



## **TRANSACTIONS WITH RELATED PARTIES**

### **PROCEDURES**

**pursuant to art. 4, Regulations for transactions with related parties,  
adopted by Consob with resolution No. 17221 of March 12, 2010, as  
subsequently supplemented and amended**

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Consob, with resolution No.17221 of March 12, 2010, modified by subsequent resolution No. 17389 of June 23, 2010, pursuant to art. 2391-*bis* Italian Civil Code and artt. 113-*ter*, 114, 115 and 154-*ter* Legislative Decree of February 14, 1998, No. 58 (Consolidated Law on Finance - "**TUF**"), adopted a regulation containing principles and regulations to be complied with by the administrative bodies of the companies resorting to the market of risk capital "*in order to ensure transparency and substantial and procedural fairness of related parties transactions entered into directly or through subsidiaries*" (the "**Regulations**").

On September 24, 2010, Consob has also issued the Communication No. DEM/10078683 containing "*Instructions and guidance for application of the Regulations on transactions with related parties, adopted with resolution No. 17221 of March 12, 2010 as subsequently modified*" (the "**Application Communication**").

Within this framework, in implementation of the principles established by the Regulations and in compliance with the recommendations of the Self-Regulatory Code of listed companies published by the Corporate Governance Committee of Borsa Italiana S.p.A., as modified on December 2011 (the "**Self-Regulatory Code**"), this document describes the rules, the roles, the responsibilities and the activities established by PIAGGIO & C. S.p.A. ("**PIAGGIO**" or the "**Company**") with the purpose to assure transparency and both substantial and procedural fairness of transactions with related parties carried out by the Company, either directly or through subsidiaries (the "**Procedures**").

## 1 DEFINITIONS AND REFERENCES

### 1.1 Definition of "related parties"

With reference to these Procedures, the notion of "related parties" and the related notions of "*control*", "*joint control*", "*significant influence*", "*close relatives*", "*managers with strategic responsibilities*", "*related company*", "*affiliated company*" and "*joint venture*" have the same meaning as attributed in Annex 1 to the Regulations.

On the basis of the definitions contained in the Annex 1 to the Regulations and of the indications given by the Application Communication, the following should be considered as PIAGGIO's related parties:

- 1) the subjects who control PIAGGIO, either directly or indirectly, also through subsidiaries, trustees or an intermediary;
- 2) the subjects who are controlled by PIAGGIO, either directly or indirectly, also through subsidiaries, trustees or an intermediary;
- 3) the subjects who are subject to a common control together with PIAGGIO, either directly or indirectly, also through subsidiaries, trustees or an intermediary;
- 4) the subjects holding a stake in PIAGGIO, either directly or indirectly, also through subsidiaries, trustees or an intermediary, so to exert significant influence over PIAGGIO;
- 5) the subjects who exercise individual or joint control or significant influence over PIAGGIO through participation in a shareholders' agreement;
- 6) the subjects who exercise joint control over PIAGGIO together with other subjects, either directly or indirectly, also through subsidiaries, trustees or third parties;
- 7) the companies which are affiliated to PIAGGIO;
- 8) *the joint ventures* in which PIAGGIO is a party;
- 9) PIAGGIO's managers with strategic responsibilities, i.e. the ones who directly or indirectly have the power and the responsibility of planning, managing and controlling PIAGGIO's activities (including board directors, also non-executive and independent directors, and statutory auditors) ("**PIAGGIO's Managers with strategic responsibilities**");

- 10) the managers with strategic responsibilities in companies that control PIAGGIO, i.e. those who directly or indirectly have the power and the responsibility of planning, managing and controlling the activities of companies which control PIAGGIO (including board directors, also non-executive and independent directors, and statutory auditors) ("**Managers with strategic responsibilities in the Parent Companies**");
- 11) the close relatives of the persons under points 1), 4), 5), 6), 9) and 10) above, meaning those relatives who can potentially influence, or be influenced by, the interested subject in their relation with PIAGGIO itself, including the non legally separated spouse, the cohabitant, their children and their dependants;
- 12) an entity in which one of the subjects under points 9), 10) and 11), directly or indirectly exercises control, joint control or significant influence or owns a significant portion, but not less than 20 percent, of the voting rights.
- 13) the supplementary pension fund, collective or individual pension funds, either Italian or foreign, established in favour of the employees of the Company or of any other entity related to it<sup>1</sup>.

The related parties are identified by the Legal Department according to the ways and terms indicated in the paragraph 2.4 below.

## 1.2 Definition of "transaction"

"Transaction with related parties" means "*any transfer of resources, services or obligations between related parties, regardless of whether for valuable consideration*" (Annex 1, paragraph 1, of the Regulations).

Under Annex 1, paragraph 1, Regulations, and according to instructions contained in the Application Communication, and without prejudice to the provisions under article 13, Regulations (*cf.* paragraph 5 with regard to exclusions), the following are included, by way of example, among the transactions with related parties for the purposes of these Procedures: (i) mergers involving PIAGGIO and a related party, such as, by way of example, any merger through incorporation of PIAGGIO into its parent company, or into the company exercising significant influence, or else any merger proper between PIAGGIO and another company subject to joint control together with PIAGGIO; (ii) any spin-off for incorporation with a related party, i.e. transactions by which e.g. PIAGGIO spin-off parts of its assets to the benefit of its parent company, or vice versa; (iii) strictly non-proportional spin-off in the strict sense of the word, where for instance PIAGGIO's assets are split in favour of a plurality of beneficiaries, with non-proportional allotment of shares or unit trusts of beneficiaries to PIAGGIO's shareholders; (iv) PIAGGIO's capital increases with exclusion of option rights in favour of a related party; (v) any resolution regarding the allotment of compensations and financial benefits, of any kind, to directors, auditors, managers with strategic responsibilities.

These Procedures also regulate transactions performed through Italian or foreign subsidiaries, under art. 2359 of Italian civil code, or any companies subject to PIAGGIO's management and coordination activity (the "**Subsidiaries**"). This regards those transactions which, although performed by one of PIAGGIO's subsidiaries, can be traced back to PIAGGIO itself by means of a preventive examination or approval by the latter, according to provisions of the Application Communication, to which reference is made.

## 1.3 Definition of "independent directors" and "unrelated directors"

Under the Regulations and these Procedures:

- "*independent directors*" of the Company means the ones PIAGGIO recognises as such in application of the principles and application criteria of the Self-Regulatory Code;

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<sup>1</sup> The Application Communication makes clear that the reference to retirement funds contained in the definition of related party in Annex 1 to the Regulations does not refer to all retirement funds all or some of the employees benefit from in general, but to the sole funds established or promoted by the companies as well as to the funds over which the latter are capable of exercising influence.

- “*unrelated directors*” means the directors other than the counterparty of a given transaction and its related parties.

## 2 ROLES AND RESPONSIBILITIES

### 2.1 Committee for approval of Procedures

The Committee for approval of Procedures and the relevant amendments is appointed by the Board of Directors from time to time and it is composed entirely of the three independent directors.

The task of the Committee for approval of procedures is to release a favourable opinion on the Procedures and their amendments. To this aim, the Committee meets in good time ahead of the meeting of the Board of Directors called to deliberate on the approval of the Procedure and related amendments. The Manager in charge of financial reporting under art. 154-*bis*, Consolidated Law on Finance (*TUF*) and the head of the Legal Department participate in the meeting, to which the Board of Statutory Auditors and the Director of Internal Audit are invited. The Committee's advice is subsequently transmitted to the Board of Directors at least three days before its meeting.

If less than three independent directors are in office, the resolutions on the Procedures and their amendments shall be approved subject to favourable opinion of any independent directors present or, in their absence, subject to the non-binding opinion of an independent expert appointed by the Board of Directors. Also in this case said opinion shall be transmitted to the Board of Directors at least three days before its meeting.

### 2.2 Committee for approval of transactions with related parties

The Committee for approval of transactions with related parties, regardless of their significance, is appointed by the Board of Directors and is exclusively composed by three independent directors, who must also be unrelated Directors with regard to each transaction (the "**Committee for Transactions with Related Parties**").

The Committee for Transactions with Related Parties has the duty to perform all activities required by the Regulations and by these Procedures, and in particular:

- with regard to transactions of lesser importance, to release - before approval of said transactions - a reasoned, non-binding opinion on the Company's interest in carrying out the transaction and on the suitability and substantial correctness of its terms and conditions;
- with regard to transactions of greater importance: (i) to participate in the negotiating and preliminary proceedings, by receiving a complete and timely information flow, and with the power to request information and formulate remarks to the delegated bodies and persons in charge of conducting the negotiation and preliminary investigation; (ii) to release a reasoned and binding opinion (before approval of the transactions) on the Company's interest in carrying out the transaction as well as on the suitability and substantial correctness of its terms and conditions.

The Board of Directors, upon its constitution, appoints the President of the Committee for Transactions with Related Parties.

### 2.3 The manager in charge of financial reporting

The manager in charge of financial reporting is responsible for the coordination of these Procedures with administrative and accounting procedures - issued for the purposes of the attestation under art. 154-*bis*, Consolidated Law on Finance and of the Company's Administrative and Accounting Control Model, in order to draw up the financial statements and the consolidated financial statements.

### 2.4 Legal Department and Administrative Department

Without prejudice to the provisions of the previous paragraphs, the Legal Department, supported by the Administrative Department through information means, draws up, updates and provides to the main corporate functions of PIAGGIO and of the subsidiaries (as identified by specific operative internal instructions) a list of the Company's related parties (the "**List of Related Parties**"), so that, when suitable, they can signal the Legal Department in writing any transactions to which the Procedures apply.

The List of Related Parties is drawn up and updated:

- (a) on the basis of the information and documents filed with the Company, with the support of the Administrative Function;
- (b) on the basis of written statements of PIAGGIO's Key Managers with Strategic Responsibilities and of the Parent Companies' Key Managers with Strategic Responsibilities, also with reference to specific questionnaires, annually sent by the Legal Department. They fill up, sign and give back the questionnaire to the Legal Department and - by transmitting an updated version of said questionnaire - timely communicate it the changes occurred with regard to the information contained therein.

## 2.5 Other corporate functions involved

The persons in charge of the corporate Functions of the Company or of the Subsidiaries, who are involved in the transaction from time to time relevant for the purposes of these Procedures should timely communicate this circumstance to the Legal Department, together with all further relevant information, according to the terms and procedures indicated in specific operational instructions.

## 3 **IDENTIFICATION OF TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES**

For the purposes of these Procedures the transactions with related parties undertaken by PIAGGIO, either directly or through Subsidiaries, should be considered as "*transactions of greater importance*" when depending on the specific transaction the applicable index of significance exceeds the threshold of 5 percent, and precisely:

**a) Equivalent-value relevance ratio**, i.e. the ratio between the equivalent transaction and the net equity drawn from the last published consolidated balance sheet published by the Company or, if greater, the capitalization of the acquired firm at the end of the last trading day included in the period covered by the latest accounting periodical published by the Company (annual or half-year financial statements or interim financial report).

**b) Assets relevance ratio**, i.e. the ratio of the total assets of the entity in the transaction and the total assets of the Company. Data to be used shall be obtained from the most recent consolidated balance sheet published by the Company; whenever possible, similar data should be used for determining the total assets of the entity involved in the transaction.

**c) Liabilities relevance ratio**, i.e. the ratio of the total liabilities of the acquired entity and the Company's total assets. Data to be used must be derived from the most recent consolidated balance sheet published by the Company; whenever possible, similar data should be used for determining the total liabilities of the company or company branch acquired;

all of this is better defined and detailed in the aforementioned Annex 3 to the Regulations and in the Application Communication, to which reference is made.

The relevance threshold, according to par. 1.2 Annex 3 of the Regulations, is reduced to 2.5% for transactions carried out with its listed parent company or with subjects related to the latter, which are also related to PIAGGIO.

The threshold of relevance, under paragraph 1.3 of the Regulations, is also reduced to 1.5% with transactions consisting in acts concerning intangible assets, such as, by way of mere exemplification, brands, patents, industrial inventions, trademarks. Moreover, such transactions may not benefit of

exemptions under the subsequent paragraph 5 and are reserved to the exclusive competence of the Board of Directors.

The case is also relevant when at least one of the above-mentioned relevance thresholds is exceeded by a plurality of transactions concluded during the same financial year with the same related party, or with parties related both to the latter and to PIAGGIO, which are homogeneous or realised in execution of a unitary plan, which - even though individually they cannot qualify as transactions of greater importance - cumulatively exceed at least one of the mentioned relevance thresholds (the so-called "cumulated transactions").

#### **4 IDENTIFICATION OF TRANSACTIONS OF LESSER IMPORTANCE WITH RELATED PARTIES**

Transactions with related parties undertaken by PIAGGIO, either directly or through Subsidiaries, which cannot be identified as "transactions of greater importance" under the paragraph 3 above, nor qualify for exemption from application of the Regulations under paragraph 5.1 (small-amount transactions).

#### **5 IDENTIFICATION OF THE CASES OF EXEMPTION UNDER ART. 13 OF THE REGULATIONS**

Without prejudice to the cases for exclusion under art. 13, par. 1 and 4, Regulations (shareholders' meeting resolutions under art. 2389, par. 1, Italian civil code, regarding the compensation owed to the members of the Board of Directors and of the Executive Committee; resolutions on the compensation of directors vested with particular offices, which fall within the overall amount as determined beforehand by the shareholders' meeting under art. 2389, par. 3, Italian civil code; shareholders' meeting resolutions under art. 2402 Italian civil code regarding compensations due to the Board of Statutory Auditors; transactions to be carried out on the basis of instructions with stability purposes given by supervisory authorities, or else on the basis of instructions issued by the parent company for the execution of instructions given by supervisory Authorities in the interest of the group's stability), the provisions of the same Regulations do not apply:

- a) to the transactions with lesser amounts under par. 5.1 below;
- b) to the compensation plans based on financial instruments approved by the shareholders' meeting pursuant to art. 114-*bis*, Consolidated Law on Finance and its enactment regulations (cf. subsequent paragraph 5.2);
- c) to the resolutions other than those mentioned in art. 13, par. 1, Regulations, with regard to remuneration for directors vested with special offices as well as of other managers with strategic responsibilities, in observance of the conditions set in art. 13, par. 3, letter b) (cf. subsequent paragraph 5.3);
- d) to regular transactions concluded under conditions that are equivalent to market conditions, or standard conditions (cf. subsequent paragraph 5.4);
- e) to urgent transactions which do not fall within the competence of the shareholders' meeting and do not have to be authorised by the latter (cf. subsequent paragraph 5.5);
- f) to transactions with or between subsidiaries and to transactions with affiliated companies, if there are no interests qualified as "significant" (cf. subsequent paragraph 5.6) in said companies.

The provision in art. 5, paragraph 8, Regulations, on information to be reported in the Interim Directors' Report and in the annual Report on Transactions with regard to transactions with related parties remains effective.

##### **5.1 Lesser amount transactions**



Lesser amount transactions (as defined below) are excluded from the scope of the Regulations and of these Procedures, and may be carried out, in compliance with the powers and proxy granted by the competent subject in PIAGGIO and Subsidiaries. In any case, the documentation regarding the transaction must be acquired and kept.

For the purposes of the Procedures, "lesser amount transactions" means transactions whose value does not exceed, for each transaction:

- (a) Euro 150,000, with reference to assignment of and increase in compensation and financial benefits, under any form, to a PIAGGIO Official with Strategic Responsibilities;
- (b) Euro 150,000, for each single transaction with natural-person related parties;
- (c) Euro 250,000, for each single transaction with legal-person related parties.

## 5.2 Compensation plans under art. 114-bis, Consolidated Law on Finance

Pursuant to art. 13, par. 3, letter a) of Regulations, the compensation plans based on financial instruments approved by the shareholders' meeting under article 114-bis, Consolidated Law on Finance and its enactment regulations are excluded from application of the provisions of the same Regulations.

The obligations with regard to transparency and substantial and procedural correctness provided by the temporary provisions in force apply to compensation plans under art. 114-bis, Consolidated Law on Finance and related executive transactions.

## 5.3 Resolutions on compensation of directors vested with particular offices and other managers with strategic responsibilities

Under art. 13, paragraph 3, letter b), Regulations, the resolutions on compensations of directors, other than those mentioned in article 13, paragraph 1, Regulations (cf. first section, previous paragraph 5) as well as those of officials with strategic responsibilities are excluded from application of the same Regulations.

For the purpose of exclusion it is required that:

- PIAGGIO adopted a compensation policy;
- a committee exclusively composed of non-executive directors, with a majority of independents, be involved in the definition of the compensation policy;
- a report illustrating the compensation policy be submitted to approval or consultative vote of PIAGGIO's shareholders' meeting;
- the assigned compensation be consistent with such a policy.

## 5.4 Regular transactions concluded at market-equivalent or standard conditions

### 5.4.1 Identification of regular transactions at market or standard conditions

"**Regular Transactions**", under article 3, paragraph 1, letter d), of the Regulations, are understood to be the transactions falling within the ordinary exercise of PIAGGIO's operational activity and of its related financial activity.

Transactions "**concluded under market-equivalent or standard conditions**", under article 3, par. 1, letter e), Regulations, are understood to be transactions concluded under conditions similar to those usually applied to unrelated parties for transactions of corresponding nature, size and risk, or else based on regulated rates or forced prices, or else those applied to subjects with which the Company is bound by law to stipulate for a given consideration.

According to the Application Communication, "regular transaction" means the operational activity and its related financial activity. In particular:

- the notion of "operational activity" includes the whole of: (i) the main activities which contribute to generate the revenues of the Company and (ii) of all the other management activities which cannot be classified as "investment" or "financial" activities;
- the notion of financial activity (also called "financing activity") related to the operational activity comprises those transactions which in abstract can be qualified as financial, to the extent that these are ancillary to the performance of the operational activity, such as, by way of example, short-term liabilities aimed at the purchase of raw materials. However, the financing obtained for carrying out transactions not belonging to the operational activity (because they are related to the investment activity) may not be considered as regular transactions.

The identification of regular transactions shall be made, on the basis of the provisions in the Application Communication, taking into account the object, the recurrence and the size of the transaction, as well as the contract terms and conditions and the nature of the counterparty.

By way of example the following categories of revenue and cost (as defined in the Financial Statements and Consolidated Financial Statements) may be considered related to "regular transactions" but are not limited to these:

- revenues from marketing of vehicles (two-wheelers and commercial vehicles) and spare parts
- other operating income (such as, for instance, rent income, recovery of transport and advertising expenses, sponsorships, licence fees, operational contributions);
- costs for materials;
- costs for services and lease and rental costs;
- other operating costs;
- employee costs.

#### 5.4.2 Applicable regulation

Regular transactions concluded at market-equivalent or standard conditions are excluded from the scope of any provision of the Regulations and of these Procedures, except for the provisions in art. 5, par. 8 Regulations on periodical disclosure of accounts.

The subject which is competent to decide on the transaction shall be provided, at least three days ahead of the approval of the transaction at issue, a complete and adequate briefing on the transaction, which shall include the documentation containing elements for checking the market or standard conditions.

In case the transactions which benefit from the exemption under this paragraph are transactions of greater importance, without prejudice to the provision in art. 114, paragraph 1, Consolidated Law on Finance, the Company shall:

- communicate the counterparty, the object and the consideration of the transaction to Consob within seven days of its approval;
- state in the Interim Directors' Report and in the annual Report on Transactions - within the framework of the information required in art. 5, par. 8, Regulations - which among the transactions subject to disclosure have been concluded making use of the exemption under this paragraph.

For each regular transaction entitled to exemption (also if carried out through Subsidiaries), as provided in the following paragraph 7, the Legal Department of the Company keeps evidence of the

following elements: ordinary nature of the transaction, with regard to the object, the recurrence and the scope of the transaction; nature of the relationship; simplicity of the economic contract scheme; size and typology of the counterparty.

#### 5.5 Urgent transactions

Pursuant to art. 13, paragraph 6, of the Regulations, where expressly permitted by the Company's articles of association, and given the provisions in art. 5 of the Regulations where applicable, the transactions with related parties which do not fall within the competence of the shareholders' meeting and are not supposed to be authorised by it, subject to the observance of the obligations under the following paragraph, may be concluded making an exception to the provisions in artt. 7 and 8 of the Regulation if the body with competence over the decision deems that objective urgency reasons exist, in the interest of the Company.

In this case the Company shall meet its obligations under art. 13, paragraph 6, Regulations, and in particular:

- if the transaction to be carried out falls within the competence of the Chief Executive Officer, the same shall inform the Chairman of the Board of Directors (where the offices do not coincide), the Lead Independent Director and the Chairman of the Board of Statutory auditors about the reasons for urgency before accomplishing the transaction;
- the transaction shall subsequently be the object, with no prejudice for its effectiveness, of a non-binding resolution of the next first ordinary shareholders' meeting;
- the Board of Directors which calls the shareholders' meeting under the previous point shall draw up a report containing adequate reasons for the urgency;
- the Board of Statutory Auditors shall report to the shareholders' meeting its judgement on the existence of the reasons for urgency;
- the Report of the Board of Directors and the appraisals of the Board of Statutory Auditors under the previous points shall be made available to the public at least twenty-one days before the day of the shareholders' meeting at the Company's registered office and according to the procedures indicated in Part III, Title II, Section I, of the regulations adopted by Consob with resolution No. 11971 of May 14, 1999 and subsequent amendments ("**Consob Regulation on Issuers**"). Such documents may also be contained in any informative report drawn up under art. 5, par.1, of the Regulations;
- within the day following the shareholders' meeting, the Company shall make the information on the results of the vote available to the public according to the procedures indicated in Part III, Title II, Section I, of the Regulation on Issuers, with a special consideration for the number of votes expressed as a whole by the unrelated holders of voting rights.

If the urgent transaction is carried out through any Subsidiaries, the Chairman of the administrative body of the Subsidiaries shall inform PIAGGIO's Chairman of the Board of Directors, the Lead Independent Director and the Chairman of the Board of Statutory Auditors about the reasons for urgency before carrying out the transaction and in any case at least three days ahead. The transaction, without prejudice to its effectiveness, shall subsequently be the subject of a non-binding resolution of the PIAGGIO's next first shareholders' meeting, to which a report shall be submitted by PIAGGIO's Board of Directors, containing an adequate motivation of the reasons for urgency, as well as the appraisal of the Board of Statutory Auditors on the existence of reasons for urgency. The report of the Board of Directors and the appraisal of the Board of Statutory Auditors, together with the information on the results of the shareholders' meeting, shall be made available to the public according to the above terms and procedures.

#### 5.6 Transactions with and between subsidiaries and/or affiliated companies

With the exception of the provisions in art. 5, paragraph 8 of the Regulations with regard to periodical information on accounts, transactions with and between Subsidiaries, also when jointly controlled, as well as transactions with affiliated companies are exempted from the scope of any other provision of the Regulations, provided that in the subsidiaries and affiliated companies which are counterparties in the transaction there are no significant interests of other parties related to PIAGGIO.<sup>2</sup>

The significance of interests in the subsidiary or affiliated company, held by other related parties, is submitted to the joint and prompt evaluation of Administration and Credit Management function and Corporate and Legal function according to the general principles as reported in the Application Communication. In this context, the Administration and Credit Management function and Corporate and Legal function also take into account the existence of any shareholding relationships between PIAGGIO's subsidiaries or affiliated companies and other parties related to PIAGGIO, or of any equity relationship between subsidiaries or affiliated companies, on the one hand, and other of PIAGGIO's related parties on the other hand.

However, interests deriving from the mere sharing, between the Company and its Subsidiaries or affiliated companies, of one or more directors or, if they exist, of other managers with strategic responsibilities are not considered significant interests as specified in the Regulations. To the contrary, significant interests exist if, in addition to the mere sharing of one or more directors or other manager with strategic responsibilities, such persons benefit from incentive plans based on financial instruments (or in any case with variable compensation) which depend from the results achieved by subsidiaries or affiliated companies with which the transaction is performed<sup>3</sup>.

## **6 PROCEDURE FOR IDENTIFYING AND SURVEYING TRANSACTIONS WITH RELATED PARTIES. INFORMATION FLOWS.**

Before undertaking a negotiation for execution of a transaction with related parties, the competent person in charge of the corporate Function of the Company or of the Subsidiaries through which the Company intends to carry out that transaction, verifies whether the counterparty should be considered as a related party, or not, also referring to the List of Related Parties, and making use of the support of the Company's Legal Department.

In case of positive finding, the competent Company or Subsidiaries' corporate Function promptly communicates to the Legal Department its intention to start negotiations for carrying out the transaction.

This communication must at least contain the following information:

- data identifying the counterparty;
- transaction's reasons;
- typology and object of the transaction;
- estimated countervalue of the transaction, i.e. in case of acquisition or transfer of shareholdings, businesses, companies or company branches, the total of assets and liabilities of the entity which is the object of the transaction;
- foreseen time schedule;
- any other transactions concluded with the same related party or with subjects related to it;

If the transaction's conditions are considered equivalent to market or standard conditions, the briefing to be prepared contains objective evidence.

<sup>2</sup> According to the Application Communication, for the purpose of exemption, the relevant definitions of subsidiaries and affiliated companies are the ones contained in Annex 1 of the Regulations.

<sup>3</sup> According to the Application Communication, the significance assessment should be made in the light of the weight of the compensation which depends on the Subsidiary's performance (including the above mentioned incentive plans) compared with the overall compensation of the board director or official with strategic responsibilities.

Upon receiving the above communication, the Legal Department with support of the Administrative Function and of the Manager in charge of financial reporting under art. 154-*bis* TUF promptly evaluates: (i) whether a relationship with the counterparty exists or not, requesting further information in the most suitable ways, if needed; (ii) whether it is transaction of greater importance (taking also cumulated transactions into account) and therefore the procedure under paragraph 8 below applies; (iii) whether it is a transaction of lesser importance, and therefore the procedure under paragraph 9 below applies; (iv) whether one or more of the exemption cases under paragraph 5 above applies; (v) whether the transaction is price sensitive and the special procedure should be activated for managing information of a privileged nature.

In the case under (ii) above, the Legal Department starts the procedure under paragraph 8 below.

In the case under (iii) above, the Legal Department starts the procedure under paragraph 9 below.

In the case under (iv) above, the Legal Department describes the verification activities performed in the archives of transactions with related parties provided in the following point, and complies with any requirements under paragraph 9 below or gives instructions to this purpose to other corporate Functions.

The Administrative Function, with the support of the Company's Legal Department compiles and keeps archives, by means of a special electronic register, of the transactions with related parties, also through Subsidiaries, which are considered as relevant.

With regard to the description of the electronic systems the Company uses to survey transactions with related parties, as well as the Database set to identify all related parties, reference should be made to specific operational instructions.

## **7 GENERAL PRINCIPLES FOR THE EXECUTION OF TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties observe transparency and substantial and procedural correctness criteria and are undertaken in PIAGGIO's exclusive interest.

Substantial correctness means correctness of the transaction from an economic point of view, when for instance the transfer price of a good is in line with market prices and, more in general, when the transaction has not been influenced by the related party relationship or at least said relationship has not determined the acceptance of conditions that are unjustifiably penalising for PIAGGIO.

Procedural correctness means compliance with procedures aimed at assuring the substantial correctness of the transaction and, therefore, the observance of the rules through which it is at least potentially ensured that transactions with related parties do not determine any unjustified prejudice to the reasons of PIAGGIO and its investors. In particular, the essential elements for procedural correctness are: (i) compliance with the rules provided for the approval of transactions with related parties; (ii) information given to subjects called to decide on its execution, who must be promptly informed about the existence of a related party relationship (nature, origin, scope), as well as about any influence it might have exercised on the decision to undertake that transaction and on the definition of its conditions; (iii) the motive of advantage for the issuer - on the basis of the provisions in artt. 2391 and 2497-*ter* civil code on transactions concluded in presence of an interested director or in case of management and coordination of a company - in order to allow the appraisal of the influence of the related party relationship on the definition of the conditions for said transaction.

In each of the cases under paragraphs 8 and 9, the documentation containing evidence for transactions carried out with related parties is kept by the Legal Department in such a way as to allow identifying:

- the characteristics of the transaction (strategic and industrial scope, economic-financial, legal, taxation aspects, risks and criticality elements, guarantees issued or received, etc.);
- the nature of the correlation;

- the company's interest in the transaction;
- the procedures to determine the financial conditions of the transaction, as well as the congruity assessment of the same in comparison with the market values for similar transactions.

Where the nature, scope and characteristics of the transaction so require, the Committee for Transactions with Related Parties takes care that the transaction be concluded with the assistance of independent experts with regard to evaluation of goods and financial, legal or technical advice, through the acquisition of specific reports and/or of fairness and/or legal opinions; the purpose being to avoid that conditions be agreed for that transaction different from those which would have likely been negotiated between unrelated parties.

In any case, the following fall within the exclusive competence of the Board of Directors:

- any resolution on transactions of greater importance with related parties under paragraph 8 below (including "cumulated" ones for which a transaction is considered as "of greater importance" and therefore subject to the procedure under paragraph 8, when it entails exceeding at least one of the relevance thresholds under paragraph 3 above);
- any resolution concerning transactions on intangible assets such as, by way of example and not of limitation, brands, patents, industrial inventions, trademarks;
- and in any case, preventively as a rule, any resolution on transactions of lesser importance carried out under non-market conditions.

## 8 PROCEDURE FOR TRANSACTIONS OF GREATER IMPORTANCE

### 8.1 Transactions under the authority of the Board of Directors

All the transactions of greater importance that are not within the competence of the shareholders' meeting - included the "cumulated" ones for which a transaction is subject to the same procedure when it entails exceeding at least one of the relevance thresholds - are subject to the exclusive competence and approval of the Company's Board of Directors, subject to binding favourable and reasoned opinion of the Committee for Transactions with Related Parties.

In particular, provision is made for:

- (a) **exclusive authority to deliberate vested in the Board of Directors;**
- (b) **involvement of the Committee for Transactions with Related Parties in the negotiations and preliminary proceedings**, through reception of a complete and timely information flow on the state of advancement of the transaction and, where required, through a detailed report and with the power to request information and express observations to the bodies delegated and subjects charged with conducting the negotiations or the preliminary proceedings.

To this end, after concluding the procedures under paragraph 6 above:

- (i) the Legal Department promptly informs the competent corporate Function about the relevance of the transaction under the Regulations;
- (ii) the competent corporate Function promptly evaluates the feasibility of the transaction and, in case of positive finding, promptly transmits a written communication to the Legal Department, which promptly informs the independent board directors who are members of the Committee for Transactions with Related Parties, in order for the same to declare in writing the absence of related party relationships with regard to the specific transaction (if it is the case, also with regard to the Subsidiary's counterparty). The report to be given to the Committee (and the latter's requests) should at least have as subject:
  - the nature of the relationship, with indication of the related party;

- the execution procedures for the transactions;
- the transaction's time schedule and financial conditions, including the transaction's countervalue;
- the procedures to determine the financial conditions of the transaction, as well as the congruity assessment of the same in comparison with the market values for similar transactions;
- the interests and motivations underlying the given transaction.

If the market conditions for a transaction are equivalent to market or standard conditions, the briefing to be prepared contains objective evidence.

Said information may be transmitted in a few subsequent phases, if the developments of the negotiations do not allow a timely integral communication of all the required information.

- (iii) The Committee for Transactions with Related Parties undertakes all the required and suitable activities in order to participate in the preliminary and negotiating proceedings.

In particular, the involvement of the members of the Committee for Transactions with Related Parties in the preliminary and negotiation proceedings occurs through specific meetings between the members themselves - or a member delegated by them to represent them - the directors and/or officials with proxies (including officials in charge of conducting the negotiations and preliminary proceedings). The Committee for Transactions with Related Parties, or the subject it has delegated, may at any time request additional information and offer observations to the directors provided with proxy and to the subjects charged with conducting the negotiation or the preliminary proceedings. In case of proxy, the delegated subject shall promptly report the information received to the other members.

Furthermore, as mentioned in paragraph 7 above, where the nature, the scope and the characteristics of the transaction so require, the Committee for Transactions with Related Parties has the power to request the assistance, at the Company's expenses, of one or more independent experts of its choice, through the acquisition of specific reports and/or fairness and/or legal opinions. To this end the Committee for Transactions with Related Parties may indicate PIAGGIO's Board of Directors the expert or experts to be appointed for carrying out the transaction. The assignment shall expressly provide for the expert(s) to assist specifically also the Committee for Transactions with Related Parties in the performance of its functions. The assignment as an independent expert may not be given to subjects who are counterparties in the transaction or related parties to the Company or to the counterparty in the transaction. The selected expert shall declare his independence upon appointment, and explain the reasons why any economic relationships existing with PIAGGIO, PIAGGIO's parent company, its subsidiaries or companies subject to joint control with the same and/or the directors of said companies are not relevant for the purposes of the judgement on independence. The reports and/or fairness and/or legal opinions shall be transmitted to the Committee for Transactions with Related Parties in the days preceding the meeting of the latter Committee, with suitable advance on the same.

- (c) The **approval of the transaction by the Board of Directors, subject to the favourable reasoned opinion of the Committee for Transactions with Related Parties** on the Company's interest in the accomplishment of the transaction as well as on the suitability and substantial correctness of its terms and conditions.

The Committee for Transactions with Related Parties meets in good time in view of the meeting of the Board of Directors, called to pass a resolution on the transaction as a whole and on its different aspects. The Committee for Transactions with Related Parties, in formulating its opinion, also offers considerations on the interest of PIAGGIO in the accomplishment of the

transaction as well as on the suitability and substantial correctness of its terms and conditions<sup>4</sup>. Such binding opinion, whether positive or negative, must be rendered, except for proved reasons, within three days of the date in which the Board of Directors is called to resolve on the transaction. All of the information transmitted to the Committee for Transactions with Related Parties is timely made available to the Board of Directors.

The executive directors and/or officials with proxies (including officials charged with conducting the negotiations or the preliminary proceedings) take part in the meeting of the Committee for Transactions with Related Parties, to which the Board of Statutory Auditors is invited, together with any other persons the Committee for Transactions with Related Parties may have invited.

At the meeting of the Board of Directors, called to approve the transaction, the Chairman of the Committee for Transactions with Related Parties, or else a member of the Committee who has been delegated to it, explains the reasoned opinion of the Committee to the Board.

The minutes of the approval resolution contain adequate argumentation with regard to the Company's interest in accomplishing the transaction and to the suitability and substantial correctness of its terms and conditions, as well as evidence of the main elements of the opinion drawn up by the committee of independent directors.

In default of a reasoned favourable opinion of the Committee on all aspects of the transaction, art. 8, paragraph 2 of the Regulations applies. Given the statutory provisions of the Regulations, the Board of Directors may resolve to carry out the transaction provided that its accomplishment is authorised by the ordinary shareholders' meeting, pursuant to art. 2364, paragraph 1, No. 5), civil code. In this case the transaction may not be approved if a majority of the unrelated shareholders (including the subjects entitled with voting right, even if they are not shareholders) has expressed a contrary vote (so-called whitewash provision)<sup>5</sup>.

It is understood that said whitewash provision applies both in the case an opinion is issued by the Committee for Transactions with Related Parties and in the case that alternative bodies are activated (release of opinion by the independent directors present, or by the Board of Statutory Auditors, or of the independent expert) under the next paragraph.

If the independent directors in office are less than three, or where one or more members of the Committee for Transactions with Related Parties declare to be a related party with regard to the given transaction, in order to protect the substantial correctness of the transaction, the functions performed by the unrelated independent directors in the forms provided in the above mentioned letters b) and c), art. 8 of the Regulations (about negotiations, preliminary proceedings and approval of the transaction) are replaced:

- with reference to the negotiations and preliminary procedure, by the assignment of the tasks under the mentioned letter b) to one or more unrelated independent directors if present, or to the Board of Statutory Auditors, or to an independent expert appointed by the Board of Directors;
- with reference to the approval of the transaction, by the assumption of the resolution subject to reasoned favourable opinion on the interest of the company to the accomplishment of the transaction and on the suitability and substantial correctness of the latter, released by the independent directors present or by the Board of Statutory Auditors or by the independent expert mentioned in the previous point or else by the assumption of the resolution, in accordance with the articles of association, subject to authorisation to

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<sup>4</sup> With regard to the content of said Opinion, if PIAGGIO is subject to a management and coordination activity of another company, with regard to transactions influenced by this activity, the opinion contains a detailed indication of the reasons and suitability of the transaction, if it is the case also in the light of the overall result of the management and coordination activity or else of transactions aimed at a complete elimination of the damage from the single transaction with a related party.

<sup>5</sup> In this case, the report drawn up under art. 5 of the Regulations contains a detailed and adequate explanation of the reasons why the contrary advice of the independent directors is not shared.



accomplish the transaction by the shareholders' meeting, pursuant to art. 2364, paragraph 1, No. 5), civil code<sup>6</sup>.

If the Board of Directors resorts to the opinion of the Board of Statutory Auditors, the members of the latter, where they have an interest, on their own or on third parties' account, inform the other Auditors, specifying its nature, terms, origin and scope.

Where the transaction is approved, a complete report on the execution of the approved transaction is subsequently given to the Board of Directors and Board of Statutory Auditors, at least quarterly.

## 8.2 Transactions falling within the competence of the shareholders' meeting

When a transaction of greater importance falls within the competence of the Shareholders' meeting or must be authorised by it (transactions subject to competence of the shareholders' meeting by law provisions or transactions which must be authorised by the Shareholders' meeting under the provisions of the articles of association), for the negotiating phase, the preliminary proceedings and the phase of approval of the resolution proposal to be submitted to the shareholders' meeting, the provisions in paragraph 8.1 apply, *mutatis mutandis*, including the rules of the so-called whitewash provision (art. 11, paragraph 3 Regulations).

Where expressly provided in the Company's articles of association and without prejudice to the provision in art. 5 of the Regulations, where applicable, in case of urgency connected with situations of company crisis, transactions may be concluded making an exception to the provisions in the previous paragraph on condition that: (i) the body which calls the Shareholders' meeting prepares a report containing adequate argumentation on the reason for urgency and the controlling body reports to the shareholders' meeting on its evaluation on the existence of the reasons for urgency; (ii) the report and the evaluation under the previous point be made available to the public at least twenty-one days before the day fixed for the Shareholders' meeting at the registered office and according to the procedures indicated in Part III, Title II, Section I of the Consob Regulation on Issuers. Where the board of control has expressed itself negatively with regard to the existence of the reasons for urgency of a transaction of greater importance, the whitewash provision under paragraph 8.1 above applies. Where to the contrary the evaluation of the board of control is positive, the information on the results of the vote, with particular attention for the number of votes expressed by unrelated shareholders, is made available to the public, with the procedures indicated in Part III, Title II, Section I, of the Consob Regulation on Issuers, within the day after the shareholders' meeting.

## 9 **PROCEDURE FOR TRANSACTIONS OF LESSER IMPORTANCE**

### 9.1 Transactions that are not subject to the competence of the Shareholders' meeting

Transactions of lesser importance which are not subject to the Shareholders' meeting's competence are approved by the competent subject according to the internal governance rules, subject to non-binding reasoned opinion of the Committee for Transactions with Related Parties. To this end, after identifying the relationship with the counterparty according to the provisions in paragraph 6, the competent corporate Function and the Legal Department carry out the transactions described under the previous paragraph 8.1, letter (b), points (i) and (ii), being understood that the information to the Committee for Transactions with Related Parties also includes any requested expert's reports and/or fairness and/or legal opinions.

The Committee for Transactions with Related Parties meets in good time in view of the meeting of the Board of Directors, called to pass a resolution on the transaction as a whole and on its different aspects. The Committee for Transactions with Related Parties, in formulating its opinion also deals with the merit of PIAGGIO's interest to the accomplishment of the transaction as well as with the suitability and substantial correctness of its conditions<sup>7</sup>.

<sup>6</sup> The provisions concerning the Committee for Transactions with Related Parties under these Procedures are understood to be automatically extended to the alternative chosen from time to time.

<sup>7</sup> See previous note 7.

Said opinion, whether positive or negative, must be communicated within three days before the expected date of approval of the transaction, unless due reasons are explained.

Upon request, the persons in charge of the Corporate Functions in PIAGGIO and/or Subsidiaries involved in the transaction and/or other directors, officials and consultants as indicated by the Committee itself take part in the meeting, to which the Board of Statutory Auditors is invited.

At the meeting of the Board of Directors, called to approve the transaction, the Chairman of the Committee for Transactions with Related Parties, or else a member of the Committee who has been delegated for this purpose, explains the reasoned opinion of the Committee to the Board.

Where the transaction is approved, a complete report on the execution of the approved transaction is subsequently given to the Board of Directors and Board of Statutory Auditors, at least quarterly.

The minutes of the approval resolution (of the Board of Directors or of any other internal collective body), if any, contain adequate motivation on the Company's interest to accomplishing the transaction and suitability and substantial correctness of its terms and conditions, as well as evidence of the main elements of the opinion drawn up by the committee of independent directors, or else, alternatively, of the Board of Statutory Auditors or the independent expert. If the approval of the transaction with related parties falls within the competence of directors and/or officials provided with proxy, the motivations regarding the Company's interest to accomplish the transactions and the suitability and substantial correctness of its terms and conditions, as well as the illustration of the main elements of the opinion, are communicated to the Board of Directors and Board of Statutory Auditors during the next meeting.

Without prejudice to the provisions in art. 114, paragraph 1, Consolidated Law on Finance, in case of one or more transactions approved notwithstanding a negative opinion expressed by the Committee for Transactions with Related Parties, the Board of Directors, with the support of the Administrative Function and Legal Department, within fifteen days of the close of each quarter of the financial year, draws up a document containing indication of the counterparty, of the object and countervalue of such transactions, as well as of the reasons why that opinion has not been shared; this document is drawn up and made available at the Company's registered office according to the procedures under Title II, Section I of the Consob Regulation 11971/99 ("**Regulation on Issuers**"). Within the same term this opinion is made available to the public in attachment to the above document or in the Company's website [www.piaggiogroup.com](http://www.piaggiogroup.com), under the "Governance" section.

If the independent directors in office are less than three, or else one or more members of the Committee for Transactions with Related Parties declare to be a related party with regard to the specific transaction, in order to protect the substantial correctness of the transaction, the reasoned favourable opinion should be released by any unrelated independent director or directors present or by the Board of Statutory Auditors. The power to appoint an independent expert is unhindered. If the Board of Directors resorts to the opinion of the Board of Statutory Auditors, the members of the latter, where they have an interest, on their own or on third parties' account, inform the other Auditors, specifying its nature, terms, origin and scope.

Furthermore, as mentioned in paragraph 7 above, where the nature, the scope and the characteristics of the transaction so require, the Committee for Transactions with Related Parties has the power to request the assistance, at the Company's expenses, of one or more independent experts of its choice, through the acquisition of specific reports and/or fairness and/or legal opinions. The provision in the above paragraph 8.1 letter (b) applies.

## 9.2 Transactions falling within the competence of the Shareholders' meeting

When a transaction of lesser importance is subject to the competence of the Shareholders' meeting or has to be authorised by it, for the phase of approval of the resolution proposal to be submitted to the shareholders' meeting, the provisions in paragraph 9.1 apply, *mutatis mutandis*.

Where expressly provided in the Company's articles of association, and without prejudice to the provision in art. 5 of the Regulations, where applicable, in case of urgency in connection with situations of company crisis, the transactions may be concluded making an exception to the provisions of the

previous paragraph, on condition that the provision in paragraph 8.2 above, second sentence, is complied with.

## 10 TRANSACTIONS CARRIED OUT THROUGH SUBSIDIARIES

If PIAGGIO's Board of Directors examines and/or approves transactions with related parties carried out by Subsidiaries:

- the Committee for Transactions with Related Parties, the Board of Statutory Auditors and the Board of Directors or any other competent corporate body or Function in PIAGGIO receive with suitable advance adequate and complete information on the transaction (and in particular: on the nature of the relationship (with indication of the related party); on the execution procedures of the transaction; on the time schedule and financial conditions of the transaction, including its counter value; on the evaluation procedure followed; on the underlying interests and motivations of the transaction). If the market conditions for a transaction are equivalent to market or standard conditions, the briefing to be prepared contains objective evidence;
- the transaction - subject to examination and approval by PIAGGIO - is approved by the Board of Directors of the Subsidiaries, or else by the Subsidiaries' competent subject, as required:
  - (i) subject to binding reasoned opinion of PIAGGIO's Committee for Transactions with Related Parties<sup>8</sup>, according to the rules under paragraph 8 above, if the transaction to be carried out through Subsidiaries exceeds the relevance thresholds mentioned in paragraph 3 below;
  - (ii) subject to non binding reasoned opinion of PIAGGIO's Committee for Transactions with Related Parties, according to the rules under paragraph 9 above, if the transaction to be carried out through Subsidiaries does not exceed the relevance thresholds mentioned in paragraph 3 below;
- the minutes (where applicable) of the Board of Directors or of any other deciding body in PIAGGIO should contain adequate motivation of the Company' interest in the accomplishment of the transaction and of its suitability and substantial correctness;
- the Delegated Bodies, supported by the competent corporate Functions of the Subsidiaries, at least on a quarterly basis, transmit a complete and detailed report on the execution of transactions of lesser importance as well as of transactions exempted under art. 13, paragraphs 2, 3 letter c) and 6 and art. 14, par. 2 of the Regulations, approved by the Subsidiaries in the quarter of reference and on their main characteristics and conditions, to PIAGGIO's Board of Directors, Committee for transactions with Related Parties and Board of Statutory Auditors.

If the transaction to be carried out through Subsidiaries is subject to the competence of the shareholders' meeting, for the phase of resolution proposal of the Board of Directors to be submitted to the shareholders' meeting, the above procedures apply, with the required adjustments, according to the greater or lesser relevance of the transaction.

## 11 PROCEDURE FOR FRAMEWORK RESOLUTIONS

Under art. 12 of the Regulations, homogeneous transactions with given categories of related parties, to be carried out also through Subsidiaries, may be approved by framework resolutions.

Without prejudice to the provisions in the Regulations, also regarding disclosure to the public, the provisions in the paragraphs 8 or 9 above are to be applied to the resolutions whose subject is the adoption of framework resolutions, depending on the expected maximum cumulative amount of the transactions the resolution deals with.

The framework resolutions adopted in compliance with this paragraph cannot be effective for more than one year and must refer to sufficiently determined transactions, with indication at least of the

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<sup>8</sup> in this case, as with paragraph 10.3 below, the Independent Director must not be a related party also with regard to the Subsidiary's counterparty;

estimated maximum amount of the transactions to be realised in the reference period and of the motivation of the expected conditions.

PIAGGIO's competent corporate Functions communicate a complete report on the execution of the framework resolutions to the Board of Directors at least on a quarterly basis.

Upon approval of a framework resolution, the Company issues an informative report under art. 5, Regulations, if the expected maximum amount of the transactions which are the subject matter of said resolution exceeds one of the relevance thresholds identified under paragraph 3 above.

The provisions in articles 7 and 8 of the Regulations do not apply to the individual transactions concluded in execution of the framework resolution. The transactions concluded in execution of a framework resolution which is the subject matter of an informative report issued under the previous sentence are not taken into account for the cumulation provided under art. 5, paragraph 2 of the Regulations.

## **12 DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES**

All of PIAGGIO and Subsidiaries' corporate Functions collaborate to the end of enabling the Company to wholly and timely fulfil the information obligations provided by the Regulations.

### **12.1 Internal disclosure on transactions with related parties**

The Delegated Bodies, supported by the Administrative Function, Legal Department and competent corporate Functions of PIAGGIO or its Subsidiaries, at least on a quarterly basis furnish the Board of Directors, the Committee and the Board of Statutory Auditors with a complete and detailed disclosure: (i) on the execution of transactions with related parties, both of major and minor relevance, as well as of transactions entitled to exemption under art. 13, paragraphs 2, 3 letter c) and 6 and art. 14, paragraph 2, Regulations, approved in the reference quarter and on their main characteristics and conditions. This disclosure's subject matter includes transactions with related parties carried out through Subsidiaries, which have been examined and approved by PIAGGIO's Board of Directors and for which PIAGGIO's Committee for Transactions with Related Parties has communicated its binding opinion; (ii) on the execution of framework resolutions.

### **12.2 Disclosure to the public on transactions of greater importance with related parties**

The Company draws up the informative report, according to the terms and procedures under art. 5 of the Regulations and in accordance with the content as illustrated in Annex 4 to the Regulations, in the following cases:

- individual transactions of greater importance concluded by the Company;
- individual transactions of greater importance concluded by Subsidiaries;
- homogeneous transactions, or transactions carried out in execution of a unitary design the Company has concluded with the same related party or with subjects related both to the latter and to the Company, which - while not qualifying as transactions of greater importance individually - cumulatively exceed the relevance thresholds under article 3 above. Transactions carried out by Italian or foreign subsidiaries under art. 2359 civil code are also relevant to this end, and any transactions excluded as per articles 13 and 14 of the Regulations are not taken into account.

### **12.3 Periodical disclosure**

In its Interim Directors' Report and Annual Report on Transactions the Company releases information on:

- individual transactions identified as "of greater importance " under the Regulations, concluded in the reference period, also through Subsidiaries;

- any other individual transactions with related parties, as defined under art. 2427, paragraph 2, civil code, concluded in the reference period, which have had a relevant impact on the balance sheet or on the Company's results;
- any amendments or development in transactions with related parties described in the latest annual report, which have had a relevant impact on the balance sheet or results of the reference period.

#### 12.4 Transactions with related parties and communications to the public under art. 114, paragraph 1, Consolidated Law on Finance

If a transaction with related parties, also when concluded through Subsidiaries, is also subject to the communication obligations under art. 114, paragraph 1, Consolidated Law on Finance, the notice to be released to the public besides other information to be published under said provision, contains the following information:

- the indication that the counterparty to the transaction is a related party and the description of the nature of this relationship;
- the corporate or personal name of the counterparty to the transaction;
- whether or not the transaction exceeds the relevance thresholds identified under paragraph 3 of these Procedures and the indication of any subsequent publication of an informative report under art. 5 of the Regulations;
- the procedure that has been or is going to be followed for the approval of the transaction and, in particular, whether the Company has availed itself of an exclusion case as provided by these Procedures under artt. 13 and 14 of the Regulations;
- any approval of the transaction in spite of the contrary advice of the Committee for Transactions with Related Parties.

### 13 RELEASE AND PUBLICATION OF PROCEDURES

As mentioned in the above paragraph 2.4, the Legal Department transmits the List of Related Parties and the Procedures to the main corporate Functions in PIAGGIO, including the Manager in charge of financial reporting under art. 154-*bis*, Consolidated Law on Finance, and those functions which must supervise the observance of Procedures (Internal Audit and Board of Statutory Auditors).

The Procedures are also transmitted, care of the Legal Department, to the directors of the Board and to the main corporate Functions of the Subsidiaries, in order for them to take notice and observe them, to the extent that this falls within their competence or their duties. To this end the, Administrative Body of the Subsidiaries passes a resolution acknowledging the Procedures as adopted by PIAGGIO, and undertakes to fulfil all obligations under the same Procedures, in order to ensure effectiveness for the processes they regulate, and to spread knowledge of the same Procedures within the corporate structures and to any company upon which the Subsidiaries may hold control.

The Procedures are promptly published after approval on the Company's website [www.piaggiogroup.com](http://www.piaggiogroup.com), under the "Governance" section, in the company *intranet* and, also with reference to the same website, in the Annual Report on Transactions, as per art. 2391-*bis* civil code, where information is also given on transactions carried out with related parties.

### 14 AMENDMENTS AND UPDATING OF PROCEDURES

The Procedures, originally approved by PIAGGIO's Board of Directors' meeting of November 30<sup>th</sup>, 2010, upon favourable opinion of the Committee for approval of Procedures released on November, 17<sup>th</sup>, 2010, and subsequently modified by PIAGGIO's Board of Directors' meeting of December 17<sup>th</sup>, 2012, have been effective starting from January 1<sup>st</sup>, 2011.

The Board of Directors, also upon proposal of the Committee for Transactions with Related Parties, considers when to revise the Procedures, taking into account, among other factors, any amendments occurred in the corporate ownership, as well as their effectiveness in their practical application.

Any amendment to the Procedures is approved by PIAGGIO's Board of Directors, subject to favourable opinion of the Committee for approval of Procedures, according to the provisions in paragraph 2.1 above.