearings with Company management; ii) monitored the adequacy of the Model in relation to maintenance over time of the requisites of solidity and functionality, iii) examined the proposed updates to reflect changes in laws and corporate organisational changes having taken place, as well as personnel training put in place by the Company and iv) prepared and presented to the Board of Directors of the Company a report on the activities carried out during the Financial Year, as required by the Model.

In the meeting held on 16 February 2022, the Supervisory Board also approved the activity plan for 2022; at least 5 (five) Supervisory Board meetings are scheduled for the financial year 2023, on a periodic basis.

## 9.5 INDEPENDENT AUDITORS

Deloitte & Touche S.p.A. has been appointed to audit the accounts.

The appointment was approved by the Shareholders' Meeting held on 14 April 2021 and ends on approval of the Financial Statements at 31 December 2028.

## 9.6 EXECUTIVE IN CHARGE OF FINANCIAL REPORTING AND OTHER COMPANY ROLES AND FUNCTIONS

Alessandra Simonotto, Chief Financial Officer of the Group, is the Issuer's Executive in charge of financial reporting.

Pursuant to Article 17.3 of the Issuer's Articles of Association, the Executive in Charge of Financial Reporting must have the professional requisites characterised by detailed expertise in administration and accounting, as well as the reputation requisites prescribed by the legislation in force for those who carry out administrative and management functions. This competence, to be verified by the Board of Directors, must be gained through work experience gained in positions of adequate responsibility for a reasonable period of time. The Executive in Charge of Financial Reporting was appointed by the Board, subject to obligatory approval by the Board of Statutory Auditors.

At the time of this appointment, the Board attributed Executive in Charge of Financial Reporting with all the powers and means necessary to execute the prescribed duties.

The Executive in charge of financial reporting prepares the Non-Financial Statement, submits it, first, to the Audit, Risk and Sustainability Committee and, subsequently, to the Board of Directors for approval.

## Risk manager and compliance officer

In the meeting of 26 October 2012, the Board also established the positions of Risk Manager and Compliance Officer, in order to update the internal control and risk management system to the recommendations of the Corporate Governance Code then in force for listed companies. In particular, considering the size, complexity and risk profile of the Issuer, the two new positions were appointed to assist the chief executive officer and the Board.

The Risk Manager (Alessandra Simonotto) and the Compliance Officer (Fabio Grimaldi) operate independently, periodically reporting to the Board on their activities.

During the Financial Year, the Board assessed whether measures should be taken to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in control activities, verifying that they have adequate professionalism and resources.

## 9.7 COORDINATION BETWEEN PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

To guarantee the ongoing coordination of those persons involved in the internal control and risk management system, the Issuer has long arranged that, in general, for all periodic meetings to take place simultaneously and jointly between the Audit, Risk and Sustainability Committee, the Head of Internal Audit, the Board of Statutory Auditors, the Executive in Charge of Financial Reporting, the Supervisory Board, the Risk Manager and the Compliance Officer. This ensures maximum efficiency of the internal control and risk management system implemented by the Issuer, also with a view to ensure the timely exchange of information between all parties involved, while also reducing the duplication of activities.

On 2 March 2023, the Board of Directors - in accordance with Recommendation 33, letter a) of the Corporate Governance Code - expressed its opinion that the coordination between persons involved in the internal control and risk management system was adequate.

## 9.8 KEY ASPECTS OF THE EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS FOR FINANCIAL DISCLOSURE PROCESS (article 123-bis, paragraph 2, letter b), Consolidated Law on Finance)

### Introduction

#### Purpose and objectives

The risk management and internal control system in relation to Piaggio Group financial disclosure was developed using the "2013 COSO Report"<sup>(3)</sup> as a reference model. According to this report, the Internal Control System, given its broadest meaning, is defined as "a process, carried out by the Board of Directors, by Senior Management and other subjects of the company structure, intended to provide reasonable certainty as to achieving objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting;
- Compliance with applicable laws and regulations".

As concerns the financial disclosure process, these objectives refer to the credibility, accuracy, reliability and timeliness of disclosure.

3. The COSO Model, developed by the Committee of Sponsoring Organizations of the Treadway Commission - "Internal Control - Integrated Framework" published in 1992 and last updated in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

## Main characteristics of the risk management and internal control system in relation to the financial disclosure process

### Methodological approach

The Piaggio Group's risk management and internal control system for financial disclosure is part of the Group's broader internal control and risk management system, which consists of a number of elements, including:

- The Code of Ethics;
- The Organisational and Management Model pursuant to Legislative Decree no. 231/2001 and relative protocols;
- Procedures for reporting internal dealing;
- Principles and procedures for conducting significant transactions and transactions with related parties;
- The system of powers and duties;
- The Company organisational chart and job descriptions;
- Procedures for disclosing information to the market;
- The Enterprise Risk Management Process adopted (ERM);
- The Accounting control system;
- The Fraud Policy.

Piaggio's Accounting and Administrative Control System comprises a number of operating procedures and documents, including:

- the Accounting and Administrative Auditing Model - a document available to all employees directly involved in the process of preparing and/or controlling accounting information and aimed at defining the operating procedures of the Accounting Auditing System;
- The Group Accounting Manual - a document designed to promote the development and application of standard accounting policies across the Group for the recognition, classification and measurement of operations;
- Operational instructions for financial statements and reports and closing schedules - documents designed to instruct the various company departments on specific operational procedures for preparing financial statements by set common deadlines;
- the Manual for the Preparation of the Non-Financial Statement (accompanied by the relevant operational procedure currently in force);
- Administrative and accounting procedures - documents that identify responsibilities and rules in administrative and accounting processes.

The Piaggio Financial and Administrative Audit Model identifies the methodological approach to be taken for the risk management and internal control system, involving the following separate stages:

- a. Identification and assessment of risks involved in financial disclosure;
- b. Identification of controls to minimise risks identified;
- c. Assessment of controls to minimise risks identified and the management of any problems found.

### Elements of the system

#### a) Identification and assessment of financial disclosure risks

Risks connected with the preparation of financial reports are identified through a step-by-step risk assessment process. The process involves identifying the objectives that the internal control system for financial disclosure is expected to deliver, so as to ensure that financial reports are fair and truthful. Those objectives cover the assertions made in financial reports (regarding the existence and occurrence of events, comprehensiveness, rights and obligations, the measurement/recognition of items, presentation and disclosures) and other control objectives (such as, for example, compliance with approval limits, the separation of roles and responsibilities, the documentation and traceability of transactions, and so on).

Risk assessment is therefore focused on the different areas of the financial statements in which the failure to deliver control objectives would have a potential impact on financial disclosure requirements.

The process of determining boundaries for including "material" entities and process, in terms of their potential impact on financial disclosure, is designed to identify the accounts, subsidiaries and administrative-accounting processes of material relevance for the Group consolidated financial statements, on the basis of quantitative and qualitative criteria.

Those criteria are determined by:

- setting quantitative thresholds for checking accounts against the consolidated financial statements, and checking the relative contribution of Group subsidiaries to the consolidated financial statements;
- making qualitative judgements on the basis of managers' knowledge of the company and existing specific risk factors inherent to administrative-accounting processes.

#### b) Identification of controls for identified risks

The controls needed to mitigate risks identified in administrative-accounting processes are identified by considering, as mentioned earlier, the control objectives associated with financial disclosure.

Specifically, underlying processes are linked to financial statement accounts classified as "material" so as to identify suitable controls to assure delivery of the objectives of the internal control system for financial disclosure. Assessments are then made of the adequacy and effective application of the controls identified. For automatic controls, the assessment of adequacy and effective application also concerns general IT controls on the software applications used to support processes of material relevance.

The functions involved in the financial disclosure process ensure that administrative and accounting procedures and relative controls are updated, as concerns areas in their remit.

If, after defining the scope of actions, sensitive areas are identified which are not regulated, either wholly or in part, by administrative and accounting procedures, existing procedures are supplemented and new procedures are formalised, overseen by the Executive in Charge of Financial Reporting, in relation to management areas in his remit.

#### c) Evaluation of controls for identified risks and problems detected

The financial audit system is reviewed and assessed regularly at least once every six months, and when the separate annual financial statements, consolidated annual financial statements, and the condensed consolidated interim financial statements are each prepared.

The adequacy and effective application of administrative and accounting procedures and their relative controls are assessed through monitoring and testing activities, on the basis of best practices in the field.

Control tests are run on the administrative and functional departments coordinated by the Executive in Charge of Financial Reporting or by his officers, assisted by the Internal Audit department to ensure that controls for administrative and accounting procedures are carried out, in addition to specific focused controls on companies, processes and accounting entries.

The executive officers and administrative managers of "material" subsidiaries are required to issue a supporting attestation statement to the Executive in Charge of Financial Reporting in relation to the auditing of the adequacy and effective application of administrative and accounting procedures.

The Executive in Charge of Financial Reporting, assisted by the Head of Internal Audit, produces a report summarising the results of evaluations on controls for previously identified risks (Management Summary). This is based on the outcome of monitoring activities and on statements from delegated administrative bodies and administrative managers of subsidiaries. The assessment made of controls may entail the identification of compensatory controls, corrective measures or improvement plans to address any problems identified.

Once cleared by the Chief Executive Officer, the management summary is sent to the Board of Statutory Auditors, to the Internal Control and Risk Management Committee and to the Board of Directors.

Said Management Summary is also sent to the Parent Company's Executive in Charge of Financial Reporting.

### Roles and departments involved

The risk management and internal control system for financial disclosure is governed by the Executive in Charge of Financial Reporting appointed by the Board of Directors. Working in concert with the Chief Executive Officer, the financial reporting manager is responsible for designing, implementing and approving the Financial and Administrative Audit Model, assessing its application and issuing an attestation statement for the separate and consolidated annual and interim financial statements, and the separate, consolidated and half-year reports. The Executive in charge of financial reporting is also responsible for identifying suitable administrative and accounting procedures for the preparation of the separate and consolidated annual financial statements and, with the support of the Internal Audit department, for providing subsidiaries considered "material" for the purposes of consolidated Group financial reporting with guidelines for assessing their own financial and administrative audit systems.

In carrying out activities, the Executive in Charge of Financial Reporting:

- liaises with the Head of Internal Audit, who independently audits the operation of the control system and assists the Executive in Charge of Financial Reporting in monitoring the system, and the Compliance Officer, for matters concerning the legal/regulatory compliance of financial disclosure;
- is assisted by Function Managers. These managers ensure complete, reliable information flows to the Executive in Charge of Financial Reporting, for areas in their remit, for accounting disclosure purposes;
- co-ordinates the activities of the administrative managers of "material" subsidiaries, who, together with their executive officers, are tasked with implementing a suitable financial audit system in their respective companies to control administrative-accounting processes, assessing the effectiveness of the system over time, and reporting outcomes to the parent company via internal attestation statements;
- establishes reciprocal information flows with the Audit, Risk and Sustainability Committee and the Board of Directors, on the use of accounting standards and their consistency in the preparation of the Consolidated Financial Statements, as well as the adequacy of the risk management and internal control system for financial disclosure, as part of an overall assessment of corporate risks, also in a capacity as Risk Officer.

Lastly, the Board of Statutory Auditors and Supervisory Board are informed of the adequacy and reliability of the administrative/accounting system.





## 10. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The Company has defined appropriate procedures for significant transactions and transactions with related parties, designed to guarantee Directors full and exhaustive information on such transactions.

Furthermore, in compliance with regulations in force and the Articles of Association, the examination and prior approval of the transactions by the Issuer and its subsidiaries in which one or more directors hold a personal interest or interest on behalf of third parties, are reserved to the Board.

### Significant Transactions

The Company has approved the procedure governing significant transactions, which defines the quantitative and qualitative criteria for identifying transactions that require the express approval of the Board of Directors. These criteria have been identified in relation to the type of transaction involved, with specific and distinct reference to significant income, equity and financial transactions or those in relation to the Issuer's business.

The following are considered significant income, equity and financial transactions, i.e. transactions relating to the company's business ("**Significant Transactions**"):

1. acquisitions or disposals of investments in companies or business units;
2. conclusion or modification of loan agreements of any type stipulated for amounts of more than EUR 25 million;
3. the granting of collateral guarantees on assets and personal guarantees for commitments to third parties other than those granted in the interest, directly or indirectly, of subsidiary companies;
4. transfer of brands, patents and other intellectual ownership rights, as well as the conclusion of licensing agreements;
5. conclusion or modification of multi-year commercial agreements, including joint-venture agreements;
6. the purchase and sale of real estate;
7. other extraordinary administrative transactions of an amount greater than EUR 50 million.
8. the appointment of the General Manager and the head of the company's administration, finance and control departments;
9. appointment of the members of the administrative bodies and general managers of the directly or indirectly controlled companies.

Reference must usually be made, for the calculation of the amounts indicated in items 2) and 7) above, to each transaction considered on an individual basis, except in the case of transactions that are strictly and objectively related to a similar strategic or executive plan, where reference must be made to the total value of all the related transactions.

In relation to each Significant Transaction, the Board must receive a report - drawn up by the delegated bodies - suitable for allowing for a prior examination of the essential elements of this transaction. Specifically, an exhaustive report must be provided regarding the strategic motivations for the Significant Transaction and its estimated income, equity and financial effects, including at consolidated level.

The Procedure governing significant transactions is available on the Issuer's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com), under the section Governance/Documents and procedures.

### Transactions with Related Parties

Pursuant to the Related Parties Regulation, the Company has adopted a procedure for transactions with related parties (the "**Related Parties Procedure**") which, among other things, governs the approval and management of transactions with related parties pursuant to Article 4 of the Related Parties Regulation.

Please note that, with Resolution no. 21624 of 10 December 2020, Consob adopted the amendments to the Related Parties Regulation and the Consob Market Regulation in order to implement the contents of the SHRD, including in the terms of secondary legislation.



The aforementioned Resolution no. 21624 came into force on 1 July 2021; consequently, on 25 June 2021, the Board adapted its own Related Parties Procedure to the aforementioned changes, subject to the favourable opinion of the Related Party Transactions Committee.

The latest version of the Procedure governing related party transactions was updated on 25 June 2021 and is available on the Issuer's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com), under the section Governance/Documents and procedures.

## RELATED PARTY TRANSACTIONS COMMITTEE

The Issuer's Board of Directors appointed a Related Party Transactions Committee responsible for approving both minor and major transactions with related parties. Operative as of 1 January 2011 and appointed by the Board on 15 April 2021, the Committee consists of 3 (three) independent directors who, in compliance with applicable regulations, must in no way be related to any transactions they review.

The Committee, appointed by the Board on 15 April 2021 and in office at the end of the Financial Year and at the Date of the Report, is composed of independent non-executive Directors, in the persons of Graziano Gianmichele Visentin (Chairman), Rita Ciccone and Micaela Vescia.

There have been no changes in the composition of the Related Party Transactions Committee after the Financial Year-end.

The Committee has the functions set out in the Related Parties Procedure.

During the year, the Related Party Transactions Committee held two meetings. The meetings were co-ordinated by the Chairman and minutes were regularly taken; during the Financial Year, the Chairman regularly reported to the Board of Directors at the first possible meeting, on activities carried out.

The meetings of the Related Party Transactions Committee lasted on average approximately one hour. Table 3 in Appendix 1 of the Report shows the attendance of each member at the Committee meeting.

The Board, as reflected in the Related Parties Procedure, requires Directors who have an interest in the transaction to promptly and fully inform the Board of Directors about the existence of the interest and its circumstances, also pursuant to Article 2391 of the Civil Code. The directors involved in the transaction shall assess, on a case-by-case basis, whether it is appropriate to leave the Board meeting at the time of the resolution. In any event, the directors involved in the transaction shall abstain from voting on it.



# 11. BOARD OF STATUTORY AUDITORS

## 11.1 APPOINTMENT AND REPLACEMENT OF STATUTORY AUDITORS

The appointment and replacement of statutory auditors is governed by the pro tempore laws and regulations in force, and by Article 24 of the Issuer's Articles of Association. The provisions of the Issuer's Articles of Association that govern the appointment of the Board of Statutory Auditors were most recently amended by a resolution of the Issuer's Board of Directors on 28 January 2021, drafted by public deed and adopted pursuant to the provisions of Article 2365 of the Italian Civil Code and Article 17 of the Articles of Association, in order to align them with the rules on gender balance as regards the composition of supervisory bodies pursuant to Article 148, paragraph 1-bis of the Consolidated Law on Finance, as most recently amended by Law 160/2019, and the relevant Consob implementing provisions<sup>4</sup>.

This paragraph therefore describes the mechanism for appointing the members of the Control Body as envisaged in the provisions of the Articles of Association currently in force.

Pursuant to art. 24 of the Issuer's Articles of Association, the Board of Statutory Auditors is appointed, in accordance with the pro tempore laws and regulations in force on gender balance, based on the lists submitted by Shareholders in which candidates are listed with a sequential number. The list is made up of two sections: one for the candidates to be appointed as Statutory auditors, the other one for the candidates to be appointed as Alternate auditors.

The lists submitted by Shareholders must be filed at the registered offices, without prejudice to any additional forms of filing procedures prescribed by regulatory provisions pro tempore in force, at least 25 (twenty-five) days before the date set for the Shareholders' Meeting in first call.

Each shareholder, as well as shareholders who have entered into a significant shareholder agreement pursuant to Article 122 of the Consolidated Law on Finance, as well as the Parent Company, its subsidiaries and joint ventures pursuant to Article 93 of the Consolidated Law on Finance, cannot present or take part in presenting more than one list, either by proxy or through trust companies, nor can they vote on different list.

Only shareholders who – either alone or jointly – hold a total of shares with voting rights representing at least 2.5% (two point five percent) of the share capital with the right to vote in Ordinary Shareholders' Meetings have the right to present slates, or else those who represent another percentage that has possibly been set or required by laws or regulations. By executive resolution of the Head of Corporate Governance no. 76 of 30 January 2023, Consob set the relative share capital threshold required to nominate candidates on lists for election to the control bodies of Issuers at 2.5% (two point five per cent).

Lists that have a total number of candidates greater than or equal to three must be composed of candidates belonging to both genders, in accordance with the current applicable regulations on gender balance, both as regards candidates for the position of Standing Auditor and candidates for the position of Alternate Auditor.

The procedure for appointing the Statutory Auditors is as follows:

- a. two standing auditors and an alternate auditor are selected from the slate which obtained the highest number of votes at the Shareholders' Meeting, based on the sequential order in which they appear in the sections of the slate;
- b. one Standing auditors and the other Alternate auditor are selected from the second list which obtained the highest number of votes at the Shareholders' Meeting and which, pursuant to the law and other applicable regulations, is not connected, even indirectly, with the subjects who presented or voted the list which obtained the highest number of votes, based on the sequential order in which they appear in the sections of the list.

If there is a tie among two or more slates, the Statutory Auditors appointed will be those most senior in age.

The Chair of the Board of Statutory Auditors shall be the Standing Auditor selected from the second list that obtained the highest number of votes pursuant to point b) above.

4. Paragraph 1-bis of Article 148 of the Consolidated Law on Finance in force at the date of the Report states, inter alia, that "the deed of incorporation of the company shall also provide that the members referred to in paragraph 1 shall be divided in such a way that the lesser represented gender obtains at least two-fifths of the standing members of the Board of Statutory Auditors. This rule shall apply for six consecutive terms."

Furthermore, pursuant to Article 144-undecies.1, paragraph 3, of the Issuers' Regulations, as last amended by Consob Resolution 21359 of 13 May 2020, "when the application of the gender distribution rule does not result in a whole number of members of the management or control bodies belonging to the least represented gender, such number shall be rounded up to the next higher whole unit, with the exception of company boards made up of three members where it will be rounded down to the next lower whole unit."

If, according to the procedures described above, a composition of the Board of Statutory Auditors, in terms of its statutory members, which complies with current legislation in force concerning the balance between genders is not ensured, the necessary replacements shall be made, within the scope of candidates for the office of Statutory Auditor of the list which obtained the greatest number of votes, according to the sequential order in which the candidates are listed.

The previous provisions regarding the appointment of Statutory Auditors do not apply to Shareholders' Meetings in respect of which only one list is presented or voted; in such cases the Shareholders' Meeting resolves by relative majority, without prejudice to compliance with the legislation on gender balance pro tempore in force.

If, once the deadline has lapsed, only one slate of candidates has been filed or the candidate slates nominated are filed by shareholders that are connected in a material way with the candidates as per laws and regulations in force at the time, the deadline for filing candidate slates may be extended by the term contemplated by applicable ad interim laws and regulations. In this case, the minimum share ownership thresholds applicable for filing slates will be halved.

When the Shareholders' Meeting must appoint the Standing auditors and/or the Alternate ones in order to integrate the Board of Statutory Auditors the procedure adopted is as follows: if Statutory auditors elected from the majority list are to be replaced, the appointment takes place by relative majority voting regardless of the lists presented; conversely, if the Statutory Auditors elected from the minority list are to be replaced, the Shareholders' Meeting shall replace them by relative majority voting, selecting them from among the candidates indicated in the list of the statutory auditor to be replaced.

If the application of the above procedures does not allow, for whatever reason, the replacement of the Statutory Auditors designated by the minority, the Shareholders' Meeting will replace them by relative majority voting; however, in verifying the result of this last voting no account will be taken of the votes cast by the subjects who according to the communications made in compliance with current legal regulation have, even indirectly or jointly with other Shareholders taking part to a Shareholders' Agreement pursuant to Article 122 of the Consolidated Law on Finance, the relative majority of the votes that may be cast at the Shareholders' Meeting, as well as those Shareholders who control, are controlled or are subject to joint control by the same.

The replacement procedures described above shall in any event ensure compliance with legislation in force relating to the balance between genders.

For further information on the above provisions, reference should be made to the Articles of Association published on the company's website [www.piaggiogroup.com](http://www.piaggiogroup.com) under the section Governance/Documents and procedures and on the authorised storage system, "eMarket Storage", which can be viewed at [www.emarketstorage.it](http://www.emarketstorage.it).

## **11.2 COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS**

### **(pursuant to Article 123-bis, paragraph 2, letter d) and d-bis) of the Consolidated Law on Finance)**

The Board of Statutory Auditors exercises the powers and the functions attributed to it by law and other applicable provisions.

Pursuant to Article 25.2 of the Articles of Association, Board of Statutory Auditors' meetings can be held using teleconferencing or video conferencing facilities providing that:

- a. the Chairman and the person in charge of taking minutes attend the same official meeting venue;
- b. all participants can be identified and are able to follow the discussion, receive, transmit and examine the documents, take part verbally and in real time in all the items on the agenda. If the above requisites are met, the meeting of the Board of Statutory Auditors shall be deemed to have been held at the place where the Chairman and the person taking the minutes are located.

The type of disclosure to the board allows Statutory Auditors to have adequate knowledge of the sector in which the Issuer operates, of corporate dynamics and their developments, as well as the regulatory framework.

The Board of Statutory Auditors must meet at least every ninety days.

On 14 April 2021, the Shareholders' Meeting appointed, on the basis of the lists presented by the shareholders, the Statutory Auditors in office at the end of the Financial Year and at the Date of the Report, for the three-year period 2021-2023.

Three lists were submitted to the Shareholders' Meeting of 14 April 2021:

- the list submitted by the majority shareholder IMMSI S.p.A, representing 50.07% of Piaggio share capital (the "**Majority List**"), which:
  - included the following candidates: Giovanni Barbara; Massimo Giaconia; Silvia Rodi as statutory auditors and Gianmarco Losi and Elena Fornara as alternate auditors;
  - obtained 179,353,721 votes in favour, or 61% of the votes represented at the Shareholders' meeting;
- the list submitted by the shareholder Diego della Valle & C. S.r.l., representing 5.539% of Piaggio's share capital, which:
  - included the following candidates: Franco Piero Pozzi as statutory auditor and Piera Tula as alternate auditor;
  - obtained 25,909,173 votes in favour, or 8.812% of the votes represented at the Shareholders' meeting;
- the list submitted by a group of investors, representing 2.74826% of Piaggio's share capital (the "**Minority List**"), which:
  - included the following candidates: Piera Vitali as statutory auditor and Fabrizio Piercarlo Bonelli as alternate auditor;
  - obtained 87,151,886 votes in favour, or 29.641% of the votes represented at the Shareholders' meeting.

For further information on candidates and the lists filed for appointment of the control body, reference should be made to the Issuer's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com) in the section Governance - Shareholders' Meeting, where the professional curricula vitae of the Statutory Auditors are available, pursuant to Articles 144-octies and 144-decies of the Consob Regulation on Issuers.

The Board of Statutory Auditors in office at the end of the Financial Year and at the Date of the Report, appointed by the Shareholders' Meeting of 14 April 2021 for the three-year period 2021-2023 and, therefore, until approval of the financial statements at 31 December 2023, is therefore composed as follows<sup>5</sup>:

- Piera Vitali (Chairman);
- Giovanni Barbara (Statutory Auditor);
- Massimo Giaconia (Statutory Auditor);
- Gianmarco Losi (Alternate Auditor);
- Fabrizio Piercarlo Bonelli (Alternate Auditor).

Further information on the composition of the Board of Statutory Auditors at the end of the Financial Year is given in Table 4 in Appendix 1 of the Report.

It should be noted that there have been no changes in the composition of the Board since the end of the Financial Year and up to the date of the Report.

Eight meetings of the Board of Statutory Auditors were held during the financial year. Specifically, the Issuer's Board of Statutory Auditors met on the following dates: 17 February 2022, 17 March 2022, 28 April 2022, 1 June 2022, 9 June 2022, 21 July 2022, 20 September 2022 and 30 November 2022.

The meetings lasted on average 2 (two) hours.

Four meetings are planned for the current financial year, in addition to the one already held on 20 February 2023.

For information on the participation of each Statutory Auditor in the meetings held during the Financial Year, please refer to Table 4 in Appendix 1 of the Report.

The composition of the current Board of Statutory Auditors is adequate to ensure, in accordance with the principles of the CG Code, its independent and professional functioning. As regards its independence, as specified in greater detail in the "Independence" paragraph below, all members of the Board of Statutory Auditors meet the independence requirements, as also verified during the Financial Year by the Board of statutory auditors. As regards professionalism, the Articles of Association require the Statutory Auditors to be chosen from persons that meet legal and regulatory requirements, also regarding professionalism. Compliance with the requirements of professionalism is apparent from the curricula referred to above.

For information on the number of positions as director or statutory auditor held by each Statutory Auditor, please refer to Table 4 in Appendix 1 of the Report.

5. Piera Vitali (Chairman) and Alternate Auditor Fabrizio Piercarlo Bonelli were taken from the Minority List, while the Statutory Auditors Giovanni Barbara and Massimo Giaconia and Alternate Auditor Gianmarco Losi were taken from the Majority List.

## Diversity criteria and policies

The Board of Directors in office until 14 April 2021 specified in the report prepared pursuant to Article 125-ter of the Consolidated Law on Finance, relating to the appointment of the Board of Statutory Auditors by the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2021, a number of indications for the shareholders regarding the policy on diversity in the composition of the board (also pursuant to Recommendation 8 of the Corporate Governance Code), inviting shareholders to propose candidates that take into account the need for diversity in the composition of the board in terms of age and educational and professional background, in order to ensure that the competencies required to ensure the proper performance of the functions assigned to it are guaranteed.

For further information, reference is made to the reports published on the Issuer's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com) in the section Governance - Shareholders' Meeting.

As regards company policies on diversity in relation to the composition of the Board of Statutory Auditors (Article 123-bis, letter d-bis of the Consolidated Law on Finance): (i) the Board of Statutory Auditors of the Company has a member of the least represented gender, in compliance with regulations on gender balance; (ii) without prejudice to the professional requirements set out by law, the educational and professional backgrounds of members of the Board of Statutory Auditors currently in office ensure that these individuals have the appropriate profiles and experience to ensure that all functions thereof are executed correctly.

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The Chief Executive Officer reported to the Board of Statutory Auditors on their work in a suitable and timely manner as prescribed by law and the Articles of Association, i.e. at least on a quarterly basis, regarding general operational performance and the outlook, as well as on the more significant transactions made by the Issuer and its subsidiaries according to their size and characteristics.

The Issuer's Audit, Risk and Sustainability Committee and the Head of Internal Audit attended most of the meetings of the Board of Statutory Auditors, to ensure that the control bodies were as effectively informed as possible.

Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, identifies the Board of Statutory Auditors as the Internal Control and Audit Committee, appointed to carry out the following activities in particular:

- to inform the competent body of the audit outcome and send the latter the additional report, as per Article 11 of Regulation No 537/2014, along with any observations;
- to monitor the financial disclosure process and make recommendations or proposals to ensure the integrity of this process;
- to monitor the effectiveness of internal quality control and business risk management systems and, if applicable, of internal auditing activities, as regards financial disclosures by the organisation subject to audit, without affecting its independence;
- to monitor the auditing of the financial statements and consolidated financial statements, in consideration of any results and findings of quality controls conducted by Consob pursuant to Article 26, paragraph 6 of Regulation No 537/2014, where available;
- to verify and monitor the independence of the statutory auditors or independent auditors pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010 and of Article 6 of Regulation No 537/2014, in particular as concerns the adequacy of services provided other than those concerned with the auditing of the entity in question, in accordance with Article 5 of the aforementioned Regulation;
- to be responsible for the procedure to appoint the statutory auditors or independent auditors or to recommend the appointment of statutory auditors or independent auditors pursuant to Article 16 of Regulation No 537/2014.

## Independence

The Board of Statutory Auditors assesses the independence of its members, also based on the criteria set forth in Article 2, Recommendation 7 of the Corporate Governance Code with regard to Directors, after their appointment and subsequently, during their term of office, on an annual basis.

As noted in paragraph 4.7 above of this Report, the Board of Directors and the Board of Statutory Auditors decided not to adopt qualitative and quantitative criteria to assess the significance of circumstances relevant to independence.

The Board of Statutory Auditors, most recently in its meeting of 20 February 2023, assessing all the circumstances that appear to compromise the independence identified by the Consolidated Law on Finance and the Code and considering all the information made available by each member of the board of statutory auditors, verified the continued fulfilment by its members of the independence requirements set forth in Recommendation 7 of the Corporate Governance Code and Article 148, paragraph 3, letters b) and c) of the Consolidated Law on Finance, already ascertained upon their appointment on 15 April 2021 (and disclosed in a specific press release).

In this regard it is also pointed out that the Board of the Issuer, subject to the assessment of the Board of Statutory Auditors as to its composition, resolved on 15 April 2021 to consider it appropriate, in the interest of the Company, not to apply the criterion referred to in Art. 2, Recommendation 7, Letter e) of the CG Code (referred to by Recommendation 9 of the same Art. 2 of the CG Code) with respect to the Statutory Auditor Giovanni Barbara, focusing on a profile of substance and also taking into account the fact that Giovanni Barbara meets requirements of considerable professionalism and experience, which have proved valuable over time for the Issuer. This assessment - with reference to Recommendation 7, Letter e) of the Corporate Governance Code - was most recently confirmed at the meeting of 20 February 2023.

## Remuneration

As regards remuneration paid during the Financial Year to administrative and control bodies for any reason and in whatever form, reference is made that illustrated in Section II of the Remuneration Report issued pursuant art. 123-ter of the Consolidated Law on Finance.

## Interest management

Statutory auditors that have a personal interest or interest on behalf of a third party in any of the Issuer's transactions are required to promptly and fully inform the other statutory auditors and the Chairman of the Board of Directors of the nature, terms, origin and scope of their interest.



## 12. RELATIONSHIPS WITH SHAREHOLDERS

### ACCESS TO INFORMATION AND SHAREHOLDER ENGAGEMENT

The Company believed it to be in its own specific interest – besides being its duty to the market – to establish a continuous dialogue with the majority of its shareholders, as well as with institutional investors, from the time of its listing on the stock market based on the reciprocal understanding of their respective roles. This relationship must in any case be carried out with respect to the “Procedure for the publication of inside information” described in section 6 above.

It was considered that this relationship with the majority of shareholders and institutional investors could be facilitated via the constitution of dedicated corporate structures, provided with the suitable personnel and organisational resources.

For this purpose, an Investor Relations Department was established to take care of relations with the majority of shareholders and institutional investors, and possibly carry out specific tasks in the management of inside information and in relations with Consob and Borsa Italiana S.p.A.

At the Date of the Report, the head of the Investor Relations Department is Raffaele Lupotto. This department can be contacted at: [investorrelations@piaggio.com](mailto:investorrelations@piaggio.com).

The Issuer uses the “eMarket SDIR” circuit in order to disclose regulated information to the public and the centralised storage system “eMarket STORAGE” to store regulated information, which can be accessed at [www.emarketstorage.it](http://www.emarketstorage.it); the circuit and system are both managed by Teleborsa S.r.l. - with registered office in Piazza Priscilla, 4 Rome - following the authorisation and CONSOB Resolutions Nos. 22517 and 22518 of 23 November 2022. Reporting activities with regard to investor relations are also ensured, with the most significant corporate documentation made available in a timely and ongoing basis on the company's website, under the section Investors. More specifically, via the website investors can view, in both Italian and English, all press releases to the market, interim financial data approved by competent corporate bodies (annual financial reports, half-year financial reports and interim reports on operations), and documents distributed during meetings with professional investors, analysts and the financial community.

Moreover, the Issuer's website contains the Articles of Association, documents prepared for Shareholders' Meetings, communications concerning insider trading, the annual Corporate Governance Report, and any other document that the Issuer is required by regulations in force to publish on its website.

In order to update the market in a timely fashion, the company has set up an e-mail alert service that allows the material published on the website to be received in real time.

Considering the Issuer's current shareholder base and organisational structure, the Company did not deem it necessary to adopt a shareholder engagement policy.

## 13. SHAREHOLDERS' MEETINGS

### (pursuant to article 123-bis, paragraph 2, letter c), Consolidated Law on Finance)

Pursuant to Article 8.2 of the Issuer's Articles of Association, all shareholders registered as of the seventh market trading day prior to the first scheduled date of a Shareholders' Meeting, as notified to the Company within the statutory term by the intermediary responsible by law for the keeping of shareholder accounts, are entitled to attend the shareholders' meeting and exercise their voting rights. To this end, reference is made to the date of the first call, as long as the dates of any subsequent calls are indicated in the only meeting call; otherwise, reference is made the date of each meeting call.

In accordance with article 8.3 of the Articles of Association of the Issuer, all subjects with voting right may appoint a proxy to attend and vote on his behalf, by written proxy statement, in accordance with legal regulations. The electronic notification of the proxy may be carried out, in accordance with the methods specified in the meeting notice, sending a message to the certified e-mail box indicated in the meeting notice itself or using a special section of the Company's website.

In addition, article 8.4 (introduced by the extraordinary shareholders' meeting on 28 June 2019) states that the Company is not required to designate for each Shareholders' Meeting a person to whom the Shareholders may grant a proxy for representation at the Shareholders' Meeting pursuant to Article 135-undecies of the Consolidated Law on Finance.

Ordinary shareholders' meetings are called at least once a year to approve the annual financial statements, by and no later than one hundred and twenty days after the end of the financial year. The shareholders' meeting is also called in ordinary and extraordinary session any time the Board of Directors deems appropriate and in all circumstances envisaged by law. Shareholders' meetings must be called without delay when requested in accordance with law.

Pursuant to Article 7 of the Articles of Association (as amended by the extraordinary shareholders' meeting of 28 June 2019), ordinary and extraordinary shareholders' meetings are called via meeting notice published on the Company's website, within the terms contemplated by the laws in force. Where required by applicable laws, also as an extract, the meeting notice is also published in the Gazzetta Ufficiale della Repubblica Italiana or in the newspapers "Il Sole 24 Ore" or "Il Corriere della Sera". Meeting notices are required to state the first date, time and venue of the meeting and any further dates if contemplated and a list of the business to be transacted, while any other requirements envisaged by laws in force or the Articles of Association must also be satisfied.

The agenda for a Shareholders' Meeting is set by the person or body exercising the power to call the meeting in accordance with law or the Articles of Association. Where a shareholders' meeting is called at the request of shareholders, the agenda will be based on the business specified in the request. If requested by shareholders in accordance with law, additional business will be added to the agenda within the deadline and in the manner contemplated by applicable laws and regulations.

Holders of voting rights may ask questions on business posted in the agenda both before and during the Shareholders' Meeting. Questions submitted before the shareholders' meeting will be answered at the latest during the meeting itself. The Company reserves the right to provide a single reply to questions regarding one and the same matter. The notice convening the meeting indicates the deadline by which questions to submit to the Shareholders' Meeting must be sent to the Company. The deadline may not be earlier than five open market days prior to the date of the Shareholders' Meeting in first or single call, or the record date pursuant to Article 83-sexies, paragraph 2, of the TUF (end of the accounting day of the seventh trading day prior to the date set for the Shareholders' Meeting) if the notice of call requires the Company to provide an answer to the questions received before the Shareholders' Meeting. In the latter case, the replies shall be given at least two days prior to the Shareholders' Meeting, and may also be published in a specific section of the Company's Internet site. entitlement to vote can be certified even after the sending of questions provided that this is within the third day following the above record date.

Pursuant to Article 9 of the Articles of Association, the General Meeting of Shareholders is chaired by the Chairman of the Board of Directors, or in his/her absence or impediment, by the sole Deputy Chairman, or if several Deputy Chairmen hold office, by the Deputy Chairman in office for the longest period of time, or if Deputy Chairmen have been in office for the same period of time, by the most senior. In the absence or impediment of the Chairman, the sole Deputy Chairman, or all Deputy Chairmen, the General Meeting of Shareholders is chaired by a Director or Shareholder appointed by the majority of those present. The Chairman of the General Meeting ascertains the identity and legitimate attendance of those present, that the meeting is legitimate and a necessary quorum is present to ensure the validity of resolutions, and is responsible for conducting the meeting and establishing voting procedures and outcomes.



For the legitimacy of both ordinary and extraordinary Shareholders' Meetings and the validity of shareholders' resolutions, the provisions of law and the Articles of Association apply.

In order to facilitate participation at Shareholders' Meetings and the exercise of voting rights, under Article 6.2 of the Articles of Association teleconferencing and video conferencing facilities may be used to hold both ordinary and extraordinary Shareholders' Meeting, with participants located in several remote or nearby venues, providing that decisions are taken by vote and that the principles of good faith and the equal treatment of all shareholders are upheld.

The Company does not feel it necessary, at present, to propose the adopting of specific regulations for the proceedings of Shareholders' Meetings, since it also believes it appropriate that in principle Shareholders are ensured the maximum level of participation and expression in discussions at Meetings.

Under Article 17 of the Articles of Association and without prejudice to the provisions of Article 2436 of the Civil Code, the decision-making powers of the Shareholders' Meeting may be delegated to the Board of Directors for decisions concerning:

- mergers and demergers, where defined as simplified in accordance with Articles 2505, 2505-bis, and 2506-ter, final subsection, of the Civil Code;
- the opening or closing of branches;
- the transfer of the registered head office within the national territory;
- which board directors are to be empowered to represent the Company legally;
- share capital reduction due to withdrawal;
- amendments to the Articles of Association to comply with laws and regulations.

Resolutions concerning the above matters may otherwise be adopted at extraordinary Shareholders' Meetings.

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Applicable laws and regulations in force govern the rights of shareholders; The right of withdrawal may only be exercised by shareholders within the limits and in accordance with the mandatory provisions of law and, under Article 3.2 of the Articles of Association, is excluded where the duration of the Company is extended.

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The Board reported on activities performed and planned to the shareholders at Shareholders' Meetings, and endeavoured to ensure that shareholders had adequate information regarding the necessary elements to make fully informed decisions on matters reserved to the Shareholders' Meeting.

During the year, in accordance with the procedures set out in Article 106 of Legislative Decree 18/2020, converted into Law 27/2020, on "Measures to strengthen the health service and provide economic support for families, workers and businesses related to the COVID-19 emergency" and as subsequently extended, only one Shareholders' Meeting was held, which took place on 11 April 2022 and was attended by all the directors (via telephone connection), except Rita Ciccone who justified her absence. The Board reported on activities performed and planned to the shareholders at Shareholders' Meetings, and endeavoured to provide shareholders adequate information regarding the necessary elements to make fully informed decisions on matters reserved to the Shareholders' Meeting.

The current version of the Articles of Association, as last updated by the Board of Directors on 28 January 2021, is published on the company's website at <https://www.piaggiogroup.com/it/governance/documenti-e-procedure>.

## 14 ADDITIONAL CORPORATE GOVERNANCE PRACTICES

(pursuant to Article 123-bis, paragraph 2, letter a), Consolidated Law on Finance)

The Issuer has not adopted any additional corporate governance practices with respect to those required by laws and regulations in force and described in this Report.

## 15. CHANGES AFTER THE FINANCIAL YEAR-END

No other changes occurred in the corporate governance structure after the Financial Year-end, other than those indicated in the specific sections.

## 16. CONSIDERATIONS ON THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The letter of 25 January 2023 from the Chairman of the Corporate Governance Committee to the Chairs of the Boards of Italian listed companies was brought to the attention of the Board of Statutory Auditors and Board of Directors during the BoD meeting of 2 March 2023.

The Board acknowledged the analyses and recommendations made in the letter and confirmed the overall adequacy of the Company as regards the relevant requirements.

With regard to the areas for improvement indicated in the letter, the Issuer has implemented the recommendation to highlight, in summary form, the essential information on compliance with the specific recommendations of the Corporate Governance Code, by including a table in Appendix 2 to the Report that indicates the application, non-application or non-applicability of each provision of the Corporate Governance Code.

Furthermore, the following should be noted with specific regard to the recommendations for 2023:

- granting executive powers to the Chairman: the Board of Directors considers that this meets the considerable organisational needs of the Issuer, i.e. streamlining the operation of the Board of Directors of the Company, also taking into account its size;
- information prior to board meetings: the management of information flows to the Board of Directors is regulated in the Board Regulations. In particular, this information is provided in a suitable way, so as to enable Directors to make informed decisions on the matters submitted to them, with draft documents requiring approval provided well in advance, excepting cases of demonstrated urgency. Effective compliance with the deadlines for information prior to board meetings was confirmed during the financial year (see paragraph 4.4 of this Report);
- managers' participation in Board meetings: for detailed information on managers' participation in Board meetings, please refer to paragraph 4.4 of this Report (Functioning of the Board of Directors);
- guidelines on the optimal composition of the Board of Directors: in view of the Shareholders' Meeting held on 14 April 2021, at its meeting of 2 March 2021, the Board, at the proposal of the Appointment Proposal Committee and taking into account the results of the self-assessment, defined guidelines on the optimal quantitative and qualitative composition of the Board, as well as regarding the policy on diversity in the composition of the Board of Directors, also in compliance with Recommendation 23 of the Corporate

- Governance Code (although this is addressed to companies other than Companies with Concentrated Ownership such as Piaggio);
- transparency of remuneration policies on the weighting of variable components and long-term horizons in remuneration policies: please refer to the Report on 2023 Remuneration Policy and compensation paid in 2022 for information on the variable component of executive directors' and top management's remuneration.

The Board of Directors also took note of the additional recommendations contained in the letter regarding the following issues:

- engagement with the shareholders and the relevant stakeholders: considering the Issuer's current shareholder base and organisational structure, the Company did not deem it necessary to adopt a shareholder and stakeholder engagement policy. However, the Company believed it to be in its own specific interest - besides being its duty to the market - to establish a continuous dialogue with the majority of its shareholders, as well as with institutional investors, based on the reciprocal understanding of their respective roles; for details please refer to paragraph 12 of this Report;
- criteria for assessing the significance of commercial, financial, and professional relations and of additional remuneration: the Board of Directors and the Board of Statutory Auditors did not deem it necessary to predefine qualitative and quantitative criteria for assessing the significance of commercial, financial, and professional relations and of additional remuneration with respect to the fixed remuneration for the office, as specified in paragraph 4.7 of the Report. The annual assessment on the independence requirements of individual Directors and members of the Board of Statutory Auditors is carried out in application of a principle of substance over form that takes into account the principles established by the Corporate Governance Code, the professionalism and commitment shown, as well as attendance at meetings.



# APPENDIX 1

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR**

BOARD OF DIRECTORS												
MEMBERS	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT (*)	IN OFFICE SINCE	IN OFFICE UP TO	LIST (SUBMITTED BY) (**)	M/m LIST (***)	EXEC.	NON-EXEC.	INDEP. CODE	INDEP. CONSOLIDATED LAW ON FINANCE	NO. OF OTHER POSITIONS (****)	PARTICIPATION (*****)
POSITION												
Chairman and Chief Executive Officer	Colaninno Roberto	1943	23/10/2003	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M	X			7	9/9
Deputy Chairman	Colaninno Matteo	1970	23/10/2003	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M	X			3	9/9
Director with powers	Colaninno Michele	1976	28/08/2006	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M	X			10	9/9
Director	Albano Patrizia	1953	16/04/2018	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M		X	X	6	7/9
Director	Visentin Graziano Gianmichele	1950	13/04/2015	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M		X	X	13	9/9
Director	Ciccone Rita	1960	14/04/2021	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M		X	X	13	6/9
Director	Formica Andrea	1961	13/04/2015	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	m		X	X	4	9/9
Director	Savasi Federica	1975	13/04/2015	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M		X		1	9/9
Director	Vescia Micaela	1973	14/04/2021	14/04/2021	Approval of the financial statements 31.12.2023	Shareholders	M		X	X	2	8/9
DIRECTORS NO LONGER IN OFFICE DURING THE FINANCIAL YEAR												
-												

Indicate the number of meetings held during the financial year:

Indicate the quorum required by minorities to submit lists to elect one or more members (pursuant to article 147-ter TUF):

## NOTES

The following symbols must be entered in the "Office" column:

- This symbol indicates the Director appointed to oversee the functioning of the internal control and risk management system.
- This symbol indicates the Lead Independent Director (LID).

(\*) The date of first appointment of each director means the date when the director was first appointed to the Issuer's Board of Directors.

(\*\*) This column indicates whether the list from which each director was drawn was submitted by the shareholders (by indicating "Shareholders") or by the Board of Directors (indicating "Board of Directors").

(\*\*\*) This column indicates whether the list from which each director was drawn is the "majority" list (by indicating "M") or the "minority" list (indicating "m").

(\*\*\*\*) This column shows the number of positions held as director or statutory auditor by the person concerned in other listed or large companies. Positions are indicated in full in the Corporate Governance Report.

(\*\*\*\*\*) This column shows the participation of directors in Board of Directors' meetings (indicate the number of meetings attended and the total number of meetings the person could have attended; e.g. 6/8; 8/8 etc.).

**TABLE 3: STRUCTURE OF BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR**

BOD		EXECUTIVE COMMITTEE		OPC COMMITTEE (RELATED PARTY TRANSACTIONS)		INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE		REMUNERATION COMMITTEE		NOMINATION COMMITTEE		OTHER COMMITTEE		OTHER COMMITTEE	
POSITION	MEMBERS	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Director	Visentin Graziano Gianmichele			2/2	P	8/8	P	3/3	M	1/1	P				
Director	Ciccone Rita			1/2	M	5/8	M	2/3	P	1/1	M				
Director	Formica Andrea			2/2	M			3/3	M						
Director	Vescia Micaela					7/8	M			1/1	M				
DIRECTORS NO LONGER IN OFFICE DURING THE FINANCIAL YEAR															
Executive/ Non-Executive Director - TUF and/or Code Independent/ Not independent	Last name First name														
MEMBERS WHO ARE NOT DIRECTORS															
Issuer's Executive/ Other	Last name First name														
No. of meetings held during the Financial Year:				2		8		3		1					

## NOTES

(\*) This column shows the participation of directors in committees' meetings (indicate the number of meetings attended and the total number of meetings the person could have attended; e.g. 6/8; 8/8 etc.).

(\*\*) This column indicates the director's qualification within the committee: "P": Chairman; "M": member.

**TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE FINANCIAL YEAR**

BOARD OF STATUTORY AUDITORS									
POSITION	MEMBERS	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT (*)	IN OFFICE SINCE	IN OFFICE UP TO	LIST (M/m) (**)	INDEP. CODE	INVOLVEMENT IN BOARD MEETINGS (***)	NO. OF OTHER POSITIONS (****)
Chairman	Vitali Piera	1949	13/04/2015	14/04/2021	Approval of the financial statements 31.12.2023	m	X	8/8	4
Statutory auditor	Barbara Giovanni	1960	13/07/2004	14/04/2021	Approval of the financial statements 31.12.2023	M	X	8/8	16
Statutory auditor	Giaconia Massimo	1959	14/04/2021	14/04/2021	Approval of the financial statements 31.12.2023	M	X	8/8	42
Alternate auditor	Bonelli Fabrizio Piercarlo	1960	16/04/2018	14/04/2021	Approval of the financial statements 31.12.2023	m	X		
Alternate auditor	Losi Gianmarco	1964	16/04/2018	14/04/2021	Approval of the financial statements 31.12.2023	M	X		
STATUTORY AUDITORS NO LONGER IN OFFICE DURING THE FINANCIAL YEAR									
-	-	-	-	-	-	-	-	-	-

Indicate the number of meetings held during the financial year: 8

Indicate the quorum required by minorities to submit lists to elect one or more members (pursuant to article 148 TUF): 1%

#### NOTES

(\*) The date of first appointment of each statutory auditor means the date when the statutory auditor was first appointed to the Issuer's Board of Statutory Auditors.

(\*\*) This column indicates whether the list from which each statutory auditor was drawn is the "majority" list (by indicating "M") or the "minority" list (indicating "m").

(\*\*\*) This column shows the participation of statutory auditors in Board of Statutory Auditors' meetings (indicate the number of meetings attended and the total number of meetings the person could have attended); e.g. 6/8; 8/8 etc.).

(\*\*\*\*) This column shows the number of positions held as director or statutory auditor by the person concerned pursuant to Article 148-bis of the Consolidated Law on Finance and its implementing provisions contained in Consob Regulation on Issuers. The complete list of appointments is published by Consob on its website pursuant to Article 144-quinquiesdecies of Consob Regulation on Issuers.





# APPENDIX 2

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<b>Article 1 - Role of the Governing Body</b>				
<b>Principles</b>				
I. The governing body guides the Company, pursuing its sustainable success.	X			4.1
II. The governing body defines the strategies of the Company and its Group consistent with Principle I and monitors their implementation.	X			4.1
III. The governing body defines the corporate governance system that is most suitable for carrying out the company's business activities and pursuing its strategies, taking into account the scope for autonomy offered by the legal system. If necessary, it assesses and enacts the appropriate changes, submitting them, where appropriate, to the Shareholders' Meeting.	X			4.1
IV. The governing body promotes appropriate dialogue with the Company's shareholders and other relevant stakeholders.	X			4.1
<b>Recommendations</b>				
1. The governing body:				
a) examines and approves the business plan of the Company and its Group, also on the basis of the analysis of issues related to value creation in the long term; if necessary, such analysis is carried out with the support of a committee whose composition and functions are determined by the governing body;				
b) periodically monitors the implementation of the business plan and assesses general operating performance, periodically comparing the results achieved with those planned;				
c) defines the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all elements that may be relevant to the Company's sustainable success;				
d) defines the Company's corporate governance system and the structure of its Group, and assesses the adequacy of the organisational, administrative and general accounting structure of the Company and of subsidiaries considered to be of strategic importance, with particular focus on the internal control and risk management system;	X			4.1
e) decides on transactions by the Company and its subsidiaries that have strategic, earnings, financial or cash-flow relevance for the Company; To this end, it establishes general criteria for identifying significant transactions;				
f) In order to ensure the proper management of corporate information, it adopts, on the proposal of the chairman in agreement with the chief executive officer, a procedure for the internal management and external disclosure of documents and information concerning the Company, with special focus on price-sensitive information.				
2. If deemed necessary in order to define an appropriate corporate governance system that meets the company's needs, the governing body prepares reasoned proposals to be submitted to the shareholders' meeting on the following topics:				
a) choice and characteristics of the corporate model (traditional, 'one-tier', 'two-tier');				
b) size, composition and appointment of the governing body and term of office of its members;				
c) administrative and property rights of the shares;				
d) percentage thresholds for the exercise of prerogatives to protect minority shareholders.	X			
In particular, if the governing body intends to submit a proposal to the shareholders' meeting for the introduction of loyalty shares, it provides adequate justification in its explanatory report to the shareholders' meeting on the purpose of such decision and indicates the expected effects on the ownership and control structure of the Company and its future strategies, giving an account of its decision-making process and any contrary opinions expressed within the board.				

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
3. The governing body, on the Chairman's proposal, made in agreement with the chief executive officer, adopts and describes a shareholder engagement policy within the corporate governance report, also taking into account the engagement policies adopted by institutional investors and asset managers. The Chairman in any case ensures that the governing body is informed of trends in and the significant content of shareholder engagement, by the first available meeting.		X		4.1; 12; 16
<b>Article 2 - Composition of corporate bodies</b>				
<b>Principles</b>				
V. The governing body is made up of executive and non-executive directors, all of whom have the professionalism and expertise appropriate to the tasks entrusted to them.	X			4.3
VI. The number and expertise of non-executive directors are such as to ensure they play a significant part in the adoption of board resolutions and guarantee effective monitoring of management. A significant portion of non-executive directors is independent.	X			4.3
VII. The Company applies diversity criteria, including gender criteria, for the composition of the governing body, in compliance with the priority objective of ensuring adequate expertise and professionalism of its members.	X			4.3
VIII. The control body has an appropriate composition to ensure the independence and professionalism of its function.	X			4.3
<b>Recommendations</b>				
4. The governing body defines the allocation of management powers and identifies the chief executive officer from among the executive directors. Where the Chairman is assigned the office of chief executive officer or is granted significant management powers, the governing body shall explain the reasons for this choice.	X			4.6; 16
5. The number and expertise of the independent directors is appropriate to the needs of the company and the functioning of the governing body, as well as to the establishment of the relevant committees. The governing body includes at least two independent directors, other than the Chairman. In large companies with concentrated ownership, independent directors make up at least one third of the governing body. In other large companies, independent directors make up at least half of the governing body. In large companies, meetings are held by the independent directors to the exclusion of the other directors, on a regular basis and in any case at least once a year to assess issues that are deemed of interest for the functioning of the governing body and the management of the company.	X			4.7
6. The governing body assesses the independence of each non-executive director immediately after appointment as well as during the term of office upon the occurrence of circumstances relevant to their independence and in any case at least once a year. For the purpose of this assessment, each non-executive director provides any necessary or useful information to the governing body which shall consider, on the basis of all available information, any circumstance that affects or may appear to affect the director's independence.	X			4.7

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<p>7. The circumstances that compromise, or appear to compromise, the independence of a director are at least the following:</p> <ul style="list-style-type: none"> <li>a) he/she is a significant shareholder of the company;</li> <li>b) he/she is, or has been in the previous three financial years, an executive director or an employee: <ul style="list-style-type: none"> <li>- of the company, of a strategically relevant subsidiary of the company or of a company under common control;</li> <li>- of a significant shareholder of the company;</li> </ul> </li> <li>c) he/she - either directly or indirectly (e.g. via subsidiaries or companies in which they are executive directors, or as a partner in a professional firm or a consulting company) - has, or has had in the previous three financial years, important commercial, financial or professional relationships: <ul style="list-style-type: none"> <li>- with the company or its subsidiaries, or with their respective executive directors or top management;</li> <li>- with a person who, alone or jointly with others through a shareholders' agreement, controls the company; or, if the parent company is a corporation or institution, with its executive directors or top management;</li> </ul> </li> <li>d) he/she receives, or has received in the previous three financial years, from the company or any of its subsidiaries or from the parent company, significant additional remuneration with respect to the fixed remuneration for the office and that provided for participation in the committees recommended by the Code or required by current legislation;</li> <li>e) he/she has been a director of the company for more than nine financial years, even non-consecutively, in the last twelve financial years;</li> <li>f) he/she holds the position of executive director in another company in which one of the company's executive directors is also a director;</li> <li>g) he/she is a shareholder or director of a company or entity belonging to the corporate network of the independent auditor engaged by the company;</li> <li>h) he/she is a close relative of a person who is in one of the situations referred to in the preceding points.</li> </ul> <p>The governing body, at least at the beginning of its term of office, defines in advance the quantitative and qualitative criteria for assessing the significance referred to in (c) and (d) above. If a director is also a partner in a professional firm or consulting company, the governing body assesses the significance of the professional relationships that may have an effect on his/her position and role within the firm or consulting company or that otherwise relate to important transactions of the company and its group, also irrespective of quantitative parameters.</p> <p>The chairman of the governing body, who has been designated as a candidate for this role in accordance with Recommendation 23, may be assessed as independent if none of the above circumstances apply. If the chairman assessed as independent participates in the committees recommended by the Code, the majority of the committee members shall be made up by other independent directors. A chairman who has been assessed as independent shall not chair the remuneration committee and the internal control and risk management committee.</p>		X		4.7; 16
<p>8. The company defines the diversity criteria for the composition of the governing and control bodies and identifies, also taking into account its corporate ownership, the most appropriate instrument for their implementation.</p> <p>At least one-third of the governing body and of the control body, if autonomous, shall be made up of members of the less represented gender.</p> <p>Companies take measures to promote equal treatment and equal opportunities between genders within the entire company organisation and monitor the actual implementation of such measures.</p>		X		4.3; 11.2

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
9. All members of the control body meet the independence requirements set out in Recommendation 7 for directors. The assessment of independence is carried out, with the time frame and in the manner provided for in Recommendation 6, by the governing body or the control body, based on the information provided by each member of the control body.		X		11.2
10. The outcome of the independence assessments of the directors and members of the control body, as referred to in Recommendations 6 and 9, is disclosed to the market immediately after the appointment by means of a special announcement and, subsequently, in the Corporate Governance Report; the criteria used for assessing the materiality of the relationships under review are indicated on such occasions and, if a director or member of the control body has been deemed independent despite the occurrence of any of the situations indicated in Recommendation 7, a clear and reasoned justification for this choice is provided in relation to the position and individual characteristics of the person assessed.	X			4.7; 11.2
<b>Art. 3 - Functioning of the governing body and chairman's role</b>				
<b>Principles</b>				
IX. The governing body defines the rules and procedures for its own functioning, in particular in order to ensure an effective management of board reporting.	X			4.4
X. The chairman of the governing body plays a liaison role between the executive and non-executive directors and ensures the effective functioning of the governing body.	X			4.5
XI. The governing body ensures an appropriate internal division of its functions and establishes board committees with advisory functions.	X			6
XII. Each director ensures adequate time availability for the diligent performance of his/her duties.	X			4.4
<b>Recommendations</b>				
11. The governing body adopts regulations defining the rules of operation of the body itself and its committees, including the procedures for taking minutes of meetings and the procedures for managing information to the directors. These procedures identify deadlines for the information to be sent in advance and manners for ensuring the confidentiality of the data and information provided in a way that does not prejudice the timeliness and completeness of information flows. The report on corporate governance provides adequate information on the main contents of the governing body's regulations and on compliance with procedures relating to the timeliness and adequacy of information provided to the directors.	X			4.4

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<p>12. The chairman of the governing body, assisted by the secretary of said body ensures:</p> <ul style="list-style-type: none"> <li>a) that appropriate information is provided prior to board meetings, as well as additional information during board meetings, to enable the directors to act in an informed manner in performing their role;</li> <li>b) that the work of board committees with advisory functions is coordinated with the work of the governing body;</li> <li>c) in agreement with the Chief Executive Officer, that the managers of the company and of the group companies, responsible for the corporate functions relevant to the subject matter, attend board meetings, also at the request of individual directors, in order to provide appropriate further information on items on the agenda;</li> <li>d) that all members of the governing and control bodies, after their appointment and during their term of office, take part in initiatives aimed at providing them with an adequate knowledge of the sectors of activity in which the company operates, of corporate dynamics and their outlook, also with a view to the company's sustainable success, of the principles of correct risk management, as well as of the regulatory and corporate governance framework;</li> <li>e) the adequacy and transparency of the board's self-assessment process, with the support of the nomination committee.</li> </ul>	X			4.5
<p>13. The governing body appoints an independent director as lead independent director:</p> <ul style="list-style-type: none"> <li>a) if the chairman of the governing body is the chief executive officer or holds significant management powers;</li> <li>b) if the chairman's office is held by the person who controls the company, including through common control;</li> <li>c) in large companies, even if the conditions set out in (a) and (b) are not met, if a majority of the independent directors so request.</li> </ul>	X			
<p>14. The lead independent director:</p> <ul style="list-style-type: none"> <li>a) represents a point of reference for, and coordinates the requests and contributions of non-executive directors and, in particular, of independent directors;</li> <li>b) coordinates meetings held solely by independent directors.</li> </ul>	X			4.7
<p>15. In large companies, the governing body issues guidelines as to the maximum number of positions held as director or statutory auditor in other listed or large companies that may be considered compatible with the effective performance of the office of director in the company, taking into account the commitment resulting from the position held.</p>			X	

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<p>16. The governing body establishes internal committees with advisory functions in the areas of appointments, remuneration and control and risk. The functions that the Code assigns to committees may be distributed differently or merged into a single committee, provided that adequate information is provided on the tasks and activities performed for each of the functions assigned and the Code's recommendations for the composition of the relevant committees are complied with. The functions of one or more committees may be assigned to the entire governing body, under the coordination of the chairman, provided that:</p> <p>a) the independent directors represent at least half of the governing body;</p> <p>b) the governing body devotes adequate space in its meetings to performing the functions typically attributed to these committees.</p> <p>If the functions of the remuneration committee are reserved for the governing body, the last sentence of Recommendation 26 applies. Companies other than large ones may assign the functions of the control and risk committee to the governing body, even if the condition mentioned in (a) above is not met. Companies with concentrated ownership, including large ones, may assign the functions of the control and risk committee to the governing body, even if the condition mentioned in (a) above is not met.</p>	X			6; 7.2; 8.2; 9.2
<p>17. The governing body defines the committees' tasks and determines their composition, giving priority to the expertise and experience of their members and avoiding, in large companies, an excessive concentration of tasks in that area. Each committee is coordinated by a chairperson who informs the governing body of its activities at the first possible meeting. The committee's chairman may invite the chairman of the governing body, the chief executive officer, the other directors and, informing the chief executive officer, the representatives of the corporate functions with relevant expertise, to individual meetings; the meetings of each committee may be attended by members of the control body. The committees can access and consult the corporate information and departments necessary to carry out their duties, have access to the necessary resources and also use external consultants within the terms set by the governing body.</p>	X			6; 7.2; 8.2; 9.2
<p>18. On the proposal of the chairman, the governing body decides on the appointment and dismissal of the secretary of the body and defines his professional requirements and powers in its regulations. The Secretary assists the chairperson in his/her activities and provides impartial assistance and advice to the governing body on all matters relevant to the proper functioning of the corporate governance system.</p>	X			4.5
<p><b>Article 4 - Appointment of directors and self-assessment of the governing body</b></p> <p><b>Principles</b></p> <p>XIII. The governing body ensures, to the extent of its responsibilities, that the appointment and succession of directors is transparent and functional to achieving an optimal composition of the body according to the principles set out in article 2.</p>	X			7

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
XIV. The governing body periodically assesses the effectiveness of its activities and the contribution made by its individual members, through formalised procedures whose implementation it oversees.	X			7
<b>Recommendations</b>				
19. The governing body entrusts the nomination committee with the task of assisting it in the following activities: a) self-assessment of the governing body and its committees; b) definition of the optimal composition of the governing body and its committees; c) identification of candidates for the office of director in the event of co-optation; d) possible submission of a list by the outgoing body to be implemented in a manner that ensures its transparent formation and submission; e) preparation, updating and implementation of any succession plan for the chief executive officer and other executive directors.	X			7.2
20. The majority of the nomination committee is made up of independent directors.	X			7.2
21. The self-assessment focuses on the size, composition and actual functioning of the governing body and its committees, also considering its role in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.	X			7
22. The self-assessment is carried out at least every three years, in view of the renewal of the governing body. In large companies other than those with concentrated ownership, the self-assessment is conducted annually and may also be carried out in a differentiated manner during the body's term of office, assessing the advisability of assistance by an independent consultant at least every three years.	X			7
23. In companies other than those with concentrated ownership the governing body: - in view of each renewal, issues guidelines on its optimal quantitative and qualitative composition, taking into account the results of the self-assessment; - requires those who submit a list containing a number of candidates exceeding half of the members to be elected to provide adequate information, in the documentation submitted for filing the list, on the conformity of the list with the guidelines issued by the governing body, also with regard to the diversity criteria set forth in Principle VII and Recommendation 8, and to indicate their candidate for the office of chairman of the governing body, whose appointment is made according to the procedures set forth in the articles of association.  The guidelines issued by the outgoing governing body is published on the company's website well in advance of the publication of the notice of shareholders' meeting convened for its renewal. The guidelines identify the managerial and professional profiles and skills deemed necessary, also in light of company's sectoral characteristics, considering the diversity criteria set out in Principle VII and Recommendation 8 and the guidelines on the maximum number of positions in application of Recommendation 15.	X			7; 16

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
24. In large companies, the governing body: <ul style="list-style-type: none"> <li>- with the support of the nomination committee, defines a plan for the succession of the chief executive officer and the executive directors that at least identifies the procedures to be followed in the event of early termination of office;</li> <li>- makes sure that there are adequate procedures in place for the succession of top management.</li> </ul>			X	
<b>Article 5 - Remuneration</b>				
<b>Principles</b>				
XV. The policy for the remuneration of directors, members of the control body and the top management is functional to the pursuit of the company's sustainable success and takes into account the need to have, retain and motivate people with the expertise and professionalism required by their roles in the company.	X			8.1
XVI. The remuneration policy is drawn up by the governing body through a transparent procedure.	X			8.1
XVII. The governing body ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, in light of the results achieved and other circumstances relevant to its implementation.	X			8.1
<b>Recommendations</b>				
25. The governing body entrusts the remuneration committee with the task of: <ol style="list-style-type: none"> <li>a) assisting it in drafting the remuneration policy;</li> <li>b) submitting proposals or giving opinions on the remuneration of executive directors and other directors holding special offices, and on setting performance objectives related to the variable component of the remuneration;</li> <li>c) monitoring the actual adoption of the remuneration policy and verifying, in particular, the actual achievement of the performance objectives;</li> <li>d) periodically assessing the adequacy and overall consistency of the policy for the remuneration of directors and top management.</li> </ol> <p>To ensure that its corporate officers have adequate expertise and professionalism, the company defines the remuneration of directors, both executive and non-executive, and of the members of the control body by taking into account the remuneration practices prevailing in the reference industries and for companies of similar size, also considering comparable foreign experiences and making use of an independent consultant, if necessary.</p>	X			8.1; 8.2
26. The remuneration committee is composed of non-executive directors only, the majority of whom are independent, and is chaired by an independent director. At least one member of the committee has adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the governing body at the time of appointment. No director takes part in remuneration committee meetings at which proposals are submitted concerning his or her remuneration.	X			8.2



CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<p>27. The policy for the remuneration of executive directors and top management defines:</p> <ul style="list-style-type: none"> <li>a) a balance between the fixed component and the variable component that is appropriate and consistent with the company's strategic objectives and risk management policy, taking into account the characteristics of the company's business and the sector in which it operates, ensuring in any case that the variable component accounts for a significant part of the overall remuneration;</li> <li>b) maximum limits on the disbursement of variable components;</li> <li>c) performance targets that are predetermined, measurable and linked in significant part to a long-term horizon and to which the payment of the variable components is linked. They are consistent with the company's strategic objectives and are designed to promote its sustainable success, including, where relevant, non-financial parameters;</li> <li>d) an adequate deferral period - with respect to the time of vesting - for the payment of a significant portion of the variable component, consistent with the characteristics of the business activity and the related risk profiles;</li> <li>e) contractual arrangements permitting the company to demand repayment, in whole or in part, of the variable components of the remuneration that was paid (or to withhold amounts subject to deferral) on the basis of data that later proved to be manifestly erroneous and other circumstances that may be identified by the company;</li> <li>f) clear and pre-determined rules for the payment of severance pay, which define the maximum total sum payable by linking it to a certain amount or a certain number of years of remuneration. This indemnity is not paid if the employment comes to an end due to objectively inadequate results.</li> </ul>	X			8.1
<p>28. Share-based remuneration plans for executive directors and top management incentivise alignment with shareholder interests over a long-term horizon, with a predominant part of the plan having an overall vesting period and retention period of at least five years.</p>		X		
<p>29. The policy for the remuneration of non-executive directors provides for remuneration commensurate with the expertise, professionalism and commitment required by the tasks assigned to them within the governing body and its committees; this remuneration is not linked, except for an insignificant part, to financial performance targets.</p>	X			8.1
<p>30. The remuneration of members of the control body provides for remuneration commensurate with the expertise, professionalism and commitment required by the importance of the role covered and the size and sectoral characteristics of the company and its situation.</p>	X			8.1

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
31. When the term of office and/or the service agreement with an executive director or general manager comes to an end, the governing body issues a press release at the end of the internal processes leading to the allocation or payment of any indemnity and/or other benefits, disclosing to the market detailed information on:				
a) the allocation or payment of indemnities and/or other benefits, the circumstances justifying their vesting (e.g. due to expiry of the term of office, removal from office or settlement agreement) and the resolution procedures followed within the company for such purpose;				
b) the total amount of the indemnity and/or other benefits, their components (including non-monetary benefits, retention of rights connected to incentive plans, consideration for non-competition undertakings or any other remuneration awarded for any reason and in any form) and the timing of their payment (distinguishing the portion paid immediately from that subject to deferral mechanisms);	X			8.1
c) the application of any clawback or malus clauses;				
d) compliance of the elements in a), b) and c) above with the remuneration policy, with a clear indication of the reasons and resolution procedures followed in the event of deviation, even partial, from the policy;				
e) information on the procedures that have been or will be followed to replace the departing executive director or general manager.				
<b>Art. 6 - Internal control and risk management system</b>				
<b>Principles</b>				
XVIII. The internal control and risk management system comprises rules, procedures and organisational structures designed to identify, measure, manage and monitor the main risks, in order to contribute to the company's sustainable success.	X			9
XIX. The governing body defines the guidelines of the internal control and risk management system in line with the company's strategies and assesses its adequacy and effectiveness annually.	X			9
XX. The governing body defines the principles concerning the coordination and information flows between the various parties involved in the internal control and risk management system in order to maximise the system efficiency, reduce duplication of activities and ensure effective performance of the tasks of the control body.	X			9.7; 9.8

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<b>Recommendations</b>				
<p>32. The organisation of the internal control and risk management system involves, each within their respective responsibilities:</p> <ul style="list-style-type: none"> <li>a) the governing body, which plays a role in guiding and assessing the adequacy of the system;</li> <li>b) The Chief Executive Officer, who is responsible for establishing and maintaining the internal control and risk management system;</li> <li>c) the internal control and risk management committee, established within the governing body, with the task of supporting the governing body's assessments and decisions on the internal control and risk management system and the approval of periodic financial and non-financial reports. In companies adopting the 'one-tier' or 'two-tier' corporate model, the functions of the internal control and risk management committee may be assigned to the control body;</li> <li>d) the head of the internal audit function, in charge of verifying that the internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the governing body;</li> <li>e) the other corporate functions involved in controls (such as risk management and legal and non-compliance risk control functions), structured according to the size, sector, complexity and risk profile of the company;</li> <li>f) the control body, which monitors the effectiveness of the internal control and risk management system.</li> </ul>	X			9.7
<p>33. The governing body, with the support of the internal control and risk committee:</p> <ul style="list-style-type: none"> <li>a) defines the guidelines of the internal control and risk management system, in line with the Company's strategies, and assesses, at least once a year, its adequacy in relation to the characteristics of the company and the risk profile undertaken, as well as its effectiveness;</li> <li>b) appoints and removes from office the Head of the Internal Audit Function, defining his/her remuneration in line with the company's policies, and ensuring that he/she is provided with adequate resources to carry out his/her tasks. If it decides to entrust the internal audit function, as a whole or by segments of operations, to an entity external to the company, it ensures that the entity satisfies adequate professionalism, independence and organisation requirements and provides adequate justification for this choice in the Corporate Governance Report;</li> <li>c) approves, at least once a year, the work plan prepared by the Head of the Internal Audit Function, having consulted the control body and the chief executive officer;</li> <li>d) assesses whether measures should be taken to ensure the effectiveness and impartial judgement of the other corporate functions mentioned in Recommendation 32, Letter e), verifying that they have adequate professional skills and resources;</li> <li>e) assigns the supervisory functions envisaged in Article 6, paragraph 1, Letter b) of Legislative Decree No. 231/2001 to the control body or to an ad hoc body. If the selected body is not the control body, the governing body assess whether it is appropriate to appoint to the body at least one non-executive director and/or a member of the control body and/or holder of corporate legal or control functions, in order to ensure coordination between the various persons involved in the internal control and risk management system;</li> <li>f) assesses, after consulting with the control body, the results presented by the independent auditor in any letter of findings and in the additional report addressed to the control body;</li> <li>g) describes, in the corporate governance report, the main features of the internal control and risk management system and the methods of coordination between the subjects involved, indicating the models and applicable national and international best practices, expressing its overall assessment on its adequacy and being accountable for the choices made regarding the composition of the supervisory board referred to in e) above.</li> </ul>	X			9

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<p>34. The chief executive officer:</p> <ul style="list-style-type: none"> <li>a) oversees the identification of the main corporate risks, taking into account the characteristics of the company's and its subsidiaries' business activities, and periodically submits them to the governing body for examination;</li> <li>b) implements the guidelines defined by the governing body, taking care of the design, implementation and management of the internal control and risk management system, constantly checking its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legal and regulatory framework;</li> <li>c) may appoint the internal audit function to perform verifications on specific areas of operation and on compliance with internal rules and procedures in the execution of corporate operations, giving concurrent communication to the chairman of the governing body, the chairman of the internal control and risk management committee and the chairman of the control body;</li> <li>d) reports promptly to the internal control and risk management committee on problems and critical issues that have arisen in the course of his/her work or of which he/she has otherwise become aware, so that the committee may take appropriate action.</li> </ul>	X			9.1
<p>35. The internal control and risk management committee is composed of non-executive directors only, the majority of whom are independent, and is chaired by an independent director. As a whole, the committee's expertise in the company's business sector is adequate to assess the relevant risks; at least one member of the committee has adequate knowledge and experience in accounting and finance or risk management. In assisting the governing body, the internal control and risk management committee:</p> <ul style="list-style-type: none"> <li>a) evaluates - after consulting with the Executive in charge of financial reporting, the independent auditors and the control body - the correct use of accounting standards, and for groups, their consistency in the preparation of the Consolidated Financial Statements;</li> <li>b) assesses the suitability of the periodic financial and non-financial information to fairly represent the company's business model, strategies, the impact of its activities and the performance achieved, coordinating its activity with the committee, if any, envisaged in Recommendation 1, Letter a);</li> <li>c) examines the content of periodic non-financial information relevant to the internal control and risk management system;</li> <li>d) gives opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the governing body relating to the management of risks arising from harmful events of which the latter has become aware;</li> <li>e) examines periodic reports and reports of particular relevance prepared by the internal audit Function;</li> <li>f) monitors the independence, adequacy, effectiveness and efficiency of the internal audit function;</li> <li>g) may appoint the internal audit Function to audit specific operating areas, informing the chairman of the control body;</li> <li>h) reports to the governing body at least when the annual and interim financial statements are approved, on activities performed and on the adequacy of the internal control and risk management system.</li> </ul>	X			9.2

CORPORATE GOVERNANCE CODE 2020	APPLIED	NOT APPLIED	INAPPLICABLE	REFERENCE PARAGRAPH
<p>36. The head of the internal audit function is not responsible for any operational area and reports hierarchically to the governing body. He/she has direct access to all information useful for the performance of his/her duties.</p> <p>The head of internal audit:</p> <ul style="list-style-type: none"> <li>a) verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and adequacy of the internal control and risk management system, through an audit plan approved by the governing body and based on a structured process that analyses and prioritises the main risks;</li> <li>b) prepares periodic reporting containing adequate information on its activities, on the manner risk management is conducted, and on compliance with the plans established to reduce risks. The periodic reporting contains an assessment of the suitability of the internal control and risk management system;</li> <li>c) also at the request of the control body, prepares timely reports on events of special significance;</li> <li>d) forwards the reports referred to in points (b) and (c) to the chairmen of the control body, the internal control and risk management committee and the governing body, as well as to the chief executive officer, unless the subject of such reports specifically concerns the activities of those persons;</li> <li>e) verifies, as part of the audit plan, the reliability of information systems including accounting systems.</li> </ul>	X			9.3
<p>37. A member of the control body who has a personal interest or interest on behalf of a third party in any of the company's transactions is required to promptly and fully inform the other members of that body and the chairman of the governing body of the nature, terms, origin and scope of his/her interest.</p> <p>The control body and the internal control and risk management committee exchange information relevant to the performance of their respective tasks in a timely manner. The chairman of the control body, or another member designated by the chairman, participates in the work of the internal control and risk management committee.</p>	X			11.2





Management and Coordination

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