

CORPORATE SOCIAL RESPONSIBILITY REPORT 2019



Authentic development includes efforts to bring about an integral improvement in the quality of human life, and this entails considering the setting in which people live their lives. These settings influence the way we think, feel and act. In our rooms, our homes, our workplaces and neighbourhoods, we use our environment as a way of expressing our identity. We make every effort to adapt to our environment, but when it is disorderly chaotic or saturated with noise and ugliness, such overstimulation makes it difficult to find ourselves integrated and happy.

"Praise be to you", J.Bergoglio (Pope Francis), 2015

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IL CORPORATE SOCIAL RESPONSIBILITY REPORT

| REPORTING PERIOD | – 2019 Financial year (from 1 January to 31 December 2019). |
|---------------------------|--|
| ANNUAL REPORTING | - Cycle. |
| DATE OF PUBLICATION | This document was published on 25 March 2020.The 2018 CSR Report was published on 22 March 2019. |
| DOCUMENT FORMATS | - This issue is available in PDF in Italian and English on the internet website: www piaggiogroup com |
| SCOPE OF THE REPORT | The information and figures in the CSR Report refer to wholly owned subsidiaries (Italian and foreign) and the Fondazione Piaggio and the activities they engaged in over the course of the year. For further details on the scope of consolidation for various topics addressed, see the table in the section "Contents of the Report". Information on the Fondazione Piaggio (Piaggio Foundation), which is not included in the scope of consolidation of the Group, refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation of quantitative information of the NFS. The financial data reflect the data in the 2019 Consolidated Financial Statements of the Piaggio Group. |
| CONTENTS OF THE REPORT | - The contents of the 2019 CSR Report are based on the requirements of the Global Reporting Initiative - Sustainability Reporting Standards 2016 - Core option. |
| STATEMENT | - The 2019 CSR Report has been subject to a limited audit by PricewaterhouseCoopers SpA, an independent third-party company. It carried out its work in accordance with the "International Standard on Assurance Engagements 3000 Revised - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board for the purpose of checking the compliance of the CSR Report with the "GRI Sustainability Reporting Standards" published in 2018 by GRI-Global Reporting Initiative. |
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LETTER FROM THE CHAIRMAN

"We design technologies that are innovative, stylish and efficient, smart and sustainable - to invent the mobility of future generations".

LETTER FROM THE CHAIRMAN



The Piaggio Group, on the strength of over 135 years of activities, that have seen it expand to become Europe's leading manufacturer of two-wheelers and a main player at global level, is facing the new decade that has dawned with the desire to continue to renew and innovative, welcoming the new challenges that a rapidly evolving social and economic context poses.

In the field of mobility, the need to find innovative solutions for mobility is emerging, with responses that are at the same time efficient, technologically advanced and focussed on respect for the environment. These are all aspects that the Piaggio Group has embraced for some time now, steering its growth strategy towards the achievement of sustainable growth, which is part of a wider-ranging concept of business responsibility and very much a part of the Group and its mission.

Piaggio has therefore opted to focus on the development of products with a low emission of pollutant gases and CO_2 , designing increasingly sophisticated combustion engines and introducing electric engines, with the aim of helping to offset pollution and climate change, taking part in the development of a new urban mobility concept that can improve people's quality of life.

In 2019, we took a further step forwards with electric technology, expanding the Vespa Elettrica range and adding a new version capable of speeds of up to 70 km/h, while maintaining a maximum autonomy of 100 km and offering a better and quieter performance.

In the commercial three-wheeler segment, the new full-electric version of the Ape E-City was unveiled in New Delhi in December. This iconic vehicle of Piaggio features innovative battery-swap technology, to replace a dead battery in a just a few minutes with a charged battery at automated service stations. This is an important sign in a country where traffic and pollution represent some of its most significant problems.

In the two-wheeler sector, the Piaggio Group's Research and Development Centre has produced a new combustion engine for the Moto Guzzi V85 TT, launched on the market last February: this fully new engine and boasts low emissions. As for Aprilia, the new Aprilia RS 660 was launched at EICMA 2019, featuring a unique, Euro 5, twin cylinder 660 cc engine, with compact size and thermodynamic efficiency.

The new 300 hpe engine made its début on the Vespa GTS 300 and was then successfully launched for the Beverly and MP3. This electronic injection, liquid cooled latest generation engine, developed entirely in Italy and already configured for Euro 5, has once again made the Vespa one step ahead of the game.

Vespa is one of the leading lights of our Group, and this is due not only to its heritage as a brand and what it represents in the world, but also to the activities in which it engages to support those in need, such as the "Vespa for Children" programme, an initiative that has been active for many years helping to support underprivileged children. In 2019, the partnership forged between Vespa and the international charity (RED), committed for years to fighting against AIDs, particularly in newborns in Africa, was consolidated. The first scooter created from this initiative was the Vespa 946 (RED), sold the world over, followed by the Vespa VXL (RED) for the Indian market. At EICMA 2019, the new Vespa Primavera 125 (RED) was unveiled, and in November, during the fifth annual edition of the Shopathon charity campaign, the (gita)RED was presented, Piaggio Fast Forward's limited edition of the robot, launched on the US market in the last quarter of the previous year.

Lastly, as is now tradition, in the last race of the 2019 MotoGP world championships, in Valencia, Aprilia MotoGP bikes raced with a red livery and the (RED) logo, to raise awareness in the racing world too, and give the cause visibility.

Over the years, the partnership between the Piaggio Group and (RED) has enabled Piaggio to donate over 350,000

dollars to the Global Fund to fight AIDS, through the sale of its (RED) products, thus guaranteeing around two million days' of life-saving treatment against HIV, helping to prevent the transmission of the virus in pregnancy from mothers to their unborn children.

Our focus on social aspects is not only channelled through special initiatives, but also through concrete actions at production sites, with the aim, for example, of reducing CO_2 emissions and other pollutants, and of conserving water resources. And this is reflected by the actions taken and continual focus, that have led to a decrease in CO_2 emissions and water use at the Pontedera site.

These actions cover the entire production chain, starting from the policies adopted at our sites, to guarantee the utmost respect for the environment and optimise all resources used in sourcing raw materials, production, distribution and lastly, disposal.

These activities underscore the Piaggio Group's ongoing commitment to respecting the community and environment, with the aim of creating the basis for future mobility that is informed and sustainable. This is the Piaggio Group's role and we will continue to embrace it with respect, passion and responsibility.

Chairman and Chief Executive Officer Roberto Colaninno





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"We move fast in a rapidly and constantly changing world to provide products that solve problems and create new opportunities."

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

ITS FOUNDATIONS

The 2019 Corporate Social Responsibility Report has been prepared in compliance with the "Sustainability Reporting Standards" - Core Option, published in 2016 by GRI - Global Reporting Initiative. The contents are based on principles of materiality, the inclusion of stakeholders, the context of sustainability and completeness. The quality of information and adequacy of its presentation is guaranteed by principles of fairness, clarity, accuracy, timeliness, comparability and reliability.

PROCESS OF REPORTING AND ASSURANCE

The process of reporting and monitoring Key Performance Indicators (KPI) relevant to sustainability involves the Holding as regards all-round topics and all Group Divisions and Companies as regards the topics and specific indicators of the different sectors of activity.

Within the structures involved, the individuals responsible for gathering, verifying and processing the relevant KPIs have been identified. The Consolidated Financial Statements and Sustainability Unit of the Group, assigned the coordination of the entire process of gathering and processing quantitative indicators by the Financial reporting Officer, and of preparing the Sustainability Report and the Non-Financial Statement of the Group, is responsible for consolidating results. The Sustainability Report is analysed and assessed by the Ethics Committee. The document is then approved by the Board of Directors and finally presented at the General Shareholders' Meeting at the same time as the Group's Consolidated Financial Statements.

To improve the effectiveness of the reporting process and assure all stakeholders the reliability of reported information, the 2019 Sustainability Report was subjected to a limited audit by PricewaterhouseCoopers SpA; this limited audit culminated with the issue of the "Report on the limited auditing of the Corporate Social Responsibility Report". The report that describes the principles adopted, the activities carried out and the relative conclusions is in the Appendix. The figures for 2018 and 2017, taken from previous editions, are shown only for comparison. Where possible, the figures in this Corporate Social Responsibility Report refer to a three-year period, to allow for an evaluation of performance over time.

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

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

MATERIALITY ANALYSIS

The analysis process was conducted by the Group Consolidated Financial Statements and Sustainability Unit. The process comprises 4 stages:

- 1. identification of sustainability issues;
- 2. identification and involvement of relevant stakeholders;
- 3. assessment of the significance of topics;
- 4. approval by the Board of Directors.

The stage to identify sustainability topics that are relevant for the sector and Piaggio was based on a number of sources, including company policies and principles of conduct, the 2018 Sustainability Report and stakeholder engagement initiatives. The Piaggio Group has always paid considerable attention to engaging with stakeholders, i.e. all entities inside and

outside the organisation whose activities have an impact on company operations. In fact stakeholders are defined as having an interest in or various expectations (social, economic, professional, human) of the company.

Based on this definition, the Group has identified categories of stakeholders in relation to its operations, described in full in the section "Stakeholder engagement".

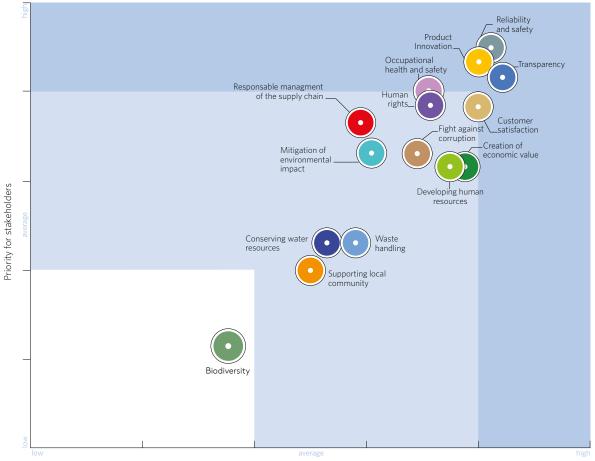
The Group's top managers and a small but representative sample of categories of external stakeholders were requested to compile a materiality form, combined and used to construct the materiality matrix. The 15 topics previously selected were positioned along the two axes:

- the x-axis shows the significance for Piaggio;
- the y-axis shows the significance for external stakeholders.

Of the 15 topics identified, only biodiversity did not exceed the materiality threshold. Piaggio's production sites are not located in protected areas or areas with high levels of biodiversity. The sole exception is the Scorzè site, which although located in an industrial zone, conveys its waste water into the drainage basin of the Venetian Lagoon. As such, the production site is subject to restrictions imposed by specific laws.

The 2019 matrix was examined and approved by the Board of Directors of Piaggio & C. S.p.A. in the meeting of 24 February 2020.

MATERIALITY DIAGRAM



Priorities for the company

CONTENTS OF THE REPORT

Based on the results of materiality analysis, it was possible to define the structure of the 2019 Sustainability Report focusing it on "material" topics. Similarly, the level of materiality of the topics - in turn broken down into detailed subtopics - has influenced the level of depth with which the individual topics and GRI indicators are gone into, as well as the choice of the most suitable reporting tool to represent them (2019 Consolidated Financial Statements and Corporate Governance Report). Reference is made to these documents for further analysis of the more specific topics of financial performance and governance.

The GRI Content Index in the Appendix contains precise references to the 2019 Sustainability Report and other Group Reporting tools.

| DIMENSION | TOPIC | INTERNAL IMPACT | EXTERNAL IMPACT | CHAPTER OF REFERENCE | REPORTING PERIMETER ¹ |
|------------------------------------|--|---|--|--|---|
| GOVERNANCE OF SUSTAINABILITY | Fighting corruption | All Group companies - Human resources | Public administration sector - Suppliers - Customers - Lenders | Governance of sustainability | All Group companies |
| | Compliance with laws and regulations | All Group companies - Human resources | Public Administration - Suppliers - Customers - Lenders - Local communities | Governance of sustainability | All Group companies |
| | Respecting human rights | All Group companies - Human resources | Suppliers | Governance of sustainability | All Group companies |
| RISK MANAGEMENT | Risk management | All Group companies - Human resources | Customers - Local communities and the external environment | Risk Management | All Group companies |
| ECONOMIC | Transparency, Creating economic value | All Group companies - Human resources | Shareholders - Lenders - Suppliers | The economic dimension | All Group companies |
| PRODUCT | Product innovation and sustainable mobility, Reliability and safety | Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Piaggio Advance Design Center - Piaggio Fast Forward - Foshan Piaggio Vehicles Technologies | Customers | The product dimension | Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Piaggio Advance Design Center - Piaggio Fast Forward - Foshan Piaggio Vehicles Technologies |
| | Meeting customer requirements | All Group companies | Customers and dealers | Meeting customer requirements | Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited |
| ENVIRONMENTAL | Improving energy efficiency, waste management, conserving water resources | All Group companies | Local Communities - Suppliers | The environmental dimension | All Group companies |
| SOCIAL | Developing human capital, Health and safety | Human resources - All Group companies | Suppliers | Developing human resources | All Group companies |
| | Responsible management of the supply chain | Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Piaggio Advance Design Center - Piaggio Fast Forward - Foshan Piaggio Vehicles Technologies | Suppliers | Responsible management of the supply chain | Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Piaggio Advance Design Center - Piaggio Fast Forward - Foshan Piaggio Vehicles Technologies |
| | Supporting local communities | All Group companies | Local Communities | Supporting local communities | Fondazione Piaggio - All Group companies |

¹ Any exceptions are reported in a note at the time of reporting.





THE COMMITMENT OF PIAGGIO GROUP

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"Development does not simply come down to economic growth. To achieve real development, we must adopt a holistic approach, which means promoting each and every person"

Enciclica Populorum progressio - Pope Paul VI.

Piaggio is a group distinguished today by a strong international presence, but which has exported a business model targeting innovation and a strong link with the places where it operates, and a philosophy of doing business characterised by strong social responsibility: a culture of safety, respect for people and the protection of natural resources are a common theme throughout the Group.

The Group's conduct is guided by the principles and values set forth in the Code of Ethics, which all Group staff, and all those who interact with Piaggio throughout the world, are required to observe. The values contained within the Group's Code of Ethics are consistent with the 17 Sustainable Development Goals (SDGs).

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

SUSTAINABLE DEVELOPMENT GOALS

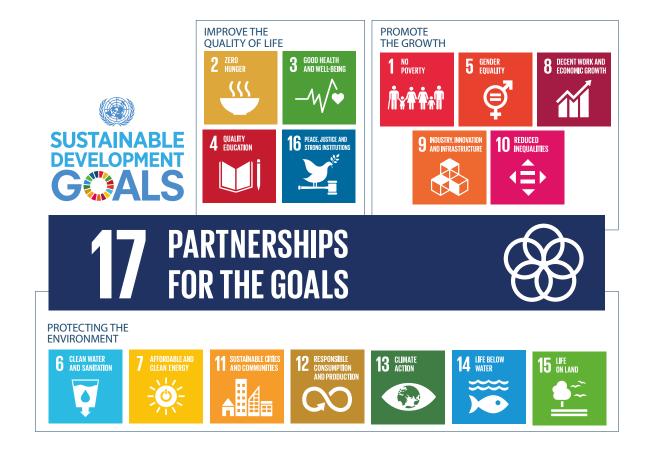
On 25 September 2015, the United Nations, together with governments, institutions and civil society, adopted 17 sustainable development goals (SDGs), outlined through 169 milestones to be achieved by 2030 in order to fight poverty, protect the planet and ensure prosperity for all.

These goals are interconnected and indivisible, and balance the three dimensions of sustainable development: economic, social and environmental.

The SDGs are common objectives which apply to areas that are fundamental to ensuring sustainable development throughout the world, such as combating hunger and poverty, protecting resources, promoting responsible consumption, providing access to education and reducing inequality of all types.

These are shared goals, meaning that everyone (countries, institutions, individuals) is required to contribute to achieving them.

As such, companies must also play an active role; their own resources and skills can have a fundamental impact on the achievement of the overall goals.



Piaggio believes that SDGs represent an opportunity for and an approach to steer the Group's future development. Piaggio knows its activities can contribute to achieving the following SDGs:

- 3. Good health and well-being
- 5. Gender equality
- 8. Decent work and economic growth
- 9. Industry, innovation and infrastructure
- 11. Sustainable cities and communities
- 12. Responsible consumption and production

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

Specifically, the Group's industrial strategy is founded upon technological innovation, which in turn is focused on environmentally-friendly mobility.

In this context, the Group considers research into cutting-edge solutions as a critical factor for successful investment choices and industrial and commercial initiatives. Innovation is geared to cutting pollutant emissions and consumption, as well as increasing vehicle safety. Furthermore, Piaggio Group strongly believes that stakeholder engagement is one of the fundamental elements in the development of Piaggio and the communities where it operates, both in terms of economic success and social wellbeing.

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

In particular, the environmental strategy for the Group's production sites is designed to promote a more rational use of natural resources, and to minimise harmful emissions and waste from production.

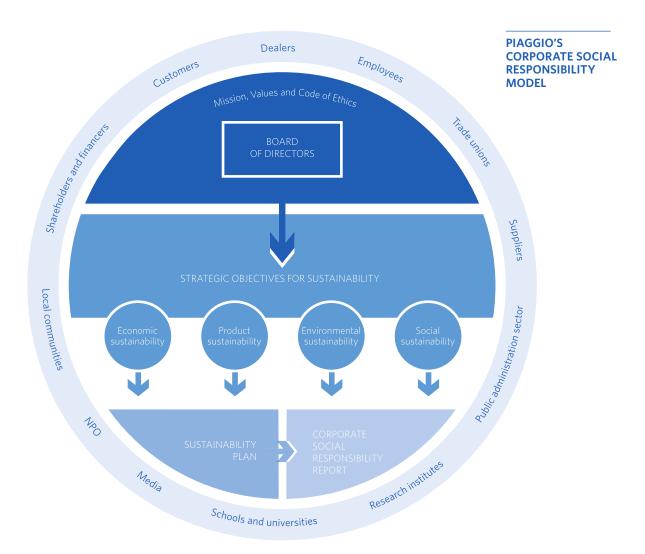
People are fundamental for Piaggio. They are vital to creating added value in the long term. The Group has defined objectives for the growth, promotion and training of human resources, ensuring that each person is rewarded for the contributions they make and that their expectations and goals are met.

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

PIAGGIO'S CORPORATE SOCIAL RESPONSIBILITY MODEL

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

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



Mission

The mission of the Piaggio Group is to generate value for its shareholders, customers and employees, by acting as a global player that creates superior quality products, services and solutions for urban and extraurban mobility that respond to evolving needs and lifestyles.

To stand out as a player that contributes to the social and economic growth of the communities in which it operates, considering, in its activities, the need to protect the environment and the collective well-being of the community. To be an Italian global player in the light mobility segment, standing out for its superior design, creativity and tradition. To become a leading European company with a world-class reputation, championing a business model based on the values of quality and tradition, and on the ongoing creation of value.

Values

- Value for customers: Managing and developing a fast, flexible organisation, in which all processes, persons and external partners (suppliers and dealers) are focused on the generation of value perceivable by the customer.
- Value for shareholders: Achieving returns on capital employed to meet the expectations of shareholders and ensure ongoing growth.
- Value of people: Nurturing the capabilities and talents of each individual, attracting and retaining the highest-value resources.
- Value of brands: Investing in brand strength as leverage for developing market share and building a unique and distinctive market positioning.
- **Customer-focused innovation:** Developing innovative products that stand out for their unique style, quality, safety, energy efficiency and low environmental impact.
- Internationalisation: Becoming a truly multinational business in terms of organisation, culture, global market presence and respect for local culture in each of the countries in which the Group operates, and being exemplary in the way its international human resources are handled.

Sustainability strategy

The Group's Corporate Social Responsibility (CSR) strategic objectives – which are largely integrated with and connected to the development of the long-term plan – are based on the following areas:

| ECONOMIC | Timely, correct, in-depth information to stakeholders.Creating value while respecting business ethics. |
|---------------|---|
| PRODUCT | Technological investments to meet the need for sustainable mobility. Innovation to develop products that are environmentally friendly, safe and cost-effective. |
| ENVIRONMENTAL | Reducing energy consumption. Reducing emissions of CO₂ and other pollutants. Conserving natural resources. Waste handling and recovery. |
| SOCIAL | Developing, training and promoting human resources so that everyone's expectations and aspirations are met. Listening to and assisting customers, to establish relations based on transparency and trust. Selling products that are environmentally friendly, reliable, safe and cost-effective. Working together with suppliers, through jointly developed projects. Engaging and supporting local communities through social, cultural and educational initiatives. |

In achieving its own strategic goals, the Piaggio Group is fully committed to complying with the laws and regulations of the countries where it operates, condemning corruption and respecting human rights.

The process of the Sustainability Plan

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

The Sustainability Plan is updated annually by the Consolidated Financial Statements and Sustainability Team, when preparing the CSR Report.

The process consists of three stages:

- the planning stage: commitments and objectives are defined in cooperation with the functions and operating areas involved in their achievement. Thus defined, the proposed Plan is submitted to the Ethics Committee, which analyses its consistency with the Group's strategies and is formally approved by the Board of Directors together with the CSR Report.
- the management stage: responsibility for achieving the individual objectives in the plan is assigned to the functions and operating areas that have the resources, tools, and necessary competence to achieve these objectives;
- the monitoring stage: to guarantee the commitments taken up in the Sustainability Report, together with the new objectives set for the future, evidence is given of results achieved.

GENERATION OF SUSTAINABLE VALUE

The Piaggio Group pursues the creation of value and growth over the long term through a responsible management of all available resources.

To this end, the Group uses the following capital:

| FINANCIAL CAPITAL | Financial resources from internal and external funding. |
|----------------------|---|
| PRODUCTION CAPITAL | Own and third-party property, plant and machinery, available to carry out activities. |
| INTELLECTUAL CAPITAL | Intangible assets and knowledge that represent a competitive advantage for the Group. |
| HUMAN CAPITAL | The expertise, abilities and knowledge of people working at Piaggio. |
| RELATIONAL CAPITAL | The intangible resources relative to relations with key stakeholders (suppliers, sales and assistance network, etc.). |
| NATURAL CAPITAL | The environmental resources used in Group activities. |

The organisational structure of the Piaggio Group analysed by applying the value chain model theorised by Professor Michael Porter in 1985 is the following:



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

Specifically:

- the Product Development Departments oversee activities focussed on the technological innovation, design, engineering, reliability and quality of vehicles;
- the Product Development and Marketing Department identifies market and customer needs and technological innovation opportunities;
- The Marketing and Sales offices perform product advertising on the market and manage the sales process, strictly following the rules established by Italian Institute for Self-Regulation in Advertising;
- the Manufacturing Technologies Department manages infrastructure and plants and guarantees the use of the best production technologies, aiming to reduce consumption and emissions and achieve a responsible use of resources;
- Logistics seeks to maximise the efficiency of activities to manage the flow of incoming and outgoing tangible goods;
- After-sales service for customers is performed with the care and competence necessary to guarantee one of the highest service standards on the market.

Support and procurement processes

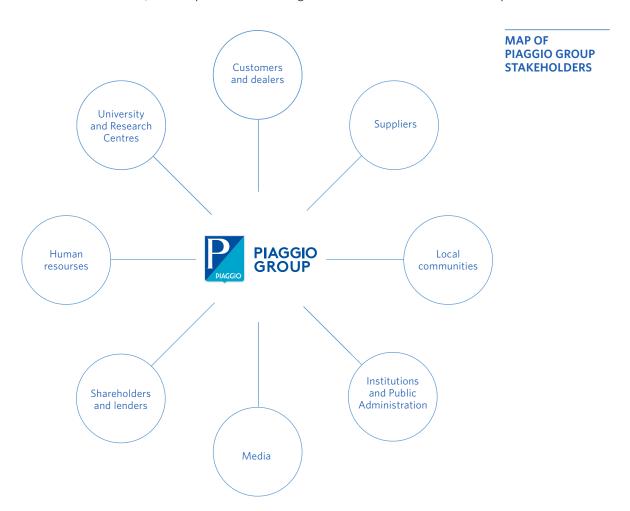
Support processes do not directly contribute to creating output, but are necessary for its production, and comprise:

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

STAKEHOLDERS' INVOLVEMENT

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

Based on this definition, the Group has identified categories of stakeholders in relation to its operations.



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

The corporate website of the Piaggio Group - www piaggiogroup com - is designed to offer clear and up-to-date information on financial and institutional aspects, and on the corporate activities of the Group. It plays a central role in communications between the company and its stakeholders.

Map of significant topics and methods for engaging stakeholders

Customers and dealers

Engagement methods:

- Contact centre
- Customer satisfaction surveys
- Communication outlets (websites, social media)
- Events (travelling tests, trade fairs)
- Dealer website
- Dealer support services/Help desk
- Motoplex (new sales format)

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|--|---|
| Quality, safety and reliability of the products. | Investment in ever safer and more reliable products.Obtaining quality certification. |
| Low/zero consumption and emissions. | - Study of innovative engines with low/zero consumption and emissions. |
| Rapid response and problem solving. | Effort to improve professionalism, timeliness and courtesy of the contact centre personnel and dealers. |
| Sales support. | - Development of a dedicated website and a new sales format. |

Suppliers

Engagement methods:

- Daily relations
- Supplier Portal

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|--|---|
| Continuity of the supply. | Implementation of the Supplier Portal, also used for the automated management of supply orders. |
| Collaboration and sharing of best practices. | Vendor rating campaigns.Appropriate conduct guidelines to prevent incidents of corruption. |

Local Communities

Engagement methods:

- Meetings, exhibitions and events
- Rallies
- Charity activities

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|--|--|
| Contributions to supporting charity initiatives. | - Support for numerous charity initiatives. |
| Organisation of rallies and events for connoisseurs. | The Group organises rallies and races for its customers, such as the Aprilia All Star, Vespa World Day and Moto Guzzi open house events. |
| Development of local communities. | – The Piaggio Foundation and the Piaggio Museum are a meeting place and cultural reference for the territory. |
| Respecting the environment. | - Attainment of environmental certification for production sites. |

Institutions and Public Administration

Engagement methods:

- Ongoing dialogue on legal developments
- Periodic ad hoc meetings
- Participation in parliamentary committees appointed to discuss and formulate new regulations
- Meetings and presentations

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|--|--|
| Compliance with laws and regulations. | Appropriate conduct guidelines to prevent incidents of corruption. |
| Being open and receptive to environmental and social themes. | Investments in the R&D of innovative products that are abreast of any restrictions of current regulations. |
| Support on specific technical themes. | Proactive participation in parliamentary committees appointed to discuss and formulate new regulations. |
| Pursuing common objectives. | – Participating in trade associations. |

Medium

Engagement methods:

- Press releases
- Events and company communication initiatives
- Press product launches
- Product test rides
- Wide Piaggio Magazine
- Websites

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|--|
| Availability, transparency and timeliness of information on the company and its products. | Abiding by the governance code of business communications. Strengthening relations with the media in the different countries where the Group is active. |

Shareholders and lenders

Engagement methods:

- Conference calls/Road Shows
- Piaggio Analyst and Investor Meetings
- Corporate website

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|--|--|
| Clear and timely information. | - Promotion of ongoing dialogue with analysts and lenders. |
| Remuneration and asset value of investments. | – Treasury shares purchasing policy. |

Human resources

Engagement methods:

- Company intranet
- Piaggio InfoPoint
- Piaggio Net International
- Web Mail
- Evaluation Management System
- Wide Piaggio Magazine
- Meetings with trade unions

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|--|--|
| Clear and timely company communication. | - Promotion of ongoing, constructive dialogue with employees. |
| Safe and healthy work environment. | – Attainment of health and safety certification for Group sites. |
| Opportunity for professional development and training. | - Preparation of professional and managerial career paths for young talents. |
| Transparent reward policies. | - Remuneration policy characterised by meritocracy and equal opportunities. |
| Respecting human rights and diversity. | Abiding by a code of ethics that explicitly prohibits any form of discrimination or forced labour. |
| Open and constructive dialogue. | - Piaggio promotes ongoing, constructive dialogue with trade unions. |

Universities and Research Centres

Engagement methods:

- Cooperation in research projects
- Teaching/internship activities

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---------------------------------|--|
| Cooperation on common projects. | - Collaboration with universities and research institutes on research projects. |
| Training. | Promotion of internships for college undergraduates and graduates. Teaching carried out by Piaggio personnel at some faculties. |





GROUP PROFILE

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"We move people and things, but also emotions and passions, through global brands that have made history and have become legend."

THE PIAGGIO GROUP BUSINESS MODEL

The Piaggio Group is Europe's largest manufacturer of two-wheeler motor vehicles and a major world player in its field. It is also an international leader in the commercial vehicles sector.

The Piaggio Group places its ongoing search for solutions for the mobility of people and things at the centre of its business model.

The Group's ultimate goal is the creation of long-term value through the effective and efficient use and management of available resources, constantly guided by the principles and values that make up the Group's Code of Ethics.

Our resources

FINANCIAL

Shareholders, bondholders and banks ensure that Piaggio has the financial resources it needs, on condition that their expected return on invested capital is met.

HUMAN

Human resources, and the skills, abilities and dedication offered by individuals, represent a key factor in Piaggio's competitiveness and growth at a global level. Everything we do as individuals or as a team is shaped by our strategic vision, result-driven approach, constant commitment to customer satisfaction, desire for innovation and awareness of the future needs of the market, to generate value for each and every stakeholder. People are the key element that enables us to meet challenges in an increasingly dynamic and competitive international scenario. It is for these reasons that Piaggio places such central importance on people in the organisation, assuring them our respect and protection in all Group companies.

INTELLECTUAL

The Piaggio Group is aware of the great value of innovation and research and believes in the importance of sharing knowledge and ideas and in the stimulus that it can give to improving technologies, processes and products. For this reason the Piaggio Group has always been engaged on many fronts to consolidate the synergy between its research and development centres, the world of research and its industrial sector.

Every year, the Group's intensive research and development activities lead to patents being filed in the countries where it works.

PRODUCTION

The Piaggio Group operates on a global scale, with production sites in:

- Pontedera, the main technical headquarters of the Group, which manufactures Piaggio, Vespa and Gilera brand two-wheeler vehicles, light transport vehicles for the European market and engines for scooters, motorcycles and Ape vehicles:
- **Noale (Venice)**, the technical centre for the development of motorcycles for the entire Group, and the headquarters of Aprilia Racing;
- Scorzè (Venice), a factory for the production of two-wheeler vehicles for the brands Aprilia, Scarabeo and Derbi, and for Wi-bikes;
- Mandello del Lario (Lecco), a factory which produces Moto Guzzi vehicles and engines;
- Baramati (India, in the state of Maharashtra), with plants dedicated to the manufacture of three- and four-wheeler commercial vehicles, Vespa and Aprilia brand scooters and engines;
- Vinh Phuc (Vietnam) where Vespa and Piaggio scooters and engines are produced.
- Boston (USA) research centre for the development of new solutions for people mobility and goods and the production of robots for goods transport.

The Piaggio Group also operates via a joint venture company in **China** (Zongshen Piaggio Foshan Motorcycles, in **Foshan**, in the province of Guangdong), which is 45% owned by Piaggio (and therefore not consolidated in the Group's results).

COMMERCIAL

The Piaggio Group has a direct sales presence in main countries in Europe, the USA, Canada, India, Vietnam, Indonesia, China and Japan, while it operates through importers in other markets of the Middle East, Africa, Central and Latin America and Asia Pacific.

How we build our strategic advantage

ORGANISATIONAL STRUCTURE

The Piaggio Group is structured into and operates within geographic segments (EMEA and the Americas, India and Asia Pacific), for the development, manufacture and distribution of two-wheeler and commercial vehicles, as well as new mobility solutions. Each geographic area is equipped with production facilities and a sales network specifically dedicated to customers in this region. The Group boasts an agile and flexible production capacity, enabling it to adapt quickly to the needs of the market.

A UNIQUE BRAND PORTFOLIO

The Piaggio Group sells 2-wheeler vehicles under the brands Piaggio, Vespa, Aprilia, Moto Guzzi, Gilera, Derbi and Scarabeo and commercial vehicles under the brands Ape and Porter. Some of the Piaggio Group brands are the most prestigious and historic in the world of motorcycle racing: from Gilera (established in 1909), to Moto Guzzi (established in 1921), Derbi (1922) and Aprilia (1945), which has made a name for itself as one of the most successful manufacturers taking part in the world speed and superbike championships. In the scooter sector, the legendary Vespa brand has been synonymous with two-wheel mobility since 1946, and with over 18 million units produced to date, it represents a commercial success story of incredible longevity, as well as being one of the most recognisable icons of Italian style and technology in the world.

Since November 2019, the American affiliate Piaggio Fast Forward has been selling the GITA in California. This smart robot is powered by electric motors and equipped with sensors and cameras, to follow people and avoid obstacles, and can transport up to 40 pounds.

DISTRIBUTION AND SERVICE NETWORK

Piaggio distributes its products in more than 100 countries. It has an extensive distribution and sales network of qualified and reliable partners.

Since the right location is essential in order to enable each brand to express its values, for a number of years, Piaggio has been using a new distribution format called "Motoplex", joined by more than 500 sales points around the world. The Motoplex concept is based on the idea of showcasing "brand islands", giving the customer the real experience of the brand represented.

PRODUCT RANGE

The main objective of the Piaggio Group is to meet the most progressive needs for mobility, through a deep understanding of people and their habits, reducing the environmental impact and fuel consumption of its vehicles, ensuring customers excellent levels of performance. In its effort to ensure the sustainability of its products, the Piaggio Group takes into account the entire life cycle, which comprises the design, procurement of raw materials, production proper, use of the product by customers and, finally, decommissioning, which consists in disassembly at the end of service life and in the disposal and/or recycling of the components and raw materials.

The Piaggio Group product range includes scooters, motorcycles and mopeds with engine displacements ranging from 50 to 1,400 cc, as well as light commercial three- and four-wheeler vehicles, plus smart robots for goods transports since November 2019. In a society which is increasingly aware of the issue of sustainability, creating products with low environmental impact, in factories that are safe, non-polluting and do not waste resources, is becoming vital for survival. Constant focus is placed on research into vehicles that are at the cutting edge in terms of:

- Environmental credibility: products that can avoid or at least reduce pollutant gas and CO₂ emissions in town
 and out-of-town use; this is achieved by introducing electric engines and further developing traditional engine
 technologies (increasingly sophisticated internal combustion engines), as well as making more use of renewable,
 sustainable energy sources;
- reliability and safety: vehicles that enable a growing number of users to get about town easily, helping to reduce traffic congestion and guaranteeing high standards of active, passive and preventive safety;
- recyclability: products that minimise environmental impact at the end of their life cycle;
- cost-effectiveness: vehicles with lower running and maintenance costs.

QUALITY CONTROL

Piaggio has a comprehensive quality management system to monitor product quality levels in the various stages of the production process and prior to dispatch to the customer. The standard procedures adopted at all Piaggio Group sites enable the constant monitoring of the quality of all vehicles produced, ensuring product standards that fully meet both regulatory and type approval specifications and the expectations of the end customer.

SUPPLY CHAIN

Some components are purchased externally in line with a global sourcing model that guarantees the quality and economy of the products supplied.

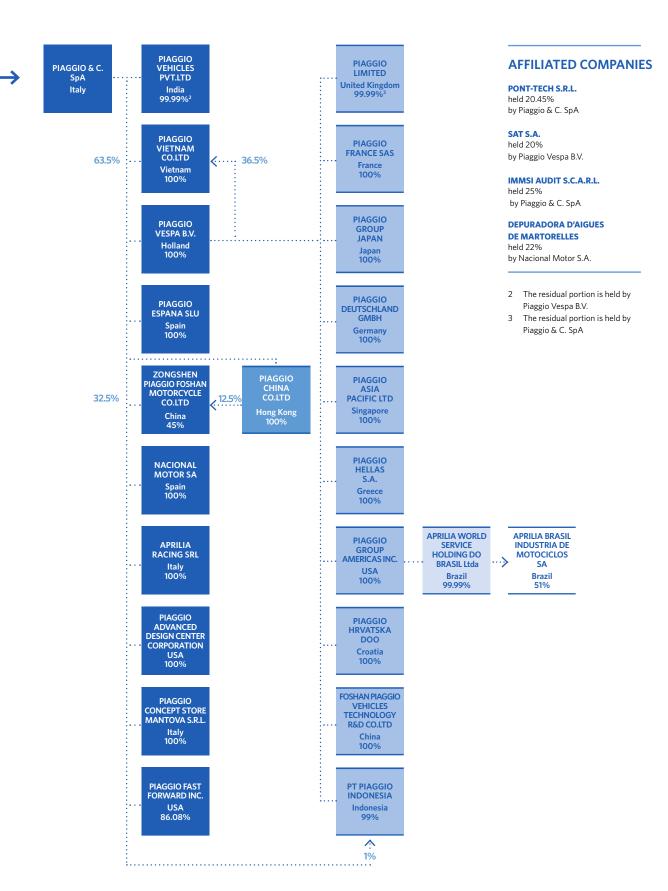
Piaggio ensures its suppliers sign its Code of Ethics, and as from this year requires them to sign a "Sustainability Statement" so they can be included on the Supplier List for Italy, and ensure compliance with Piaggio's ethical values throughout the production cycle and sales of its products. Sustainability for Piaggio does not begin and end at the gates of its factories.

ENVIRONMENTAL SUSTAINABILITY

Piaggio aims at applying a model of sustainable development that not only satisfies the expectations of stakeholders (investors, shareholders, staff, suppliers, community, public administration) by guaranteeing economic and social sustainability, but also roots its actions in environmental sustainability, meaning the ability to safeguard natural resources and the ability for the ecosystem to absorb direct and indirect impacts generated by production activities. Specifically, Piaggio seeks to minimise the environmental impact of its industrial activities by carefully defining the manufacturing technological cycle and by using the best technology and the most modern production methods. The pursuit of these environmental sustainability goals is blazing a trail of ongoing improvement in environmental performance.



COMPANY STRUCTURE AT 31 DECEMBER 2019



MAIN EVENTS AND RECOGNITIONS IN 2019

Vehicle of the year

March 2019 – Readers of the well-established German magazine Motorrad elected the Vespa GTS "Vehicle of the year" in the Scooter category.

HR Asia Award 2019

July 2019 - Piaggio Vietnam won the award for the "Best Place to work in 2019" for Vietnam.

Hall of fame of Tripadvisor

August 2019 - For the fifth year running, the Piaggio Museum was awarded a Certificate of Excellence from Tripadvisor.

Financial Statements Oscar 2019

November 2019 - Piaggio & C S.p.A., along with Falk and Edison, were ranked as the first three companies (in the Medium Listed Companies category) for financial reporting and stakeholder relations in Italy's 2019 Corporate Reporting Award. This award is promoted by the Italian Federation for Public Relations (FERPI), together with Borsa Italiana and Bocconi University.

2019 Future Respect Index

February 2020 – Piaggio's 2018 Sustainability Report was included in the 40 entries in the 2019 Future Respect Index, showing how well its production activities respect the future. The Sustainability Reports were assessed for their clear and effective presentation, awareness of the common good, focus on general interest and aptitude for social cohesion.



PIAGGIO AT A GLANCE

1,521.3 million EUR

Consolidated revenues

611.3 thousand units

Vehicles sold

595.3 thousand units

Vehicles Produced

227.8 million EUR

EBITDA

46.7 million EUR

Net profit

429.7 million EUR

Net debt

6,222

Employees at the end of the period

140.9 million EUR

Investments

57.6 million EUR

Research and Development expenditure

B

CDP Score Climate Change

B

CDP Score Water Security

PIAGGIO GROUP CERTIFICATION

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

| PRODUCTION SITES | | | | | | | | |
|------------------|--|----------------------|----------------------|-----------------------|---------------------------|-------------------------------|---|----------------------|
| Certification | | Pontedera | Noale and Scorzè | Mandello del Lario | Baramati- Engine Plant | Baramati-Two- Wheeler Site | Baramati- Commercial Vehicles Plant | Vinh Phuc |
| | ISO 9001 - Quality management systems | since 1995 | since 2006 | since 2010 | since 2018 | since 2013 | since 2018 | since 2009 |
| | ISO 14001 - Environmental management systems | since 2008 | since 2008 | since 2010 | since 2015 | since 2013 | since 2015 | since 2011 |
| | BS OHSAS 18001- Occupational Health and Safety Management Systems | from 2007 to 2018 | from 2007 to 2018 | from 2010 to 2018 | since 2015 | since 2013 | since 2015 | from 2013 to 2018 |
| | ISO 45001 - Occupational health and safety management systems | since 2019 | since 2019 | since 2019 | | | | since 2019 |

Piaggio's production sites in Italy – Pontedera, Noale, Scorzè and Mandello del Lario – as well as its production facilities in Vietnam and India have for many years held certification for **Quality** (ISO 9001 or ISO/TS 16949), the **Environment** (ISO 14001) and **Occupational Health and Safety** (ISO 45001 or BS OHSAS 18001).

In November 2019, the Certification Company Det Norske Veritas (DNV)⁴ conducted audits to maintain **Quality certification** (ISO 9001) and **Environmental certification** (ISO 14001) and to obtain new **Health and Safety certification** (ISO 45001) for Italian sites (including the commercial site in Milan). The audits were successful.

Annual audits by the certification body demonstrate the Company's commitment to its Quality, Health and Safety and Environmental policies established by Top Management and are proof of the reliability of the Management Systems which are applied with the contribution of managers from all functions and the individuals who work in them.

⁴ DNV: Det Norske Veritas is one of the world's leading certification bodies.





GOVERNANCE OF SUSTAINABILITY

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"When future generations will judge those who came before them on environmental issues, they may reach the conclusion that they 'did not know': let us make sure that we will not be remembered in history as the generation that knew, but did not care."

For more in-depth, specific analysis of the Corporate Governance system of Piaggio & C., please see the Report on Corporate Governance and Corporate Ownership for the year ending 31 December 2019, available online at **www piaggiogroup com** in the Governance section.

Piaggio has a specific governance system inspired by international best practices, which covers all company, decision-making and operational processes, along the entire value chain.

- The Board of Directors examines and approves strategic, industrial and financial plans, including the annual budget and Group's Business Plan, supplementing main guidelines to promote a sustainable business model and lay the foundations for creating long-term value. The Board approves the Sustainability Report and Non-Financial Statement pursuant to Legislative Decree 254/16 (NFS).
- The Ethics Committee, which is tasked, among others, with monitoring sustainability issues related to business operations, develops organisational regulations and rules of conduct in line with international best practices, in the context of Corporate Social Responsibility.

The Committee's duties include the following:

- monitoring instruments, conduct and relations between management and company personnel and all stakeholders;
- optimising relations with local communities and stakeholders;
- measuring ethical standards, which are an integral part of the good governance of a company;
- implementing the provisions in the Code of Ethics, including receiving and managing reports of fraud that may involve employees, managers and partners of Piaggio & C. and Group companies;
- supervising the CSR Report and NFS.

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

- The Internal Control and Risk Management Committee is required, among others, to review the contents of the Sustainability Report and NFS which are significant for the Internal Control and Risk Management System, as well as the main rules and company procedures related to this System and which are significant for stakeholders.
- The Financial Reporting Officer coordinates the preparation of the Non-Financial Statement and CSR Report, assisted by the CSR Manager. S/he presents both documents to the Ethics Committee and then submits them to the Board of Directors for approval.
- The CSR Manager and Consolidated Financial Statements and Sustainability Unit. To monitor sustainability issues more effectively, a CSR Manager was appointed in 2019, and the "Consolidated Financial Statements" Function became the "Consolidated Financial Statements and Sustainability" Function. The "Consolidated Financial Statements and Sustainability" Function as instructed by the Financial Reporting Officer manages all sustainability issues: defining the Sustainability Plan and monitoring progress, preparing reporting, relations with international organisations.

THE SYSTEM FOR RESPONSIBLE BUSINESS MANAGEMENT

In achieving its mission, the Group has adopted tools and organisational instruments in order to respect environmental and social values.

Code of Ethics

Piaggio & C. has adopted a Code of Ethics since 2004 for the Organisational Model pursuant to Italian Legislative Decree 231/2001.

The Code of Ethics was last updated in 2017, with the introduction of an article on safeguarding human rights, aimed in particular at preventing "modern slavery". Through this article, the company expresses its commitment to recognising and ensuring the utmost respect for the principles that protect human rights, as shared at international level and articulated in a number of international conventions. In particular, respect for personal dignity, for the individual and the prohibition of any type of discrimination.

These principles, already embraced by the company as they are implicit in its code of ethics, have been described more specifically, in order to align the code with the ethical and social values that inspire the Piaggio Group's activities.

The company also issues a Modern Slavery Statement annually, designed to ensure that the Group's activities comply with the regulatory provisions set out under the Modern Slavery Act 2015, as issued by the British Parliament and which all companies operating in the UK must observe.

The Code of Ethics, available online at (www piaggiogroup com/Governance), is in force at all Group companies and clearly and transparently sets out the principles and values which the entire company organisation takes inspiration from:

- 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 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 that is irresponsible or unlawful.

The articles of the Code of Ethics also set forth an important principle on how to manage relations with policy makers: "The Company does not make contributions or offer advantages and/or benefits to political parties and trade unions or to their representatives or candidates without prejudice to compliance with applicable law."

All employees and suppliers are required to sign and respect the Group's Code of Ethics in order to be able to work with Piaggio.

Based on the specific nature and significance of India, the following have been prepared and in effect for some years now at the Indian affiliate:

- the Code of Business Conduct & Ethics;
- the Whistle Blower Policy, specifically designed to protect and guarantee whistle blowers of alleged breaches of the Code, and protect the Code's effectiveness;
- a Policy on the Prevention of Sexual Harassment of women in the workplace.

Organisational model pursuant to Legislative Decree no. 231/2001

The internal audit and risk management system of Piaggio & C. is completed by the Organisational, Management and Control Model for the prevention of crimes pursuant to Legislative Decree no. 231/2001 ("Model"), which Piaggio & C. has adopted since 2004 and which was last updated as approved by the Board of Directors on 26 July 2019.

The Model starts with the Code of Ethics, followed by general principles of internal control and guidelines for conduct, and is divided into two parts.

The first part is general, and includes an overview of the legal framework, followed by an introduction to the Model's function and operation within the Company; sections are also included on the disciplinary system, as well as a description of the role, composition, functioning and duties of the Supervisory Body.

Compliance with Law 179/2017, an entirely new section was introduced in 2018 with regulations on whistle-blowing designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work.

To guarantee the confidentiality of the identity of the person reporting information, the Company, in compliance with applicable legislation, believes that the management of reported information must involve the Supervisory Body appointed pursuant to Legislative Decree no. 231/2001. The system to protect whistle blowers, introduced by Law 179/2017 and implemented by Article 6 of Legislative Decree 231/2001, indirectly assigns the Supervisory Body the task of receiving and managing information reported on alleged offences and breaches of the Model or Code. The Company has therefore set up two communication channels: one via fax (0587.219027) and an IT channel via the dedicated SB e-mail address (organismodivigilanza@piaggio.com).

The second, "special" section of the Model formalises specific decision-making protocols for "sensitive processes" in relation to the individual categories of offences the section refers to.

The Model pursuant to Legislative Decree 231/2001, which is widely distributed by e-mail to all Piaggio Group employees in Italy, and published on the company Intranet, is constantly monitored and periodically updated.

Piaggio & C. has also established a "Fraud Policy" with information channels for receiving, analysing and processing reported fraud that may involve employees, directors and partners of Piaggio and Group Companies. The policy is another instrument that the Piaggio Group has adopted to prevent infringement of the principles of lawfulness, transparency, fairness and loyalty which inspire the Model 231/2001.

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

SOCIAL AND ENVIRONMENTAL-ORIENTED POLICIES AND GUIDELINES

The Piaggio Group has a system of Policies aimed at guaranteeing compliance with principles of fairness, transparency, honesty and integrity in line with international standards on responsible business management.

The Group operates in diverse geographic, legal and cultural contexts. Therefore its policies and guidelines are put in place by each company through their own operating procedures and practices.

Anti-corruption policy

As stated in the Code of Ethics, in pursuing its mission the Group ensures, through appropriate tools, including organisational means, compliance with the absolute prohibition of any practice of corruption, request for and/or provision of preferential treatment, of any collusive behaviour, solicitation, whether direct/indirect and/or through third parties, of personal benefits of any kind for oneself and/or for others, of material benefits and/or any other advantage of any extent in favour of third parties, whether they be private or public entities or government representatives, both Italian and foreign.

When participating in public tenders or competitions called by the Public Administration as well as in any negotiations or contracts entered into with both Public Administration and private entities, all those involved must behave in good faith and in accordance with the law, correct commercial practice and current regulations, as well as with the corresponding company procedures, avoiding any situation from which violation of laws and/or principles of fairness and transparency in the conduct of negotiations may arise. Such negotiations must be conducted only by those previously and expressly authorised to do so, respecting roles and in accordance with corporate procedures. Adequate mechanisms for the traceability of information flows towards the contracting party must also be put in place. Any request for advantages, any intimidating and/or constrictive or oppressive behaviour on the part of Public Administration officials or third contracting parties or which come to the knowledge of operators must be immediately reported.

Function managers who liaise with the Public Administration must:

- provide their partners with guidelines regarding the operative conduct to follow in formal and informal contacts with various public subjects, according to the characteristics of each individual area of activity, sharing their knowledge of regulations and their awareness of situations liable to crime;
- provide for adequate tracing mechanisms as regards official information channels with the Public Administration;
- maintain and request on the part of those having relations with the Public Administration a conduct characterised by fairness, transparency, traceability and good faith, respecting the roles and responsibilities attributed; strictly observe and enforce, also with specific reference to relations with the Public Administration, company procedures aimed at abstractly identifying and tracing the functions and positions responsible and appointed for relations with the Public Administration, in compliance with corporate roles;
- make clear, truthful, complete and traceable statements to the public authorities and exhibit complete, truthful and unaltered documents and data;
- maintain a correct and clear conduct such as to avoid inducing the counterparty into even potential error. All
 consultants, suppliers, customers, and whoever is related to the Group, are committed to complying with laws and
 regulations in force in all countries where the Group operates.

No relation will be initiated or continued with those who do not intend to comply with such principles.

When appointing these subjects to operate as representatives and/or in the interest of the Group towards the Public Administration, the appointment must be in writing, with a specific binding clause requiring compliance with the principles of ethics and conduct adopted by the Group.

Conduct guidelines which are identical to those for relations with the Public Administration must also be adopted with regard to relations with any private third party, such as suppliers, customers, competitors, partners and/or any contractual counterparty. In this regard, the section on corporate crimes was updated in the Model, implementing Legislative Decree no. 38 of 15 March 2017 (implementing framework decision 2003/568/GAI of the Council, of 22 July 2003, on the fight against corruption in the private sector), introducing new aspects as per Article 2635 of the Italian Civil Code on "private to private corruption" and the new circumstance of "inducement to corruption among private individuals", which punishes acts of corruption even if the bribe is not accepted (Article 2635 bis of the Italian Civil Code).

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

- be correct and truthful when using and presenting documents and declarations that are complete and pertinent to the activities for which such benefits can be legitimately requested and obtained;
- once the requested outpayment has been obtained, the sum should be employed for the goals for which it was originally requested and obtained. People in charge of administrative/accounting functions must verify that each operation and transaction is: legitimate, consistent, congruous, authorised, verifiable; correctly and adequately registered, so that decision, authorisation and implementation process can be verified; supported by correct, authentic and appropriate documentation, so that careful inspections can be carried out at any time regarding the characteristics and the motivations of the operation, and the identification of those who have authorised, carried out, registered and verified the operation itself.

No incidents of corruption occurred in the reporting year.

Guidelines for compliance with laws and local regulations

Group companies must comply with local laws and regulations and must conduct their activities in line with the Code of Ethics and its core values of honesty, integrity and respect for people. The Code of Ethics underpins Piaggio's commitment to behave in a responsible and respectful manner, and helps staff and contractors to make informed, ethical and legal decisions. Suppliers all over the world who wish to do business with Piaggio must sign the Group's general supply conditions, which include the Code of Ethics.

During 2019, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights. Moreover, no infringement procedures have been filed against the Piaggio Group for the breach of anti-competitive or anti-trust laws.

As of 31 December 2019, there were no sanctions in place concerning non-compliance with laws and regulations

concerning environmental matters, marketing, advertising, promotions, sponsorships and the supply and use of products.

Finally, no cases regarding the breach of consumer privacy or loss of consumer data were reported in 2019.

Guidelines for respecting human rights

The Piaggio Group conforms to the Guiding Principles on Business and Human Rights adopted by the United Nations in 2011 and the ILO Declaration on Fundamental Principles and Rights at Work adopted in 1998.

It recognises the importance of its role in condemning any violation of human rights and to this end improves and continually aligns its policies and controls, to prevent any potential violation that could affect the Group or its procurement chain.

Group companies comply with national and international laws and regulations and conduct their activities in compliance with the Code of Ethics. The Code of Ethics was supplemented in 2017 with an article specifically dedicated to human rights. Suppliers all over the world who wish to do business with Piaggio must sign the Group's general supply conditions, which include the Code of Ethics and observe its values.

To maintain the highest standards of ethical, moral and legal conduct, Piaggio encourages its employees to report any allegedly nonconforming conduct, guaranteeing they will not be affected by harmful consequences.

The Whistleblowing Policy, initially developed for the Group's Indian company, aims to provide a safe means for employees and other parties concerned to report violations that come to their knowledge in the context of their work activities. For this purpose, in compliance with Law 179/2017, an entirely new section with regulations on whistle-blowing designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work was added to the last revision of the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001.







RISK MANAGEMENT

You must treat the earth well: it was not given to you by your parents, it is loaned to you by your children.

Masai Proverb

The Piaggio Group started an Enterprise Risk Management (ERM) project to define and implement a structured, integrated system to identify, measure and manage company risks in line with applicable best practices. During 2019, the campaign to update the Group's risk profile, involving company managers across the Group, identified 160 risk scenarios, comprising 25 categories which were grouped into 4 level-one macro-categories (External, Operational, Financial, Strategic Risks). In this framework, issues concerning environmental and social aspects, human resources, human rights and the fight against corruption were all analysed, as explained below.

Environment

The analysis refers to the actual and potential effects of the Group's operations on the environment considering, for example, atmospheric emissions, the impact of noise, discharge and waste disposal processes, using and safeguarding natural resources and protecting biodiversity, as well as environmental compliance aspects in a national and international dimension.

Greenhouse gases (mainly CO_2) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators. Structural actions on the Group's production plants, carried out over time, guarantee limited pollutant emissions.

The structure of Piaggio's production sites has been designed based on support mechanisms that use energy from fossil fuels. The use of resources at the production faculties and offices of all affiliates is monitored daily, with the aim of optimising energy use and reducing consumption.

Operations to clean up sites were necessary because of historical site contamination: the pollutants removed had not been used for several decades by the sites, proving the historical nature of the contamination. Other cases of ground contamination have never concerned the Group's operations: the classification, management and transport of waste produced comply with sector regulations.

The volume of water used in the production process is monitored monthly, to safeguard its conservation; a part of this water is re-used.

Lastly, all Piaggio sites have ISO 14001 environmental certification and investments are made each year to reduce the environmental impact of production sites.

Despite a considerable risk level, in line with other industry operators, control measures adopted significantly reduce environmental risks.

Employees

This area covers numerous aspects, such as the management of human capital, including career development, the remuneration and training system, the promotion of diversity and inclusion, as well as aspects relative to occupational health and safety and trade union relations.

Piaggio operates globally with employees in Europe, the Americas and Asia. It promotes diversity in age, culture, ethnics, religion, political opinion, civil status, gender, physical ability, sexual orientation, encouraging different ways to achieve and reach the highest levels of performance within a single and broader-ranging organisational set-up of the Group. The integration of disabled people into the workforce is also made possible in practice by the accessibility of company facilities and the existence of a relative company procedure.

Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Development tools are used to build on and continually improve skills, while empowering potential, recognising and rewarding outstanding performance. Reward policies remunerate people and their contribution based on principles of meritocracy and transparency. The above mechanisms reduce potential risks related to these aspects to a residual level which is not significant.

The Piaggio Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focussed on attention, dialogue and a common understanding; in fact, assessment and continual engagement are considered essential for identifying the best solutions for the company's specific needs. For these reasons and despite the high number of employees with trade union membership, strikes are infrequent.

As regards occupational health and safety, testing motorcycles with a medium and large engine capacity entails the highest risk levels. Generally, the risk of accidents/injuries to personnel is mitigated by aligning processes, procedures and structures to applicable occupational safety laws and international best standards, and promoting safe behaviour, through targeted training.

Social sphere

The social sphere includes aspects concerning Piaggio's relations with consumers, as well as the effects of the business on the community.

In the first case, product quality and reliability are essential and key to obtaining and guaranteeing customer satisfaction and safety. In the "Product - Operational Risk" category, risk scenarios relating to potential product defects have been mapped. To mitigate these risks, Piaggio has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on technical/professional standards. The Group is also committed to being awarded and maintaining certification of its quality management systems at global level (ISO 9001).

The Group undertakes to redistribute economic value generated to support social solidarity initiatives and promote local areas. During 2019, the Piaggio Group continued to support activities of the Vespa for Children project, a humanitarian charity active in the fields of health and social care for children in developing countries. The collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - which has contributed US\$ 360 million to the Global Fund for the fight against AIDS, Tuberculosis and Malaria, continued.

Numerous cultural events were held in Italy, through the Piaggio Foundation and Piaggio Museum (exhibitions, conferences), as well as scientific and artistic initiatives.

The Asian subsidiary was involved in projects supporting local associations that help families in need and provide education for smaller children.

The Indian subsidiary aided charity work in the Baramati area to support schools and villages, and was also involved in activities to raise awareness of road safety.

Human rights

As set out in the Code of Ethics, adopted in 2004 and updated during 2017, Piaggio specifically prohibits any form of discrimination or forced labour. This Code has been distributed to all subsidiaries and clearly states the principles and values the entire organisation takes inspiration from.

Based on the significant and specific nature of the Indian market, the following have been adopted: the Code of Business Conduct & Ethics and Whistle Blower Policy since December 2016; the latter is designed to protect people reporting infringements of the Code, and therefore to guarantee the Code's validity; a Policy on the Prevention of Sexual Harassment of women at the workplace.

Based on prevention and control mechanisms established in the Code of Ethics and adopted by all Group subsidiaries, no risk scenarios relative to the violation of human rights were identified.

Fighting corruption

The fight against both active and passive corruption comes under the risk categories "Internal/external offences" of the Group's risk model. In its Code of Ethics, Piaggio strictly prohibits any practice of corruption, request for and/or provision of preferential treatment, of any collusive behaviour, solicitation, whether direct/indirect and/or through third parties, of personal benefits of any kind for oneself and/or for others, of material benefits and/or any other advantage of any extent in favour of third parties.

A number of processes, procedures, roles and responsibilities have been defined to achieve the above objective, as regards business negotiations/relations with the public administration sector and with private entities.

The controls briefly described above decrease residual risk relative to episodes of active/passive corruption to a negligible level.

For a more detailed analysis of all the risks identified by the Piaggio Group, see the Report on Operations in the 2019 Consolidated Financial Statements.

| TOPIC | RISK | CONTROLS | GRI⁵ |
|----------------------------|---|--|---|
| Energy efficiency | Air pollution attributable to: - Uncontrolled greenhouse gas emissions - Uncontrolled emissions of Volatile Organic Compounds (i.e. paint/varnish solvents) - Lower number of infrastructure works / initiatives to reduce energy consumption / needs - Increase in vehicle emission levels | ISO 14001 environmental certification Infrastructure improvements aimed at a rational use of energy Energy consumption monitoring plans Development of alternative engines (i.e. hybrid / electric) | - 305.1 Direct (Scope 1) GHG emissions - 305.2 Energy indirect (Scope 2) GHG emissions - 305.3 Other indirect (Scope 3) GHG emissions - 302.1 Energy consumption within the organization |
| Waste handling | Soil / water pollution attributable to: No waste classification / characterisation Uncontrolled spills and discharges into the sewage system | - ISO 14001 environmental certification - Water waste treatment | - 306.1 Water discharge by quality and destination - 306.2 Waste by type and disposal method - 306.3 Significant spills - 306.5 Water bodies affected by water discharge and/or runoff |
| Conserving water resources | - Uncontrolled use of water resources | ISO 14001 environmental certification Water use monitoring Reuse of water for production activities | 303.1 Water withdrawal by source 303.2 Water sources significantly affected by withdrawal of water 303.3 Water recycled and reused |
| Developing human capital | Lack of competencies and professional expertise necessary to implement strategic / business objectives Loss of key personnel Tensions in relations the company has with trade unions | Performance review systemsTraining courses and continuing | 401.1 New employee hires and employee turnover 404.2 Programs for upgrading employee skills and transition assistance programs 404.3 Percentage of employees receiving regular performance and career development reviews 407.1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk |
| Health and Safety | - Worker Injuries / onset of occupational diseases | BS OHSAS 18001 and ISO 45001 certification Periodic occupational health and safety training Personal protective equipment and operating instructions | 403.2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities 403.3 Workers with high incidence or high risk of diseases related to their occupation |

⁵ Some GRI indicators are not covered by reporting.

| TOPIC | RISK | CONTROLS | GRI⁵ |
|---|--|--|--|
| Product innovation and sustainable mobility | Reduced level of technological innovation in the product range Regulatory measures aimed at limiting the transit of vehicles with internal combustion engines, in order to reduce emissions and offset climate change Reduced recyclability / recoverability of vehicles at end of life Use of materials / substances that are harmful for the environment | Considerable investments in research and development Development of alternative engines (i.e. hybrid / electric) Product conformity to the REACH Regulation 1907/2006 and End of Life Directive 2000/53/EC Use of environmentally-friendly, recyclable materials | 201.2 Financial implications and other risks and opportunities due to climate change 301.1 Materials used by weight or volume 301.2 Recycled input materials used 301.3 Reclaimed products and their packaging materials |
| Safety and reliability | Faulty products for reasons attributable to: - Errors/omissions of suppliers - Errors/omissions during the product development stage - Errors/omissions during the production stage - Errors/omissions during the quality control stage | Supplier audits Product testing during various stages of the production process ISO 9001 quality certification | 416.1 Assessment of the health and safety impacts of product and service categories 416.2 Incidents of non compliance concerning the health and safety impacts of products and services |
| Meeting customer requirements | Service quality level not in line with customer requirements, for reasons attributable to: the sales network / after-sales service (e.g. lengthy diagnostics / delivery times, use of non-original spare parts, etc.) reduced sales network / after-sales service coverage | Periodic appraisal of supplier performance based on international standards Customer satisfaction analysis and preparation of action plans if areas for improvement are identified with reference to the service provided by the network Geo-marketing system for optimal coverage of the area through the network | |
| Responsible management of the supply chain | Suppliers not conforming to environmental sustainability principles (e.g. regarding energy use, atmospheric emissions, waste management, safeguarding water resources, protecting biodiversity, etc.) Suppliers not conforming to social sustainability principles (e.g. with reference to the development of human resources, industrial relations, occupational health and safety, support for local communities, charity activities, etc.,) Breach of the Group Code of Ethics by suppliers | Obligation to have ISO 14001 certification Obligation to provide suppliers with ethical certification for the supply chain Obligation to sign the Group Code of Ethics | - 308.1 New suppliers that were screened using environmental criteria - 308.2 Negative environmental impacts in the supply chain and actions taken - 414.1 New suppliers that were screened using social criteria - 414.2 Negative social impacts in the supply chain and actions taken - 408.1 Operations and suppliers at significant risk for incidents of child labor - 409.1 Operations and suppliers at significant risk for incidents of forced or compulsory labor |
| Supporting local communities | Reduced number of initiatives aimed at developing the area where the Group operates and promoting social inclusion values (e.g. partnerships with non-profit/ non-government, volunteer associations, etc.) | Organisation of events at the Piaggio Museum Piaggio Foundation cultural project Charity activities and sponsorships | - 413.1 Operations with local community engagement, impact assessments, and development programs |

⁵ Some GRI indicators are not covered by reporting.

| TOPIC | RISK | CONTROLS | GRI ⁵ |
|-------------------------|---|--|--|
| Respecting human rights | Incidents of discrimination or exclusion of employees for reasons related for example to age, culture, ethnic origin, religion, political opinion, civil status, gender, physical ability, sexual orientation | Prohibition on any type of discrimination, harm to personal dignity in the Code of Ethics Use of instruments, including organisational tools, to ensure respect for human rights and the principles in the Group Code of Ethics | – 406.1 Incidents of discrimination and corrective actions taken |
| Fighting corruption | - Unlawful collusion / corruption by employees | Obligation to sign the Group Code of Ethics Use of instruments, including organisational tools, to ensure respect for the principles in the Group Code of Ethics | - 205.1 Operations assessed for risks related to corruption |
| Transparency | - Information in mandatory financial disclosure (e.g. the annual report, interim report, interim report on operations) / sustainability report which is untruthful | Mandatory financial information audited by an external body Non-Financial Statement audited by an external body Formal undertaking, by all company functions, on achieving sustainability objectives establish and reporting, on an annual basis, of any gaps with results actually achieved | – 419.1 Non-compliance with laws and regulations in the social and economic area |
| Creating economic value | Failure to achieve established growth objectives for reasons attributable to: competitive dynamics sales network political / macroeconomic instability of countries where the Group operates | Brand positioning initiatives Rationalisation of the sales network based on current and future expectations Market diversification | – 201.1 Direct economic value generated and distributed |

⁵ Some GRI indicators are not covered by reporting.





THE ECONOMIC DIMENSION

| 2019 RESULTS AND FUTURE OBJECTIVES | 56 |
|--|----|
| DETERMINATION AND DISTRIBUTION OF ADDED VALUE | 56 |
| PUBLIC GRANTS AND TAX BENEFITS | 58 |
| VALUE FOR SHAREHOLDERS | 59 |
| COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS | 61 |

"Capital as such is not evil; it is its wrong use that is evil. Capital in some form or other will always be needed." 2019 results and future objectives
Determination and distribution of added value
Public grants and tax benefits
Value for shareholders
Communication with shareholders and investor relations

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

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

The economic dimension of acting as a company must be fully enhanced within the role that it plays for all its stakeholders. To this end, the Piaggio Group carefully oversees the process of producing value and provides transparent, specific and exhaustive disclosure in the Report on Operations of the 2019 Consolidated Financial Statements (see the chapter "Financial position and performance of the Group") to which reference is made for further details.

2019 RESULTS AND FUTURE OBJECTIVES

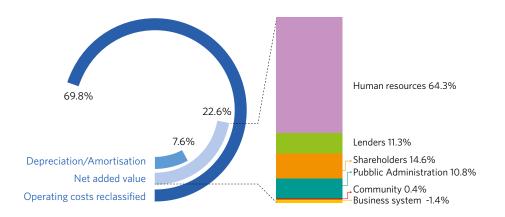
| COMMITMENT | 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES |
|--|---|--|---|--|
| Shareholder remuneration. | Safeguarding shareholders' value. | Distribution of the dividend.Distribution of the interim dividend. | Safeguarding shareholders' value. | Distribution of the dividend and safeguarding shareholders' value. |
| Conducting business operations fairly and transparently. | - Continuing improvement of the corporate web site. | - Piaggio Financial Statements among the Financial Statements Oscars finalists for the third year running. | - Continuing improvement of the corporate web site. | Specific and timely compliance with laws and regulations. Continuing improvement of the corporate web site. Ongoing alignment of the Code of Ethics with national and international best practices. |

DETERMINATION AND DISTRIBUTION OF ADDED VALUE

Added value is an asset produced by the Piaggio Group, which is distributed, in different forms, to various stakeholders. Net Global Added Value is allocated among various stakeholders as follows: remuneration to human resources (direct remuneration comprising salaries, wages and termination benefits and indirect remuneration comprising social security contributions), remuneration to lenders (interest payable and exchange losses), remuneration to shareholders (dividends distributed), remuneration to the Public Administration sector (total taxes paid), external donations and donations to the community. The value held by the Group comprises retained earnings.

HOW ADDED VALUE IS DETERMINED AND DISTRIBUTED

| | 2019 | 2018 | 2017 |
|---|------------|-----------|-----------|
| (FIGURES IN THOUSANDS OF EUROS) | | | |
| Net revenues | 1,521,325 | 1,389,546 | 1,342,450 |
| Income/(loss) from investments | 1,030 | 482 | 825 |
| Financial income | 15,280 | 23,070 | 16,901 |
| Other operating income reclassified | 30,910 | 30,405 | 25,258 |
| Economic value generated | 1,568,545 | 1,443,503 | 1,385,434 |
| Operating costs reclassified | -1,094,915 | -997,541 | -958,675 |
| Depreciation/Amortisation | -118,651 | -105,934 | -115,773 |
| Net added value | 354,979 | 340,028 | 310,986 |
| Remuneration to human resources | 228,323 | 218,224 | 215,463 |
| Remuneration to lenders | 40,172 | 48,480 | 50,000 |
| Shareholder remuneration | 51,805 | 19,698 | 19,698 |
| Remuneration to the Public Administration sector | 38,361 | 36,068 | 24,602 |
| External donations and donations to the community | 1,374 | 1,181 | 937 |
| Distributed added value | 360,035 | 323,651 | 310,700 |
| Business system | -5,056 | 16,377 | 286 |
| Added value retained by the Group | -5,056 | 16,377 | 286 |



ADDED VALUE GENERATED AND DISTRIBUTED IN 2019

The net Global Added Value generated by Piaggio in 2019 amounted to approximately €354,979 thousand, or 22.6% of the economic value generated. Most of this amount refers to remuneration paid to human resources (64.3%), followed by remuneration to lenders (25.9%) and to the Public Administration sector (10.8%). Compared to 2018 figures, Global Added Value rose by 4.4%.

PUBLIC GRANTS AND TAX BENEFITS

In 2019 the Piaggio Group benefited from government aid in the form of research grants, training grants and export grants, for a total of €2,813 thousand.

Research grants, totalling €633 thousand, were obtained for research projects. The contents and results of these are commented on in the chapter on the product dimension.

Piaggio Vehicles Private Limited (India) obtained a grant for exports, the amount of which (€2,180 thousand) was calculated as a percentage of the FOB value of the exports.

GRANTS RECEIVED

| | 2019 | 2018 | 2017 |
|-----------------------|-------|-------|-------|
| IN THOUSANDS OF EUROS | | | |
| Grants (collected) | 633 | 728 | 1,568 |
| Export grants | 2,180 | 2,117 | 1,246 |
| Total | 2,813 | 2,845 | 2,814 |

Tax relief equal to €1,144 thousand were instead obtained by Aprilia Racing S.r.l., granted a tax receivable for investments made in research and development during 2018, pursuant to Law no. 190 of 23 December 2014, as amended.

TAX RELIEF

| | 2019 | 2018 | 2017 |
|------------------------|-------|------|-------|
| IN THOUSANDS OF EUROS* | | | |
| Tax exemption | | | |
| Piaggio Vietnam | | | 445 |
| Tax credit | | | |
| Piaggio & C. | | | 657 |
| Aprilia Racing | 1,144 | 892 | |
| Piaggio France | | 41 | 43 |
| Total | 1,144 | 933 | 1,145 |

^{*} Values in currencies other than the Euro have been translated using the annual average exchange rate.

During 2019, the Piaggio Group signed an agreement with the Italian Revenue Agency to access the special tax regime established by the regulations that introduced the Patent Box scheme. The optional Patent Box scheme lasted for five financial years (2015-2019). The estimated tax benefit for Piaggio was equal to approximately €8 million.

During 2019 and in the two previous years, no subsidised loans were obtained.

VALUE FOR SHAREHOLDERS

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. The Piaggio share closed 2019 at €2.75, up by 51% compared to the start of the year, outperforming main benchmarks.





Dividends

The Shareholders' Meeting of Piaggio & C. S.p.A. of 12 April 2019 resolved to distribute a dividend of 9.0 eurocents per ordinary share. During April this year, therefore, dividends were distributed to a total value of €/000 32,155. During 2018, dividends totalling €/000 19,698 were paid.

In the meeting of 26 July 2019, the Board of Directors approved a new policy to distribute dividends with the distribution of an interim dividend during the year (rather than a single distribution), to align with other international companies in the two-wheeler sector, also with the aim of optimising cash flow management, considering the seasonal nature of the business. The Board of Directors, having approved the Financial Statements at 30 June 2019 and Directors' Report pursuant to Article 2344-bis of the Civil Code, therefore resolved to allocate an interim dividend for 2019 equal to 5.5 eurocents, including taxes, for each ordinary share (against a dividend of 9 eurocents resolved for all of 2018), for a total amount of €/000 19,650.

| | TOTA | TOTAL AMOUNT | | ID PER SHARE |
|---------------------------------|--------|--------------|-------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| | €/000 | €/000 | | € |
| Of the previous year's result | 32,155 | 19,698 | 0.090 | 0.055 |
| Interim dividend on 2019 result | 19,650 | | 0.055 | |

SUMMARY OF DIVIDENDS PAID BY PIAGGIO & C. SPA IN 2019 AND 2018

| YEAR | 2019 | 2018 |
|----------------------------|-------------------|---------------|
| Detachment date | 23 April 2019 | 23 April 2018 |
| Payment date | 25 April 2019 | 25 April 2018 |
| Dividend per share (euro) | 0.09 | 0.055 |
| Detachment date | 23 September 2019 | |
| Payment date | 25 September 2019 | |
| Dividend per share (euro)* | 0.055 | |

^{*}Interim dividend

2019 results and future objectives
Determination and distribution of added value
Public grants and tax benefits
Value for shareholders
Communication with shareholders and investor relations

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

In 2019 there were numerous opportunities to interact with the financial community, with the Group meeting more than 160 investors on main European financial markets during road shows and conferences.

Initiatives also included direct meetings and conference calls, managed daily by the IR function, and institutional communication events concerning quarterly results.

To ensure adequate reporting and compliance with Borsa Italiana and Consob regulations, the Company's website is promptly and continually updated with all information concerning the Group and key corporate documents, published in both Italian and English.

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







THE PRODUCT DIMENSION

| GROUP OBJECTIVE | 69 |
|---------------------------------------|----|
| RESEARCH GUIDELINES | 70 |
| FUNDED NATIONAL AND EUROPEAN PROJECTS | 82 |
| MEETING CUSTOMER REQUIREMENTS | 84 |

"The only way to do great work is to love what you do"

| 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES | |
|---|---|--|--|--|
| | Electric powertrai | ns for light mobility | | |
| - Electric powertrains were completed, as well as development of vehicles with different architectures and power levels. | – A new engine for the Vespa Elettrica 70 km/h. | – New low-cost engines for light scooters. | - Study of new formulas of electric vehicles for urban mobility. | |
| Study of electroni | c/electromechanical devices t | o reduce pollutants in urban | use (Start & Stop) | |
| - Extension of S&S to the Group's range of vehicles. | - Extension to the Vespa GTS range. | - Development of new types of hybrid powertrains. | - Research and development of new devices aimed at further reducing consumption and emissions by decreasing absorption and improving engine use. | |
| Study of innovative high | -efficiency automatic transmi | ssions, both simplified and h | igh-performance versions. | |
| - Continuation of the programme to develop innovative solutions on both a gradual and continual basis, with a view to upcoming industrial production. | Development of and prototypes for electrically powered drive solutions to reduce emissions and improve performance. | - Continuation of the development and mass use of virtual models for powertrain optimisation, with a view to actual use. | - Creation of versions that can be put on the market and their industrial production. | |
| Construction of batteries with higher energy density, durability and reliability and lower cost | | | | |
| Development of new, high charging density batteries, with exchange system. | – Development underway for the modular application of batteries. | - Continuation of development and research activities focussed on power batteries for hybrid applications. | - Study of modular battery applications for use in several vehicles and possible secondary or alternative use. | |
| Dissemination of the PMP system and enhanced features (version with intercom and telephony management) | | | | |
| - Expansion of the offering and functions for the Moto Guzzi V85 (TFT ⁶), Piaggio Medley and Aprilia Shiver (TFT). | Results achieved. System-integrated navigation function added. | Ongoing research into new functions and improvement of the HW dedicated to the Man/ Machine interface. | - Continuous improvement of the system and harmonisation with other electronic onboard devices in terms of safety, comfort, data exchange, improved reliability. | |
| | - Electric powertrains were completed, as well as development of vehicles with different architectures and power levels. Study of electroni - Extension of S&S to the Group's range of vehicles. Study of innovative high - Continuation of the programme to develop innovative solutions on both a gradual and continual basis, with a view to upcoming industrial production. Construction of - Development of new, high charging density batteries, with exchange system. Dissemination of the PM - Expansion of the offering and functions for the Moto Guzzi V85 (TFT ⁶), Piaggio Medley and | Electric powertrains were completed, as well as development of vehicles with different architectures and power levels. Study of electronic/electromechanical devices of the Group's range of vehicles. Study of innovative high-efficiency automatic transmit Continuation of the programme to develop innovative solutions on both a gradual and continual basis, with a view to upcoming industrial production. Construction of batteries with higher energy of patteries, with exchange system. Dissemination of the PMP system and enhanced featu Expansion of the offering and functions for the Moto Guzzi V85 (TFT6), Piaggio Medley and A new engine for the Vespa Elettrica 70 km/h. A new engine for the Vespa Elettrica 70 km/h. A new engine for the Vespa Elettrica 70 km/h. Pespa Elettrica 70 km/h. A new engine for the Vespa Elettrica 70 km/h. A new engine for the Vespa Elettrica 70 km/h. Pespa Elett | Electric powertrains for light mobility - Electric powertrains were completed, as well as development of vehicles with different architectures and power levels. - Study of electronic/electromechanical devices to reduce pollutants in urban - Extension of S&S to the GTS range. - Extension of S&S to the group's range of vehicles. - Continuation of the programme to develop innovative solutions on both a gradual and continual basis, with a view to upcoming industrial production. - Construction of batteries with higher energy density, durability and reliability batteries, with exchange system. - Development underway high carbon for the modular application of batteries. - Development underway for the modular application of batteries. - Development underway for the modular application of batteries focussed on power batteries for hybrid applications. - Dissemination of the PMP system and enhanced features (version with intercom and functions for the Moto Guzzi V85 (TFT ⁶), Piaggio Medley and added. - A new engine for the Nevelopment of the Power learning. - New low-cost engines for light scooters. - Development of the Vespa or Development of new types of hybrid powertrains. - Continuation of the development and research activities focussed on power batteries for hybrid applications. - Ongoing research into new functions and improvement of the HW dedicated to the Man/ | |

⁶ TFT Thin Film Transistor technology applied to liquid crystal flat displays.

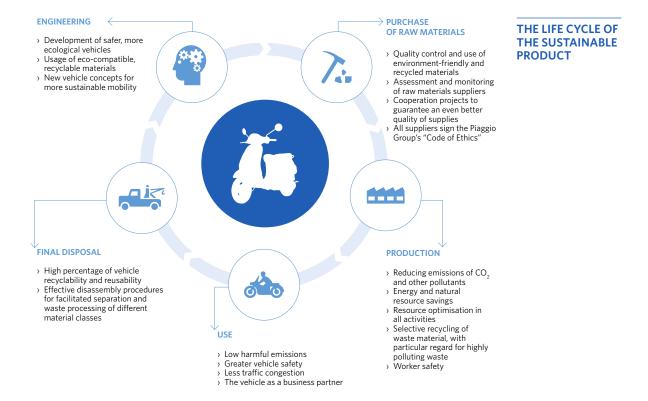
| COMMITMENT | 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES |
|---|---|--|---|---|
| 3/4W Vehicles Developing environmentally friendly products: - Low consumption and low CO ₂ emissions; - Good product end life recycling and recovery levels. Meeting demand for professional and commercial short-distance mobility, offering a last-mile transport solution: - Compact, agile, easy-to-drive vehicles, with good handling in urban environments; - Vehicles with a high load capacity and specific payload; - Definition of a vehicle for new sales activities such as street food and street shops. | - Ape Classic Van E4: Development and industrial production of the new Ape Classic version with a Van configuration, with production start up scheduled for Q1-2019. - Ape Calessino E4 MY2019: Development and industrial production of the new Ape Calessino MY2019 version (adoption of the 200 cc alternative fuel engine solution with better performance). Production start up scheduled for Q2-2019. - Ape Calessino E5: Presentation of the draft Business Plan for the approval and start up of development and industrial production. Production start up scheduled for September 2020. | completed to target, and production (SOS) / marketing (SOP) start- up scheduled for March 2019. - Ape Calessino E4 MY2019: Development and industrial production completed to target. | 3W Europe - Ape | Development of new vehicles and line-up completion for urban and short distance mobility (Europe, India and export markets) transport of goods and people with the following main objectives: Reduced consumption; High mobility / handling in urban settings; High specific payload; Use of environmentally friendly tractions. Use of recycled plastic. Development and industrial production of new versions of 3W LPG/Natural gas vehicles with low emissions and fuel consumption and Full electric versions for developing markets. Definition of technical vehicle and powertrain concepts to align with future market and legal developments. |
| | Ape Classic E5: Presentation of the draft Business Plan for the approval and start up of development and industrial production. Production start up scheduled for September 2020. | - <u>Ape Classic E5</u> : The draft Business Plan has not been approved and is being re-evaluated. | | |
| | New Porter: Development and industrial production activities underway, in line with the production start up stage for various versions starting from March 2020. | - New Porter: The continuation of development and industrial production activities has been confirmed, in line with the production start up stage for various versions starting from September 2020. | 4W Europe - Porter - New Porter: Production start up of various versions as from September 2020. | |
| | - The new Electric Porter: Completion of the technical/economic analysis of the Electric version in the new range and, after business plan authorisation, the start of development and industrial production. Production start up initially planned for Q1-2021. | - The new Electric Porter: Technical/economic analysis of the electric version in the new range underway, to present the business plan for project approval. | - The new Electric Porter: 2020 Business plan presentation. | |

| COMMITMENT | 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES |
|------------|---|---|---|------------------------|
| | - Porter EU6 range: Development and industrial production of the Euro6d-compliant version, with production start up scheduled for July 2019. | - Porter EU6 range: Development of the Euro6d version completed, with production started in July 2019. | | |
| | 3W India - Ape | 3W India - Ape | 3W India - Ape | |
| | - Ape City and 501: Completion of development and industrial production activities in line with the production start-up of the 3W BSVI (City and 501) scheduled for September/December 2019 (production start- up date depending on the version). | - Ape City and 501: Completion of development and industrial production activities of the Ape City and 501 were confirmed, in line with the production start-up of the BSVI versions scheduled for September/December 2019 (production start- up date depending on the version). | - Ape City and 501: Launch of the latest model variations by 2Q 2020. | |
| | - Ape Medium Body: Production start up of the Ape Medium Body (City +) BSVI, with the AF versions by December 2019, and the Diesel version by February 2020. | - Ape Medium Body: Production start up of the Ape Medium Body (City +) re-engineered BSVI version starting from February 2020 for AF versions, to give priority to the production start up of the City and 501 versions. SOP of the Diesel version from March 2020 onwards. | - Ape Medium Body: Production start up as from February 2020. | |
| | - 300 cc: Completion of the technical/ economic analysis and, after business plan authorisation, start up of development and industrialisation. Production start up initially planned for Q3-2020 | - 300 cc: The technical/ economic analysis of the 300 cc version of the entire Cargo and Passenger 501 range was confirmed, with business plan authorisation. Production will start up from June 2020 for the CNG version, followed by the LPG and Petrol versions. | - Ape 501 300cc AF: Production start up of the Cargo and Passenger version with the CNG configuration, starting from June 2020, and subsequent launch of the LPG and Petrol versions, starting from July 2020 and August 2020 respectively. | |
| | - Ape City Electric: Development and industrialisation activities are underway, in line with a production start up scheduled for Q4-2019. | - Ape City Electric: Marketing of the swappable batteries version from December 2019. | - Ape City Electric: Development of the Ape e-City version with a fixed battery configuration and production start up as from June 2020. - Ape City+ Electric: Development of the Ape e-City version with a fixed and swappable battery configuration and production start up as from August 2020. | |

| COMMITMENT | 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES |
|------------|---|--|---|------------------------|
| | | | - Ape Cargo Electric: Development of the Ape e-Cargo version with a fixed battery configuration and production start up as from July 2020. | |
| | 4W India - Porter | 4W India - Porter | | |
| | - Porter 700/1000 India BSVI: Completion of activities to confirm the product line up and contents, and after business plan authorisation, start up of development and industrialisation activities. Production start up initially planned for Q4-2020 | - Porter 700/1000 India BSVI: The stop to the development of the 4W versions was confirmed, and therefore the Phase Out of the two vehicles with the introduction of BSVI type approval regulations (vehicles are maintained in the range for export markets). | | |
| | 3/4W Export - Ape/ Porter | 3/4W Export - Ape/ Porter | 3 / 4W Export - Ape/ Porter | |
| | - Ape City: Phase In, on all markets, of the "DLX" Body and "Step 2" version, for the adoption of quality/performance improvements, and combined vehicle configuration for the Domestic/Export range. Start of Phase In activities, as from January 2019. | - Ape City: The Phase In on all markets of the "DLX" Body with "Step 2" configuration engine, starting from January 2019, was confirmed. In addition, specific HS (High Slope) versions was developed for use on specific markets. | Ape City: Development of versions with a 230 cc Petrol engine and LPG with TGT availability, with Phase In on export markets starting from January 2021. | |
| | - Ape 501: Phase In, on all markets, of the "New" version to implement internal/external facelifts (quality/performance improvements), with combined vehicle configuration on the Domestic/Export range. Start of Phase In activities, | - Ape 501: The Phase In on all markets of the "New" version to implement the Internal/External facelifts starting from January 2019 was confirmed and the D+5 version to expand the range was launched on markets. | - <u>Ape 501:</u> Phase In of the vehicle with new cab starting from 1Q 2020. | |
| | as from January 2019. | | - Ape City +: Development of specific versions for the export market with Petrol and LPG versions with TGT availability, with Phase In on export markets starting from 2Q-2020. | |
| | - <u>Porter 1000 BSIV:</u> Launch of the "LH Drive" version by Q1-2019, for export markets. | - Porter 1000 BSIV: Launch of the "LH Drive" version confirmed with exports on specific markets. | | |

GROUP OBJECTIVE

The main objective of the Piaggio Group is to meet the most progressive needs for mobility, through a deep understanding of people and their habits, reducing the environmental impact and fuel consumption of its vehicles, ensuring customers excellent levels of performance. In its effort to ensure the sustainability of its products, the Piaggio Group takes into account the entire life cycle, which comprises the design, procurement of raw materials, production proper, use of the product by customers and, finally, decommissioning, which consists in disassembly at the end of service life and in the disposal and/or recycling of the components and raw materials.



Research and development macro-areas

During its life cycle, every product directly and indirectly affects both the health and safety of people and the environment understood as ecosystem quality. For this reason the Piaggio Group focuses its R&D activities on developing innovative solutions to reduce the emission of pollutants and to increase the safety, reliability and recyclability of its products. Constant focus is placed on research into vehicles that are at the cutting edge in terms of:

- sustainability: products that can avoid or at least reduce pollutant gas and CO₂ emissions in town and out-of-town use; this result is achieved both through the evolution of traditional engine technologies (increasingly advanced internal combustion engines) and through the development of innovative engine solutions such as electric propulsion, hybrids and range extenders, in order to increase the use of renewable and sustainable energy sources;
- reliability and safety: vehicles that allow a growing number of people to get about town easily, and out of town, and on leisure trips, contributing to easing traffic congestion and ensuring high levels of active, passive and preventive safety;
- recyclability: products that minimise environmental impact at the end of their life cycle;
- cost-effectiveness: vehicles with lower running and maintenance costs.

Product types

The Piaggio Group designs and develops a wide range of products, intended for numerous uses, countries and customers. In particular, Piaggio operates in extensive product categories:

- Urban vehicles, mainly scooters, in which the rational and functional component is predominant;
- Motorcycles, with various engine displacements and specialisations, in which the emotional appeal prevails;
- Commercial vehicles, in which the functional and economic aspect prevails;
- Smart robots, for goods transport.

Urban vehicles

Rapid urbanisation, which is often chaotic and affecting the entire planet, has led to an increase in traffic congestion and pollutants in urban areas.

This awareness has encouraged the Piaggio Group to offer mobility solutions that reduce the level of traffic congestion, air and noise pollution.

In order to effectively reduce congestion and pollution, two-wheelers must be equipped with state-of-the-art engines to reduce emissions: this requires the continual development of internal combustion engines and the introduction of hybrid and electric engines.

But in order for this development to take place, the real safety of two-wheelers must be increased, achieved thanks to the study and introduction of active, passive and preventive safety systems.

Motorcycles

These vehicles are often used in non-urban areas, usually for emotional and recreational reasons. They call for specialist product solutions that give value to the intangible (e.g. brand value, evoking different worlds, performance in the stricter meaning of the word, etc.). In technical terms however, the only main difference compared to urban vehicles is the level of performance; though the key words are still safety and reducing emissions.

Commercial Vehicles

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with products designed for short range mobility in urban areas (European urban centres) and suburban areas (the product range for India).

Smart robots

Since November, Piaggio Fast Forward, (PFF), the Piaggio Group robot company that is revolutionising active light mobility, has been marketing the Gita robot (the personal mobility robot with motor). Gita is a unique product, transporting personal belongings and enabling users to interact with people and spend more time on the activities they love, with their head up and hands free.

RESEARCH GUIDELINES

The main guidelines for the Group's research are therefore:

- improving internal combustion engines; reducing consumption and emissions, increasing performance;
- evolved hybrid, electric engines; alternative, non-fossil fuels;
- improving vehicles, new vehicle concepts for a more sustainable and safe mobility;
- devices for safety (active passive and preventive safety) and comfort; this sector includes connectivity, as regards both preventive safety and comfort;
- the environmental compatibility of the product and process (Life Cycle Management).

Group Objective
Research guidelines
Funded national and European projects
Meeting customer requirements

Continual improvement of combustion engines

Engine research focuses on five fundamental fields:

- optimisation of engine thermal fluid dynamics, with particular reference to the combustion process;
- optimisation of electronic engine and transmission management;
- reduction of organic leaks (friction, pumping);
- improvement in transmission system performance (step or continuously variable transmission);
- study of acoustics and engine timbre to have noise emissions that are lower and not unpleasant.

The aim is to reduce consumption and emissions and improve performance, also meaning handling and ease of use.

The following results were achieved in 2019:

- Scooter engines:

- The 300 hpe Engine

After making its début on the Vespa GTS 300, the new 4-stroke, 4-valve, liquid cooled, electronic injection single cylinder engine was adopted for other models, including the Beverly and Mp3. Called the 300 hpe, it has benefited from numerous actions to obtain a better performance and reduced consumption. The maximum power reached is 17.5 kW (23.8 CV) at 8250 revs, a 12% increase compared to the previous 300 cc version. The maximum torque, equal to 26 Nm at 5250 revs, has increased by 18% with a reduced consumption. Lastly, the electronic engine control unit has already been prepared for the future Euro 5 standard.

- The new 350 engine

Numerous models, including the Beverly range, are available with the re-engineered 4-stroke, 4 valve, liquid cooled, electronic injection, single cylinder 350 engine, featuring Piaggio Group state-of-the-art technology in scooter engines. An engine designed to deliver a performance comparable to 400 cc engines, while having the compact dimensions and reduced weight of a 300 cc engine. Featuring an automatic multi-disk oil bath clutch, the scooter boasts an excellent performance and very low fuel consumption: 30.2 hp at 8,250 revs maximum power and 29 Nm at 6,250 revs maximum torque.

- Motorcycle engines:

- The new Moto Guzzi V85 engine

After its unveiling at EICMA 2018, the new Moto Guzzi V85 TT went on sale, with a fully re-engineered engine. The construction is based on the classic 90° transverse V-twin structure, in the air-cooled 850 cc version, but the engine itself been fully redesigned. It has a maximum power output of 80 HP with a powerful torque at low revs and is designed to serve as the new base engine for important developments in Moto Guzzi models in the coming years.

- The new RSV4 1100 engine

An increase in displacement has been achieved thanks to the dimensions of 81×52.3 , with a 13.6:1 compression ratio. The maximum power of 217 hp at 13,200 revs/minute delivers an outstanding performance for its category; the maximum torque has been increased by 10% over the entire range, compared to 1000 cc and can reach 122 Nm at 11,000 revs/minute. The exhaust system features the ultra-light Akrapovic muffler in titanium, fitted as standard. Lastly, the Aprilia RSV4 1100 Factory has a specific calibration for APRC electronic controls.

- The new 660 twin cylinder engine

This new engine, on the RS 660 model presented at EICMA 2019, is a highly compact, Euro 5, 660 cc parallel twin cylinder model. Its concept originates from the front bearings of the 1100 cc V4. This configuration has been chosen for its compact size and thermodynamic efficiency; the reduced dimensions afford a lean, light riding style. The maximum power of 100 CV offers an exhilarating riding experience enhanced by the weight/power ratio - one of the best in its class, and the high torque value. The exhaust system has a single muffler with asymmetrical twin outlet below the engine, which helps centralise weight and ensure an even better handling. Engine response is guaranteed by electronic control derived from Aprilia V4 models, based on multi-mapping Ride-by-Wire (introduced by Aprilia for the first time in 2007).

Evolved engines: plug-in and electric hybrids

Piaggio has been at the forefront of advanced ICE (Internal Combustion Engines) since 2009, with its MP3 Hybrid. The wealth of knowledge developed with the Hybrid Project has enabled it to develop the Liberty eMail, which went on sale in 2011

Its continued research has resulted in the electric powertrain fitted on the new Vespa Primavera Elettrica and the Vespa Primavera X (Range Extender).

Vespa Elettrica 70 km/h⁷

During 2019, development continued with the unveiling in autumn of the Vespa Primavera Elettrica "motorcycle" category, i.e. with an increased performance above the "moped" category limit. This development has made it possible to expand the base of customers looking for an environmentally friendly vehicle with a performance that is suitable for urban transit.

- Micro Hybrid Engines

Another research and development area covers Start&Stop systems, which are a Micro Hybrid Engine for scooters.

Vehicle improvements

New concepts (Tilting vehicles)

The reference point is the Piaggio MP3 tilting three-wheeler created in 2006, which has enabled Piaggio to become a leader in the field of Dynamic Safety⁸. These new formulas, with the addition of other safety devices, can achieve safety levels close to car manufacturing standards, whilst retaining all the benefits of two-wheeler vehicles in terms of size, emissions and consumption.

The multi-wheel concept, depending on markets and formulas adopted, can offer huge advances in regulatory terms. Piaggio is continuing studies in this area, so it is ready to lever the developments of a market it has created out of nothing. As part of its research, Piaggio has designed and built a prototype of an electric, twin engine, category L2e titling four-wheeler vehicle (Resolve), while in 2019 it put a new three-wheeler model on the market:

- the Piaggio MP3 300 hpe

This new version is leaner and lighter than the Piaggio MP3: a compact, sporty, dynamic, comfortable model, featuring a content typical of GT scooters.

The two wheel front suspension system (with articulated quadrilateral) was further developed and affords a greater stability on bends, shorter braking distances and excellent road holding in all conditions of poor adherence. The compact size and handling of the Piaggio MP3 300 hpe are ideal for manoeuvres from a stationery position. Plus the new Piaggio 300 hpe engine has a greater power and torque at the high-end of the category.

Reduction in absorption and weight9

During the design stage considerable attention was paid to reducing absorption and weight, as it is fundamentally important to decrease consumption and improve performance.

The reduction in absorption is achieve by using aerodynamic simulation and validating results based on comparative analysis with experimental data obtained from wind tunnel testing.

⁷ See the box

⁸ Vehicles with two front wheels offer a greater stability and shorter stopping distances compared to standard two-wheelers, even on wet or uneven terrain.

⁹ The same applies to the engine, of which the weight has a significant impact on overall weight.

Devices for Safety and Comfort

The electronic control sector has expanded considerably in recent years:

- ABS for light, medium, tilting scooters and motorcycles;
- traction control (both with and without the Ride by Wire system), combined with ABS;
- semi-active electronic suspensions (ADD Aprilia Dynamic Damping);
- ride by wire adopted for most Group vehicles;
- CAN handlebar controls (digital protocol);
- cruise control (based on Ride by Wire) available on the Aprilia and Moto Guzzi models;
- APRC system (Aprilia Performance Ride Control) on the RSV4 and Tuono 1100 including:
 - ATC: Aprilia Traction Control
 - AWC: Aprilia Wheelie Control
 - ALC: Aprilia Launch Control
 - AQS: Aprilia Quick Shift
 - · APL: Aprilia Pit Limiter
 - ACC: Aprilia Cruise Control
- Multi-map ABS Cornering (RSV4 RR and RF, Tuono 1100 RR and Factory) with RLM (Rear Liftup Mitigation);
- development of LED lighting for the headlamp and tail-lights;
- new panel instruments (Human Machine Interface) which are clearer and feature more information without distractions:
- dissemination and expansion of the Piaggio Multimedia Platform connectivity system, based on linking the smartphone and the vehicle via Bluetooth®, iOS and Android.

Electronic suspensions and electronic steering shock absorber

The new Aprilia Tuono V4 1100 Factory features Smart EC 2.0 semi-active suspensions, developed by Öhlins for the Piaggio Group, as standard. This ensures highly versatile suspensions, which can adapt in terms of efficiency and safety to the various uses of the Tuono model (Touring, Sport or Track). The system offers two ways to calibrate the fork and damper: semi-active and manual mode, using the handlebar buttons. In semi-active mode, the suspensions are controlled by the Smart EC 2.0 system, which activates operation based on an algorithm that processes vehicle data sent to the control unit in real time. Accordingly, the suspensions of the Aprilia Tuono V4 1100 Factory adjust their hydraulic calibration, instant by instant, to the type of route and riding style. In manual mode, the 3 "Riding Modes" (Track, Sport and Road) offer 3 pre-defined types of calibration, without semi-active assistance. In both semi-active and manual mode, the user can highly customise suspension calibration. The Öhlins steering damper now has electronic control via the Smart EC 2.0 system and is fully customisable, to optimally adjust calibration based on fork and damper calibration. The OBTi (Objective Based Tuning Interface), displayed on the instrument panel offers user-friendly tuning. The system allows for customised calibration of the suspensions in any situation, such as acceleration and braking.

MIA multimedia platform: always connected with your smartphone

The MIA multimedia platform, available in various versions for the Group's brands, lets users connect their smartphone to their vehicle, and connect their vehicle to the web - for a truly multi-functional product. The platform becomes a superb onboard computer that can simultaneously display the speedometer, rev counter, as well as power and engine torque delivered instantaneously, longitudinal acceleration, thanks to the bend angle, plus instantaneous and average fuel consumption, average speed, battery status, and much, much more. From the smartphone connected to the MIA, riders can display maps and routes and locate fuelling stations and service centres. The tyre condition control function (TPMC) uses information from the vehicle and smartphone sensors to monitor tyre wear and inflation, immediately alerting the user to any potentially critical situations; general analysis lets the user check vehicle conditions.

The cutting-edge version developed for the Aprilia RSV4 and Tuono, transforms the smartphone into a semi-professional system for track use. With this version, there is active communication between the vehicle and the smartphone: the rider can change the settings of their RSV4 and Tuono V4 through the smartphone.

Group Objective Research guidelines Funded national and European projects Meeting customer requirements

Functions include:

- Active Electronic Setup: Using the GPS feature of your smartphone, the system recognises the position of the bike at any given time on the track and automatically changes the electronic adjustments (traction control and anti-wheelie), based on the settings the rider has selected, corner by corner. This allows you to increase safety and effectiveness on the track, adjusting the control parameters at every point on the circuit and without distractions.
- Adaptive Race Assistant: This feature provides tips in real time to safely make the most of your RSV4. The application compares rider performance to the best lap on the track in real time and assists by immediately indicating how to gradually improve performance.
- Advanced Telemetry Dashboard: This allows you to use your smartphone display to see, in addition to all the information normally on the standard instrument cluster, numerous other parameters acquired from the bike telemetry such as: instant power sent to the driveshaft; instant torque sent to the driveshaft; percentage of available power; drive to the rear wheel; rear wheel slippage; longitudinal and lateral acceleration (G-G diagram); lean angle, etc.
- The package also includes a module which enables vehicle operation to be analysed directly on smartphones, and another module for the automatic acquisition of lap times and improvement of driving style (in performance terms) for semi-professional use on the track.
- Navigation: In the latest versions of the multimedia platform, for the Vespa GTS Supertech, Shiver 900 and Moto Guzzi V85, a complete sat nav system is featured. Through a specific section, users can browse and select their destination and then all relative information will be transferred via Bluetooth to the vehicle control unit and displayed on the TFT instrument panel as pictograms. Navigation information includes indications about current and next manoeuvres, road names, time and distance from arrival, speed limits and traffic control system reports. With active navigation, the instrument panel automatically configures in specific display mode, showing route instructions and critical information such as the speed and vehicle diagnostic alerts.

Navigation start and stop operations are managed directly from the handlebar controls, with no smartphone interaction necessary while riding, guaranteeing the utmost ease of use and safety.

The app-based navigation system ensures up-to-date maps and real time traffic and weather updates, using smartphone connectivity with clear benefits for the customer in terms of function and costs.

The flexibility of the architecture also means new functions are constantly released and the system has been configured to:

- automatically search for electric charging stations and optimise routes based on available autonomy;
- display route weather alerts on the instrument panel;
- provide an "electronic horizon" system, for excess speed alerts based on road bends and road surface conditions;
- provide alerts on general hazard conditions along the route.

On all vehicles with TFT, the MIA platform operates basic telephone functions, via rapid, user-friendly controls on the handlebars:

- voice command activation;
- call management (accept / reject incoming calls, display caller's name);
- call back last name;
- music management (playlist selection, volume control, track change);
- passenger/rider interphone with two Bluetooth headsets as standard.

A streamlined version of the telephone management system was adopted for the first time for the 2019 version of the Piaggio Medley featuring the new LCD instrument panel¹⁰: although the user interface has been designed with icons and a single handlebar button, most of the functions still feature, enabling the platform to be extended to models at the lower end of the range.

10 LCD Liquid Crystal Display.

VESPA PRIMAVERA ELETTRICA 70 KM/H

The Vespa Elettrica - the evolution continues: besides the original version, unveiled in 2018, for urban use only, with type approval as a moped (speed limited to 45 km/h), the Vespa Elettrica 70 km/h was presented at EICMA 2019.

Quiet, environmentally friendly and innovative like a younger sibling, but more powerful and quick because the design echoes that of a motorcycle. All components have been optimised: the Power Unit, Vehicle Management System and batteries. Maximum speed and acceleration have been further increased, but with maximum autonomy remaining more or less the same. Thanks to a high engine efficiency and the energy recovery system, the Vespa Elettrica 70 km/in ECO has an autonomy of up to 100 km with one recharge, while in Power mode autonomy is up to 70 km. The battery size and weight are the same as the "moped" version, but DC output is higher; this means the Power Unit delivers continuous power of 3.6 kW and peak power of 4 kW with a wheel drive torque of 200 Nm - for an outstanding performance. So the riding style is easy and pleasant in town, and even quieter. Recharging procedures and times are the same as the sister version: the scooter is recharged using the cable housed in the seat compartment where the fuel tank cap is usually located, connecting the plug to a domestic electrical outlet or to a charging station. Complete recharging takes 4 hours (with 220 V). A jet helmet can fit into the helmet compartment.

Besides ECO and Power modes, the model features Reverse mode, to reverse for easier movement during manoeuvres.

VESPA PRIMAVERA ELETTRICA X

The Vespa Elettrica will soon be available in the X version, the only scooter in the world equipped with the Range Extender. In this case, the autonomy is extended to 200 km: there is a current generator on board designed to preserve the battery charge (this is dependent on driving style). The Vespa Elettrica X uses a smaller battery pack, and when the generator is off, this guarantees up to 50 km of autonomy¹¹. The action of the generator adds another 150 km, bringing the total to 200 km. Plus generator refuelling time is the same as that of any petrol vehicle. The generator is activated automatically when the battery charge level falls below a certain threshold, or can be manually engaged by the driver by selecting the Extender mode.

Three/four wheeler sector

Piaggio's product strategy addresses the transport of people and goods over medium and short distances, and focuses on the handling, compact size and safety of vehicles, as well as environmental issues.

This challenge in Europe, India and increasingly on export markets (America and Africa), is tackled through the following actions:

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

Current Indian legislation provides for the introduction of BSVI emission limits from April 2020 for three- and four-wheelers on the domestic market, and consequently the production and sale of currently manufactured BSIV configuration vehicles will discontinue.

A common goal for the entire Piaggio range manufactured in India is to reduce consumption and the TCO (Total Cost of Ownership), through measures to continually improve vehicle efficiency, also based on innovative technology for this type of product (petrol, LPG and natural gas engines with electronic injection, diesel engines with electronic control and vehicles with electric drive).

^{11 50} km is three times the average daily distance of a moped used in urban contexts

Group Objective
Research guidelines
Funded national and European projects
Meeting customer requirements

Developments on the Indian three-wheeler market have confirmed the growth trend in recent years for vehicles with alternative fuel engines (LPG, CNG) especially in urban and semi-urban areas.

To meet the challenges of this increasing trend, Piaggio:

- put a new version of the Ape City into production, in late 2018/early 2019, featuring a new passenger body and engine architecture, designed to improve comfort, maintainability and integration with its urban mission;
- has been marketing the City range Ape City BSIV for passenger transport on the Indian Market since January 2019. The innovative LPG/CNG electronic injection technology (that will be adopted on all BSVI vehicles) chosen for the model has made it possible to reduce consumption and pollutant emissions, while also improving performance and reliability (the system also gives the rider optimal information to minimise consumption, thanks to the gear change alert system, and information on correct vehicle functioning);
- started production of the Ape City with BSVI engines in September 2019;
- launched the Ape e-City version with Full Electric engine on the Indian market in December 2019. This important technical innovation on the model has been developed to meet a growing need for eco-friendly vehicles;
- will introduce the Ape e-City+ and Ape e-Cargo versions, to flank the e-City model, from mid-2020 onwards, guaranteeing the availability of a full range of electric vehicles for passenger and goods transport, with the further aim of expanding sales on European and export markets;
- will start production of a new engine with a new 300 cc powertrain, from mid-2020 onwards, designed, developed and produced in-company, with a strong focus on an optimised use of alternative fuels such as LPG and natural gas. This can achieve a significant improvement as regards TCO and performance compared to the current BSVI version.

As for export markets, the continual improvement in the product and expansion of the range have enabled Piaggio to start selling on major new export markets in 2019 (the most important being Colombia), and to consolidate its presence even further, in terms of its share on markets where it already operates.

In Europe, the Piaggio three-wheeler range was expanded, with the new Classic Van Euro 4 featuring a cargo box designed to meet specific mission/market needs, going on sale.

The Classic Van Euro 4 has been conceived for the short-range urban transport of goods (reduced consumption with a specific high capacity), and for street shop/street food solutions.

As regards the Indian 4-wheeler range, Piaggio increased the number of available versions in 2019, launching the new Porter 1000 LH drive model, to allow for exports of this vehicle on previously inaccessible markets.

On the European 4-wheeler market, production of the new Porter Euro 6d started in July 2019, for the entire Porter and Maxxi range with petrol powertrain and alternative fuels (GPL and natural gas), for further improvements in terms of emission (compliance with the WLTP standard) and performance, boosting customer satisfaction even more.

With the aim of renewing the entire Porter and Maxxi 4-wheeler range for the European market, Piaggio signed an important deal with China's biggest manufacturer of commercial vehicles, Foton, for the development of a new 4-wheeler commercial vehicle for goods transport.

Besides a considerable increase in specific capacity, comfort and performance, the new vehicle will be developed to meet increasingly stringent type approval standards (crash tests, active and passive protection systems, assisted riding systems...).

The new vehicle will feature a 1,500 cc petrol, petrol/LPG or petrol/CNG engine on single wheel, twin wheel, as well as single cab and double cab versions.

Production start up has been scheduled for September 2020 for the single wheel petrol version, followed by the other versions.

The Full Electric version is also being defined, to meet the ever growing need for vehicles with a low environmental impact.

The range of commercial vehicles offered by Piaggio for the European market focuses on "intracity" mobility, with special attention on limiting fuel consumption and pollutant emission levels; these are fundamental elements for a sustainable transport system, especially in the "last mile" handling and delivery process, which has a direct impact on the quality of life in metropolitan areas and historical centres.

Piaggio has directed its efforts for years to equip its vehicles with alternative fuel engines such as LPG, natural gas and electricity. The availability of these engines has contributed to increasing the number of circulating vehicles that

use cleaner fuels (LPG and CNG) and to the spread of zero-emission electric vehicles. In 1995, Piaggio started selling the Porter with electric engine. Full Electric technology at Piaggio has grown since then, and been consolidated and improved. This technology continues to prove its validity, being not only accessible, reliable and simple, but also ensuring excellent performance both in terms of output power (11 kW@96V) and torque (55 Nm at 1,800 rpm).

In addition to the reduction in emissions, the introduction of environmentally-friendly engines enables Piaggio commercial vehicles to guarantee low environmental impact for goods transport missions in city centres (historical city centres in particular), thanks to their compact dimensions and high transportation efficiency (ratio between transportable weight and total weight on the ground).

| COMPACT SIZE | Ideal solution for mobilityin historical cityEasy to driveReduced dimensions |
|----------------------|---|
| EFFICIENCY | Load capacityModularityCost-effectiveness |
| ENGINES AVAILABLE | – Petrol – LPG – Methane – Electric |

APE ELECTRIC

In December 2019, in New Delhi, the Piaggio Group presented the new Ape E-City, the full-electric version of the iconic Piaggio three-wheeler, marking the Group's entry on the electric commercial vehicles market in India. The Ape has been given a makeover to meet ever-changing individual and commercial mobility needs, through innovative solutions that also respect the environment.

The Ape E-City is an effective response to the growing demand for commercial mobility, in particular for urban transport in India, and to increasing interest in alternative energy sources.

With battery swap technology, a depleted battery can be swapped with a charged one in just a few minutes, thanks to a dedicated "charging network" with specific battery replacement stations, in cities where the vehicle will be sold, developed together with dedicated partners.

The use of this vehicle architecture makes the full-electric version compatible with the current charging infrastructure on the Indian market, which is also gradually developing.

The Ape E-City is produced at the Piaggio Group's Baramati site, in the state of Maharashtra, and is available on the Indian market at a price in line with the natural gas version.

For several months now, the Indian government has adopted a policy supporting electric mobility, in particular for two- and three-wheelers, starting up its FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) scheme. This scheme encourages the purchase of electric or hybrid vehicles, with different subsidies, including a tax cut in the Goods and Services Tax, which corresponds to VAT in Italy, for these vehicles from 12% to 5%.



"Life Cycle Management" in two-wheelers

Although no legislation on recyclability for two-wheelers is currently in force or is planned, the Piaggio Group has taken steps in this direction. The technologies and materials used for the design and construction of the Group's scooters and motorcycles have targeted environmental compatibility and their effective end-of-life disposal since the introduction of the Sfera 50 model (1989). As from 2008, Piaggio has also changed the title blocks of drawings and information in its bills of materials so that materials used in constructing vehicles can be checked and disassembly can be optimised for easier disposal.

Through a partnership with UniFi, the characteristics of recyclability of the MP3 125 Hybrid in accordance with ISO

22628 were analysed. This was achieved by taking apart a real vehicle and registering all of its components. The recyclability rate was 88%, far higher than the limit of 85% set for the automotive industry for category N1 and M1 vehicles.

"Life Cycle Management" in four-wheelers

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

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

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

Piaggio constantly monitors the recyclability and recoverability rates of its vehicles, retaining at all times indicators above 85% and 95% respectively, higher than the limits set out in Directive 2000/53/EC. The Porter MAXXI Multitech Euro 6 pick-up, for example, has a 91.5% recyclability rate and a 96.1% recoverability rate. Piaggio's passion for the environment is also channelled into its commitment to guaranteeing the environmental compatibility of its commercial vehicles, from the design stage until the end of their working life.

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

The recyclability and recovery values for the Porter model, with Euro 6 petrol, GPL and electric engines are given below.

| | MULTITECH EURO6 | MULTITECH GPL EURO6 | EVO |
|-----------------------|----------------------------------|-----------------------------------|----------------|
| Recyclability (Rcyc) | PORTER = 89.47% MAXXI = 91.5% | PORTER = 89.66% MAXXI = 91.45% | PORTER = 91% |
| Recoverability (RCOV) | PORTER = 95.39% MAXXI = 96.1% | PORTER = 95.38% MAXXI = 96.1% | PORTER = 95.8% |

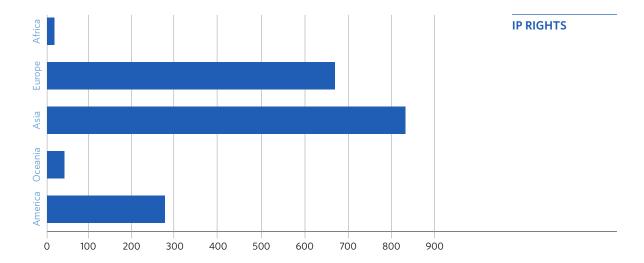
Use of recycled plastics

On all Piaggio Group vehicles, mass-pigmented polypropylene components (floorboard, leg shield back plate, air cleaner, etc.) can be made of recycled materials, at the discretion of the supplier.

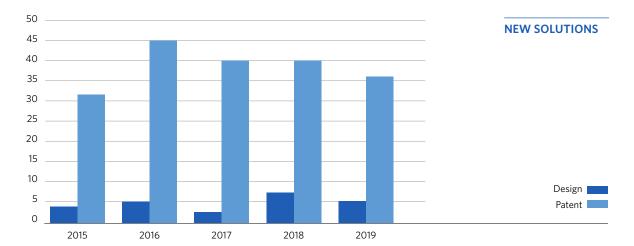
Industrial patent rights

Piaggio's dedication to intensive research and development is reflected in the continual increase in patent applications in countries where the Group operates.

Piaggio has more than two thousand patents worldwide. Many of these concern the tilting three-wheel sector, an area in which the Piaggio Group has always been a pioneer, and in which it intends maintaining its position as industry leader.



In 2019, the number of new patented solutions remained high, confirming the Group's strong focus on intellectual property. Piaggio is one of the leading Italian companies for its number of patented solutions.



Partnerships with universities and research centres

The Piaggio Group is convinced of the importance of exchanging knowledge and ideas, and of the resulting encouragement that can lead to improvements in technologies, methodologies and products. For this reason the Piaggio Group has always been engaged on many fronts to consolidate the synergy between the world of research and its industrial sector. The Group has continual exchange and research initiatives with universities and research centres. The objective of these partnerships has been to support continuing innovation over the last few years through:

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

| ENTITY | PURPOSE OF RESEARCH OR COLLABORATION |
|--|--|
| University of Pisa | Vehicle dynamics, education, European and national projects |
| University of Florence | Passive safety, virtual modelling, European and national Projects |
| University of Bologna | Endothermic engines |
| Polytechnic of Milan | Electronic controls applied to 2R, ICT, European and national projects |
| University of Perugia | Experimental aerodynamics |
| University of Rome IV | National Projects |
| University of Naples | Numerical and experimental fluid dynamics, national projects |
| Fiat Research Centre (CRF) | National projects |
| Hellenic Institute of Transport in Athens (GR) | European projects |
| Austrian Institute of Technology (A) | European projects |
| IK4 CIDETEC (E) | Next-generation batteries, European projects |
| University of Warwick (UK) | Electronic control systems, European projects |
| Czech Tech University of Prague (CZ) | Ergonomics, European projects |
| Ricardo (UK and D) | Endothermic engines, electronic control systems, European projects |
| Idiada (E) | Active and passive safety, European projects |
| University of Trento | ITS, European projects |

Technological antennas (Group Research Centres)

In addition to its external partnerships, the Group has three high-calibre technological flagships: the Piaggio Advanced Design Center in Pasadena (USA), the multiple world champion Aprilia Racing team, engaged in the global challenge represented by the MotoGP, and the Piaggio Fast Forward advanced research centre in Boston.

The Piaggio Advanced Design Center (PADC) aims to shed light on changes in society, lifestyles and urban and metropolitan mobility formulas, developing an international system of skills and research in the sectors of style and product marketing that can generate stimuli and results that can then be developed within a technological environment. Aprilia Racing, one of the most successful and prestigious teams in the world, which has also been involved in MotoGP since 2015, has a relationship with the Innovation unit at the Group Product Development Department which is based on a process of ongoing technical collaboration, engaging in a continuous exchange of ideas and skills.

Piaggio Fast Forward (PFF) is a pioneer in the intelligent movement of people and goods using technologies of an ideal size: larger than aerial drones but smaller than cars and trucks.

The company's mission is to help people move better, further, faster and more enjoyably. PFF creates robots that follow, move alongside or transport people in motion. In the era of artificial intelligence, autonomous machines and interconnected networks, PFF promotes more vibrant cities, getting people and objects from A to B more effectively by exploiting the potential of intelligent vehicles.

The motto of PFF is "autonomy for man", i.e. placing autonomy at the service of humans, as well as promoting greater freedom, pleasure and efficiency in movement.

This is what Piaggio Fast Forward calls "moVibilità" ("MoVability"). PFF designs vehicles like Gita and Kilo to improve and expand human capabilities both at work and during leisure time. The first Piaggio Fast Forward product is the Gita, with sales starting in California in November. Kilo is the "big brother" of Gita; thanks to its larger payload, it is able to carry up to 100 kg in weight in its 120-litre load area. It is incredibly stable thanks to the 3-wheel support. Gita and Kilo are simultaneously practical and fun, functional and beautiful. They are the first in a portfolio of technologies currently under development.

FUNDED NATIONAL AND EUROPEAN PROJECTS

The Piaggio Group promotes funding applications for its own activities at a regional, national and European level, in a nod to the quality of its research. The projects, besides funding research, are a way to engage with partners and suppliers that can identify and develop cutting-edge technologies in the fields of most interest for Piaggio. The following funded projects were implemented in 2019:

ADAMo (Region of Tuscany): aerodynamic research

The project developed an active aerodynamic control system for motorcycles, that can adapt aerodynamic flow based on general operating conditions and target objectives (consumption, safety, comfort, performance). The project ended in August 2019 and the results were presented to the public in October 2019.

C-Mobile (H2020): smart, cooperative transport systems

Trials in real contexts (e.g. Barcelona, Bilbao, Bordeaux, Newcastle, Copenhagen, Thessaloniki) of smart, cooperative transport systems (C-ITS) that are inter-operable and can therefore be used on a wide scale. The project is being coordinated by IDIADA (the Spanish research centre), with the involvement of ERTICO. Piaggio's role is to provide technical support for the testing of C-ITS for motorcycles at the Barcelona site. The project started in 2017. The project is scheduled for completion for the end of 2020.

Safestrip (H2020): road safety based on cutting-edge connectivity and sensors

Development of a low-cost, low energy consumption system based on micro and nano sensors incorporated into the road surface in order to collect information (e.g. on road conditions, environmental parameters, traffic data etc.) and alert car and motorcycle users to potential hazards, through vehicle/infrastructure communication. The project started in March 2017 and will end in 2020.

PIONEERS (H2020): passive protections systems for motorcyclists

The project is being coordinated by IDIADA, with leading manufacturers of protective clothing taking part (including Dainese, Alpinestar, Motoairbag), as well as universities and research centres (University of Florence, Fraunhofer, BASt). Piaggio is involved in the design and development of a vehicle onboard protection system to reduce minor injuries from low-speed, side impact.

The project began in 2018 and will last for 36 months.

Future Radar (H2020): medium/long term research topics

The project is a Coordination and Support action, which aims to provide support to the European Commission in the definition of the guidelines and areas for research in the road transport sector, in view of the upcoming Horizon Europe Framework Programme. Piaggio is involved in the project as the main player for the two-wheeler sector. The project will end in late 2020.

DriveToTheFuture (H2020): the role of motorcycles in cooperative and automated transport

The project aims to analyse the needs, expectations and behaviour of active and passive users in the current mobility and connected, cooperative and automated transport scenario, considering different transport modes (road, rail, water and air).

Piaggio is taking part to define the role of 2-wheelers (opportunities and limits) in this context and is studying alternatives to interaction with automated vehicles, with a particular focus in interfaces for vehicles (HMI). The project started in May 2019

SAFE (CEF): regulations for emergency calls

The "SAFE - After-Market eCall for Europe" project will define the standards and specifications for developing and introducing aftermarket emergency call (eCall) systems for the automotive industry. Piaggio is taking part together with other manufacturers and ACEM, the European Association of Motorcycle Manufacturers, to evaluate the eCall specifications (Technical Standards) defined by the competent European group CEN/WG15 for L category vehicles (including scooters and motorcycles), with testing involving PSAP (Public Safety Answering Points) and alignment of the specifications based on the results obtained. The project is the natural continuation of activities conducted in the L_HeERO project (which ended in March 2018).



Group Objective Research guidelines Funded national and European projects Meeting customer requirements

MEETING CUSTOMER REQUIREMENTS

The Group's vehicles are sold in over 100 nations. Piaggio has its own sales network on main European markets, in America, India and Asia Pacific, while it operates through importers in other areas of EMEA and Africa.

Dealers and their staff represent the main communication channel for managing customers and for conveying the corporate image, assisted by the activities of the Group's Customer Service department. Product quality and customer service in general are the company's top priorities.

Our customers are the testimonials of the quality of our vehicles and together with our brands and know how, are the cornerstones of our business.

Piaggio markets its vehicles mainly by participating in the MotoGP Championships and other competitions, by taking part in industry trade fairs worldwide, and organising test rides and events/rallies promoting the Group's various brands.

To continually improve the quality of its vehicles and perceived comfort, Piaggio has put in place a product development process that is detailed, precise, robust and binding, an outgoing quality audit process that is customer-driven and an effective product and constantly monitors data from the service network on customer issues.

The Group also has dedicated functions, which test the reliability of all new and existing products, from initial design to marketing. Tests are not limited to laboratory testing, but also to dynamic road testing based on different purposing profiles, based on the actual use of vehicles by customers.

Quality systems certification

Achieving and maintaining quality management system certification at global level (ISO 9001:2015 or ISO/TS 16949) is part of the company's shared culture and belongs to all Group employees. The results obtained in terms of product reliability, improving process performance, increasing customer satisfaction (internal and external customers) stem from the fact that all employees pursue quality, customer focus, continual improvement and excellence as part of their everyday activities.

Supply verification/audits

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

New suppliers only become part of Piaggio's "base" after a detailed and positive assessment of their production processes, the products that derive from them and certification of the functions, dimensions and materials described in the project specifications.

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

Suppliers successfully evaluated and included as qualified suppliers may also be subject to process audits in the event of:

- the development of new products;
- the resolution of problems identified during mass production;
- problems reported during the vehicle warranty period.

Audits for new products are scheduled to evaluate the supplier's capacity to manage the processes necessary to manufacture the new product and provide technical support in defining and controlling these processes as and when deemed necessary or as requested.

Audits for consolidated products are performed to solve specific problems identified during production, verify the supplier's capacity to control processes involved in product manufacturing and periodically monitor improvement in services in terms of output/complaints¹², to resolve problems identified under warranty and, finally, to verify the effectiveness of corrective actions taken by suppliers to prevent these problems reoccurring.

¹² Returns, reprocessed, selected, material accepted as an exception.

Quality control of finished products

Piaggio has a comprehensive quality management system to monitor product quality levels in the various stages of the production process and prior to dispatch to the customer. The standard procedures introduced in all Piaggio Group plants enable the constant monitoring of the quality of all vehicles produced, ensuring product standards that fully meet both regulatory and type-approval specifications and the expectations of the end customer. Each vehicle manufactured at Piaggio Group sites is subject to multiple quality controls throughout the assembly process and at the end of the line. In addition, off-line checks are carried out at pre-established intervals by highly qualified and trained personnel, according to procedures and standards defined "with the customer in mind", i.e. with checks that monitor both the aesthetic and functional performance of the vehicle at a static and dynamic level.

Staff select a sample of vehicles each day, from finished/approved products, before these are dispatched to the end customer. These vehicles undergo rigorous road testing, based on a standard check list. Any anomalies detected are classified according to a score based on the severity of the defect and the impact this could have on the end customer. The final quality status compared to the objective status is available for each model. If the objective is not reached, an improvement plan is created to identify and implement the necessary corrective measures.

In the event that serious anomalies are found, an immediate diagnosis is made, based on which the shipments of all vehicles belonging to the batch in question, together with a sample number of vehicles of the previous batch, are evaluated to adopt remedial actions. All vehicles are then carefully rechecked and where necessary, are repaired, before they are approved and subsequently authorised for shipment.

Product traceability

The traceability of the vehicles and their main components is essential in order to enable Piaggio to promptly identify and block or limit batches characterised by presumed and/or observed defects, preventing the sale of potentially defective products on the one hand and implementing any necessary interventions in the field on the other.

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

The system therefore traces all identified components, maintaining records of tests, controls and inspections, certifying product quality in view of the processes it has undergone in the various stages of the production cycle. This makes it possible to identify lots with faulty components on all vehicles involved and, if necessary, take prompt action to protect customers.

Product information

Due to the type of business it does, the Piaggio Group is subject to numerous national and international regulations that govern information on its products, both in the field of advertising communication and in the field of manuals related to each individual vehicle. Piaggio's user and maintenance booklets provide information on how to use the vehicle correctly, while encouraging users to drive in a safe and responsible manner, for instance, by:

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

FORBES RECOMMENDS PIAGGIO BEVERLY, VESPA PRIMAVERA AND VESPA ELETTRICA

The online version of the prestigious US magazine **Forbes** (Lifestyle section) in an article by Josh Max, published in January 2020, recommended five scooters "to drive in 2020" to its international readers, with **three out of five of them from the Piaggio Group**. An amazing endorsement, which is also a recognition of Italian industry. The models are the **Piaggio Beverly 350 Tourer** and **two versions of the Vespa: the Primavera 50 and the Elettrica**. Other scooters in the top five are the Honda PCX 150 and another Italian two-wheeler, the Italiet

Forbes speaks highly of the lines and technology of the new Beverly 350 Tourer, emphasizing the appeal of the "Piaggio MIA" connectivity system, for users to connect their smartphone to their vehicle by Bluetooth, and thanks to a dedicated app, they can record and display a whole host of information about their trip and scooter diagnostics on their phone. Americans have always had a love affair with the Vespa; the Vespa 50 boasts an excellent performance/consumption ratio thanks to its four-stroke engine and appealing riding style.

Forbes' classification also reflects on electric mobility, praising the strengths of the Vespa Elettrica:

"This handsome devil is the electric version of Vespa's Primavera about, motivating with a lithium-ion battery and a 4kW motor "guaranteed" to achieve 62 miles on a single charge".

At the start of the article, Josh Max writes: scooters "they're cheap. They're nimble. They're relatively low maintenance. (Most) everyone thinks they're adorable, rather than a menace. Scooters may not have the gravitas of automobiles and motorcycles, but there's no better way to get to the post office and the grocery store in less than 20 minutes.

Vespa World Club

Since 1946 Vespa has been attracting the attention of its users. Initially spontaneously and later organised and assisted by the parent company, they started to lay the foundations for Vespa Clubs which we still have. Both investments and the number of Vespa Clubs in Italy and around the world are subject to constant growth.

In 2006, the Piaggio Group and the Piaggio Foundation established the Vespa World Club (VWC), a non-profit association, created to oversee the management of Vespa Clubs, to preserve the fleet of vintage Vespas still in circulation and help collectors find and restore vintage scooters and continue to organise rallies and great races in Europe and all over the world, guaranteeing Vespa owners outstanding-quality events.

The Vespa World Club:

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

In 2019, the VWC organised the following events:

- Vespa World Days (world touring rally) in Zanka (Hungary), with more than 5,000 participants;
- the European Vespa Rally:
- the Historical International Vespa Archive.

Group Objective Research guidelines Funded national and European projects Meeting customer requirements

Support was also provided for the organisation of the EUROAPE event, an international touring rally dedicated to APE, and held in Pontedera.

Moto Guzzi World Club

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

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

Today, after 17 years of activity, and in addition to its direct members and 82 recognised clubs in Italy, the Moto Guzzi World Club also boasts:

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

2019 Activities

Over the course of 2019 the Moto Guzzi World Club:

- organised an internationally rally in Patras (Greece), with over 300 vehicles taking part;
- held 2 rallies in Italy, at Borgosesia in May, and at Palermo in June;
- supported various rallies organised by recognised clubs;
- promoted and developed the "Moto Guzzi Vintage and Gentlemen Trophy", a safety regularity race, on 5 Italian circuits, dedicated to vintage motorcycles.

Moto Guzzi Fast Endurance Trophy

The first edition of the Moto Guzzi Fast Endurance Trophy was held from April to October 2019.

The event, organised by FMI, was dedicated to the Moto Guzzi V7 III, fitted out with a special kit created by Guareschi Moto, the long-established dealer considered a specialist in fitting out racing vehicles. The kit featured the windshield, side number plates, handlebar halves, raised floorboards, front mudguard, underpan, front suspensions, rear suspensions, control unit, brake pads and single seat.

5, 1-hour races were held, with teams of 2 riders alternating every 15 minutes.

The race dates were:

Varano de Melegari 14/4
Vallelunga 19/5
Magione 23/6
Adria 1/9
Misano 13/10

25 teams were involved, from all over Italy, and the award ceremony was held at the Piaggio Group stand at EICMA, on 8 November 2019.





THE ENVIRONMENTAL DIMENSION

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| LOGISTICS | |
| | |

"The dream of a better planet begins to become a reality when each of us decides to improve ourselves"

| COMMITMENT | 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES |
|--|---|---|---|--|
| Protecting the environment: | Pontedera Plant: | Pontedera Plant: | Pontedera Plant: | All plants: |
| - Reducing pollutant emissions; - Conserving natural resources. | Decentralisation of furnaces for the production of the required heat 3RV; | Decentralisation of furnaces for the production of the required heat 3RV (lot I); | - Work for the decentralisation of furnaces for the production of the required heat 3RV (lot II) continued; | Evaluation / application of new technologies with lower environmental impact. |
| | Continuation of the process of replacing luminaires with LEDs; | Installation of LED on some assembly lines and in offices; | Continuation of the process of replacing luminaires with LEDs; | |
| | Modification to the project to separate the sewage system and start of works; | Approval to the project to separate the sewage system and start of works; | Definitive separation of the internal sewage system serving the Pontedera production site by building a new sewage system for industrial | |
| | | | painting waste products; | Pontedera Plant: |
| | Reduction of asbestos cement roofs: completion of building 47; | Asbestos cement roofs were decreased: II lot building 47. | Reduction of asbestos cement roofs: lot III buiding 47; | Reduction of asbestos cement roofs: preparations to be made for dismantling 100% of the non-encapsulated asbestos roofs by 2021. |
| | Construction of roofing for waste storage areas. | | Construction of roofing for waste storage areas. | |
| | | | | Mandello Del Lario plant: |
| | Reduction in electricity consumption through the replacement of compressors. | Scorzè Plant: - Compressor replacement completed. | | - Refurbishment of the plant in order to enable virtuous industrial management thereof. |

Piaggio has organised its processes and activities through a management system which focuses on Quality, the Environment and the Health and Safety of Workers, with a view to providing a model of sustainable development that not only guarantees lasting success, but also ensures that the expectations of stakeholders are met (including investors, shareholders, partners, suppliers, the social community and public administration).

Environmental sustainability - understood as the ability to protect and safeguard natural resources, combined with the capacity of the ecosystem to absorb the direct and indirect impacts generated by manufacturing activities - is among the key focal points of Group Policy, as expressed by the company's senior management team. This concept provides the basis for the environmental certification (ISO 14001) process that has already been launched (or is being continued) at the various production sites, and is an essential point of reference for every Group company, wherever they may operate.

The Group has been committed for years now to identifying, reducing, eliminating and/or keeping the environmental impact of our activities and products under control through strict compliance with applicable requirements and the improvement of processes and behaviours.

Specifically, Piaggio seeks to minimise the environmental impact of its industrial activities by carefully defining the product design, the manufacturing technological cycle and by using the best technology and the most modern production methods. Pursuing these objectives generates continual improvement in environmental performance, not only in production but also throughout the product life cycle.

Quantitative data on the mitigation of the environmental impact resulting from the Group's operations are reported on in the sections below.

With these objectives in mind, initiatives and goals for the future focus on the following areas:

- maintaining environmental certification awarded to all production sites;
- reducing energy consumption;
- reducing emissions of CO₂ and other pollutants;

Logistics

- conserving water resources;
- waste handling and recovery;
- absence of soil contamination;
- environmental spending and investments.

VEHICLES PRODUCED

In order to place the data on energy consumption, emissions, water supply and waste management into context, the data relating to the vehicles and engines produced in the various financial years are presented below for comparison. It should be noted that the consumption of resources may differ significantly in accordance with the type of vehicle being produced.

VEHICLES PRODUCED (TWO-WHEELER)

| UNIT | EMEA AND AMERICAS | | | INDIA | ASIA PACIFIC 2W | |
|------------------|-------------------|---------------------|-----------------------|----------------|--------------------|---------|
| | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI 2W | VINH PHUC | TOTAL |
| 2019 | 120,626 | 24,685 | 10,604 | 91,289 | 136,639 | 383,843 |
| 2018 | 125,198 | 31,049 | 6,906 | 96,369 | 117,033 | 376,555 |
| Change 2019-2018 | -3.65% | -20.50% | 53.55% | -5.27% | 16.75% | 1.94% |
| 2017 | 125,246 | 30,441 | 8,617 | 70,660 | 110,305 | 345,269 |

VEHICLES PRODUCED (3/4 WHEELER)

| UNIT | EMEA AND AMERICAS | INDIA | |
|------------------|-------------------|------------------|---------|
| | PONTEDERA | BARAMATI 3-4W | TOTAL |
| 2019 | 6,231 | 205,185 | 211,416 |
| 2018 | 5,799 | 204,802 | 210,601 |
| Change 2019-2018 | 7.45% | 0.19% | 0.39% |
| 2017 | 8,372 | 169,158 | 177,530 |

ENGINES PRODUCED

| UNIT | EMEA AND AMERICAS | INDIA | ASIA PACIFIC 2W | |
|------------------|-------------------|----------|--------------------|---------|
| | PONTEDERA | BARAMATI | VINH PHUC | TOTAL |
| 2019 | 116,377 | 129,051 | 127,421 | 372,849 |
| 2018 | 119,024 | 136,850 | 110,417 | 366,291 |
| Change 2019-2018 | -2.22% | -5.70% | 15.40% | 1.79% |
| 2017 | 138,920 | 98,038 | 115,038 | 351,996 |

The Environmental

Environmental Management System
Environmental certification
Energy consumption
Emissions of CO₂ and other pollutants
Conserving water resources
Waste handling and recovering
Environmental spending and investments
Logistics

ENVIRONMENTAL MANAGEMENT SYSTEM

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

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

ENVIRONMENTAL ORGANISATIONAL STRUCTURE OF ITALIAN SITES OF THE PIAGGIO GROUP

| | ENVIRONMENTAL MANAGEMENT SYSTEM |
|---------------------------|------------------------------------|
| Management Representative | Quality System Manager |
| Management System Manager | General Systems Manager |
| Coordination and control | Environmental Manager |
| Audits | Process Auditor (Internal Auditor) |

The head of the Environmental Management System reports to the representative of the Processes Quality & Cost Engineering Department on the performance of the Management System and about any need for improvement. The Environmental Management System manager, a position held by the General Plants manager, has power of attorney to perform his duties and responsibilities, while Environmental Managers are appointed by the Environmental Management System manager after obtaining approval of their affiliated Manager.

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

ENVIRONMENTAL CERTIFICATION

For several years now, the Piaggio Group has implemented an environmental management system at its sites in Italy, India and Vietnam, in compliance with UNI EN ISO 14001. At the end of 2019, certification was renewed for a further three years for its Italian sites.

ENERGY CONSUMPTION

The aim of the Group is to optimise plant management and minimise energy waste. Energy is procured through leading energy companies whose production is mainly from renewable sources, while energy for the company operating in Holland is sourced entirely from renewable sources.

Although the structure of the company's production sites has been designed to run on fossil fuels, Piaggio is engaged in optimising the management of existing sites to cut consumption. Specifically, when reconfiguring or restructuring plants, the Technology functions carry out evaluations and analysis with a view to introducing machinery and methods that minimise environmental impact.

Having an extensive monitoring network of main energy carriers is important for achieving noticeable results, especially in more complex activities. In this regard, since 2016, the Pontedera site has adopted measures to reduce energy waste, with a smart metering system that can use, observe and compare in real time (with a delay of 3 hours) the consumption recorded by over 90 meters at the site; the technology applied has made it possible reduce consumption by over 17% in three years. Changes in consumption at other Italian sites, which are negligible in quantitative terms compared to the Pontedera site, are due to variations in production volumes and heating system management based on recorded outdoor temperatures.

Consumption and emissions for sites where vehicles and engines are produced are reported separately, below. Data from the Boston research centre, which began manufacturing a small lot of robots for goods' transport in December 2019, have been included in the scope of non-production companies, as the figures are negligible.

PIAGGIO GROUP ENERGY CONSUMPTION

| | | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL SITES |
|------------------------------|------------------|-----------|---------------------|-----------------------|-----------|-----------|-------------|
| | 2019 | 33,210 | 3,750 | 713 | 26,603 | 15,763 | 80,039 |
| Electricity | 2018 | 33,239 | 3,865 | 638 | 28,866 | 14,451 | 81,059 |
| (Thousand KWh) | Change 2019-2018 | -0.1% | -3.0% | 11.8% | -7.8% | 9.1% | -1.3% |
| | 2017 | 35,723 | 3,966 | 699 | 24,789 | 13,558 | 78,735 |
| | 2019 | 5,281,812 | 329,017 | 147,399 | | | 5,758,228 |
| Methane/Natural Gas | 2018 | 5,185,857 | 382,753 | 146,071 | | | 5,714,681 |
| (Sm³) | Change 2019-2018 | 1.9% | -14.0% | 0.9% | | | 0.8% |
| | 2017 | 5,583,383 | 321,669 | 165,087 | | | 6,070,139 |
| | 2019 | | | | 1,740 | 26 | 1,766 |
| CDI 3 (Tan) | 2018 | | | | 1,898 | 20 | 1,918 |
| GPL ¹³ (Ton.) | Change 2019-2018 | | | | -8.3% | 30.0% | -7.9% |
| | 2017 | | | | 534 | 18 | 552 |
| | 2019 | 2,470 | 120 | 20 | 6,745 | 730,902 | 740,257 |
| Diesel fuel ^{13/14} | 2018 | 2,174 | | | 171,617 | 646,584 | 820,375 |
| (Litres) | Change 2019-2018 | 13.6% | | | -96.1% | 13.0% | -9.8% |
| | 2017 | 2,516 | | | 1,629,341 | 610,442 | 2,242,299 |

The Group also operates through commercial companies (distributors and selling agencies) and research centres located on various reference markets. The energy use of these sites cannot always be recorded, as the sites are sometimes located at property which is not owned, where communal services are shared with other occupants. For 2019, their consumption of electricity was estimated to be equal to 883 thousand KWh. Of this amount, 41 thousand KWh is from certified renewable sources.

Starting from this year, all sites have been monitored for consumption, referred to company vehicles and testing and development activities.

FUEL CONSUMPTION FOR TESTING AND COMPANY VEHICLES - 201915

| | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL |
|---------------------------|-----------|---------------------|-----------------------|----------|-----------|---------|
| Petrol (litres) | 268,503 | 79,657 | 41,335 | 160,360 | 91,691 | 641,547 |
| Methane/Natural Gas (Sm3) | 181 | | | | | 181 |
| GPL (Ton) | 114 | | | 6 | | 120 |
| Diesel fuel (Litres) | 57,413 | 39,363 | 6,669 | 175,410 | 3,500 | 282,355 |
| CNG (Ton) | | | | 9 | | 9 |

¹³ Some values are based on estimates.

¹⁴ Data on the Mandello and Noale and Scorzè sites have been finalised for the first time, as the figures were not considered significant in the past.

¹⁵ Some values are based on estimates.

PIAGGIO GROUP ENERGY CONSUMPTION IN GJ¹⁶

| | | ELECTRICITY | METHANE / NATURAL GAS | LPG | DIESEL FUEL | TOTAL |
|-------|------------------|-------------|--------------------------|--------|-------------|---------|
| | 2019 | 288,137 | 224,628 | 81,431 | 26,344 | 620,540 |
| C'1 | 2018 | 294,534 | 222,930 | 88,411 | 29,871 | 635,746 |
| Sites | Change 2019-2018 | -2.2% | 0.8% | -7.9% | -11.8% | -2.4% |
| | 2017 | 285,800 | 236,796 | 25,447 | 81,646 | 629,689 |

| | CNG | PETROL | METHANE / NATURAL GAS | LPG | DIESEL FUEL | TOTAL |
|-------------------------------|-----|--------|--------------------------|-------|-------------|--------|
| Testing and company cars 2019 | 430 | 20,602 | 6 | 5,497 | 10,048 | 36,583 |

EMISSIONS OF CO₂ AND OTHER POLLUTANTS

Greenhouse gases (mainly CO_2) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators.

Structural works (replacement of boilers and restructuring of distribution networks), carried out over time and already described in previous financial statements, show that changes made have been appropriate. In 2019, emissions were basically in line with figures for previous years, with a slight increase mainly related to the increase in production volumes in Vietnam.

DIRECT AND INDIRECT CO, EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES

| TON | | PONTEDERA ¹⁸ | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL |
|------------------|-----------|-------------------------|---------------------|-----------------------|----------|-----------|--------|
| 2019 | direct 17 | 10,598 | 650 | 291 | 1,861 | 2,191 | 15,591 |
| 2019 | indirect | 10,979 | 1,240 | 236 | 21,814 | 13,633 | 47,902 |
| 2010 | direct 17 | 10,335 | 752 | 287 | 2,522 | 1,890 | 15,786 |
| 2018 | indirect | 10,989 | 1,278 | 211 | 23,670 | 9,555 | 45,703 |
| Change 2010 2010 | direct 17 | 2,5% | -13.6% | 1.4% | -26.2% | 15.9% | -1.2% |
| Change 2019-2018 | indirect | -0.1% | -3.0% | 11.8% | -7.8% | 42.7% | 4.8% |
| 2017 | direct 17 | 11,152 | 632 | 324 | 4,358 | 1,815 | 18,281 |
| 2017 | indirect | 11,810 | 1,311 | 231 | 20,327 | 8,963 | 42,642 |

¹⁶ The figures are calculated using conversion standards defined by the GRI guidelines (1,000 m3 of natural gas = 39.01 GJ; 1 Kwh = 0.0036 GJ). For LPG, a standard conversion factor of one kilogram of LPG = 46.1 MJ was used. For diesel fuel, the figure in the Ministry of the Environment 2019 table of national standard parameters was used. For CNG, a standard conversion factor of one ton of CNG = 48.383 GJ was used.

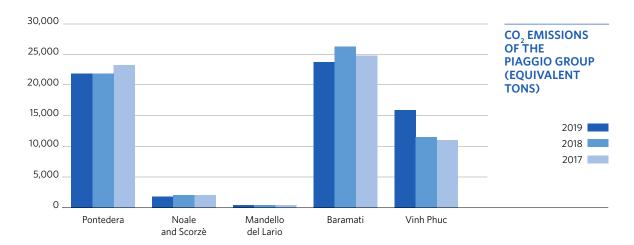
 $^{17 \}quad CO_2$ emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG used at plants.

¹⁸ The figure on direct emissions published last year in the table differs from that later certified by the certification body accredited by the National Competent Authority (ANC), which instead was equal to 10,373 tons.

Vehicles produced Environmental Management System Environmental certification Energy consumption Emissions of CO₂ and other pollutants Conserving water resources Waste handling and recovering

Logistics

Environmental spending and investments



For sites located in Italy, the conversion criteria of the "Emission Trading" Directive (Directive 2003/87/EC) were used to determine gases with a greenhouse effect resulting from the use of diesel, fuel oil and methane.

With reference to CO_2 emissions, the industrial plant at Pontedera comes under the sensitivity area classification of the "Emission Trading" directive (Directive 2003/87/EC) which implements the Kyoto Protocol. The site is classed as a "Group A" site, relative to companies releasing the lowest amount of CO_2 indicated in the Directive.

 ${\rm CO_2}$ emissions are almost entirely due to the combustion of methane, marginally to the combustion of diesel fuel in back-up power generators and extremely small amounts from the combustion of VOCs in the painting post-combuster.

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

 CO_2 emissions at Piaggio's Pontedera site are certified by a certification body accredited by the National Competent Authority in March of each year.

The CO₂ emissions from the use of company cars and from testing and development activities are reported below.

DIRECT CO $_2$ EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES FOR TESTING ACTIVITIES AND COMPANY VEHICLES

| TON | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL |
|------|-----------|---------------------|-----------------------|----------|-----------|-------|
| 2019 | 1,171 | 291 | 115 | 896 | 37 | 2,510 |

Overall, direct emissions of the Group in 2019 were equal to 18,101 tons.

OTHER SIGNIFICANT EMISSIONS AT THE PRODUCTION SITES OF THE PIAGGIO GROUP¹⁹

| | | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL |
|-------------|------------------|-----------|---------------------|-----------------------|----------|-----------|--------|
| 201 | 2019 | 33.8 | | | 425.4 | 2.7 | 461.9 |
| COV (Ton.) | 2018 | 30.8 | | | 601.0 | 3.3 | 635.1 |
| COV (10ff.) | Change 2019/2018 | 9.7% | | | -29.2% | -18.2% | -27.3% |
| | 2017 | 46.1 | | | 433.0 | 4.4 | 483.5 |

In 2019, the reduction in VOC released by the Group's Indian and Vietnamese sites was significant.

¹⁹ Reported data are also based on processing using estimates.

CONSERVING WATER RESOURCES

Piaggio has always recognised the immense value of the natural resources it uses and has developed production processes designed to reduce water consumption. At the Pontedera site, water supply wells have inverters that can regulate system flow rates based on the amount of water required by the hydraulic loop.

WATER SUPPLIES

| M ³ | | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL SITES |
|------------------|----------------------|-----------|---------------------|-----------------------|----------|-----------|----------------|
| | Water from wells | 176,957 | 4,687 | 10,262 | | | 191,906 |
| 2019 | Water from the mains | 63,196 | 13,368 | 552 | 278,334 | 113,898 | 469,348 |
| | Total | 240,153 | 18,055 | 10,814 | 278,334 | 113,898 | 661,254 |
| | Water from wells | 222,973 | 9,288 | 12,775 | | | 245,036 |
| 2018 | Water from the mains | 60,357 | 11,866 | 526 | 321,474 | 129,334 | 523,557 |
| | Total | 283,330 | 21,154 | 13,301 | 321,474 | 129,334 | 768,593 |
| Change 2019-2018 | Total | -15.2% | -14.6% | -18.7% | -13.4% | -11.9% | -14.0% |
| | Water from wells | 252,809 | 17,628 | 7,703 | | | 278,140 |
| 2017 | Water from the mains | 56,641 | 11,294 | 556 | 277,070 | 117,465 | 463,026 |
| | Total | 309,450 | 28,922 | 8,259 | 277,070 | 117,465 | 741,166 |

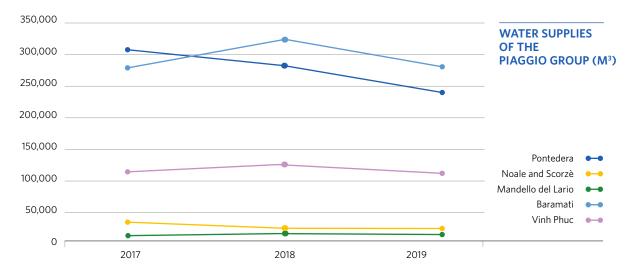
Thanks to actions taken and a mindful approach, water use fell significantly at all production sites.

As regards waste water, environmental respect is ensured with processes to treat and purify waste water. Below we report the destination of waste water produced, estimated to be equivalent to the amount of water supply used, for each production site:

- Pontedera: all industrial and most non-industrial waste water is conveyed to a chemical/physical purification plant
 outside the site. After biological treatment, the waste is discharged into an open channel. A small part of the
 waste-water coming from the toilets located in two areas of the factory, is directly discharged into the public sewer
 system;
- Noale: all buildings are connected to the public sewer system. The waste water is of a non-industrial origin only (from toilets and the site canteen);
- Scorzè: the plant is not served by the public sewer system, so waste water is biologically purified at the site and then conveyed to the local Rio Desolino canal;
- Mandello del Lario: the plant discharges a part of waste water directly into the public sewer system (non-industrial waste water, canteen waste water, etc.), while waters used in the cooling plants are discharged into the Torrente Valletta stream;
- Baramati: waste water is treated and used for irrigation purposes;
- Vinh Phuc: the site has a chemical/physical purification plant for waste from painting pre-treatment operations before it is conveyed to the public sewer systems, where all other site waste (non-industrial waste) is sent. The final destination is in the public sewer system.
- For **Commercial companies**, water use, which is only for toilet facilities and comes from the mains, coincides with waste water. The water use of these sites cannot always be recorded, as the sites are sometimes located at property which is not owned, where communal services are shared with other occupants. Use was estimated to be equal to 15,519 m³ in 2019.

New industrial drains, currently being built, will go into operation at Pontedera in 2020, to entirely separate waste, improving and optimising purification treatments.

Only the Baramati and Vinh Phuc sites re-use some of the water collected. Approximately 173,631 m^3 of water were recycled and re-used by the Indian site in 2019, equal to 62.4% of the total amount drawn by the site. At the Vietnamese factory, waste water recovery amounted to 14,610 m^3/y , equal to approximately 12.8%.



WASTE HANDLING AND RECOVERING

Handling and recovering waste is a fundamental part of the Group's environmental policy.

In this context, Italian sites consolidated their percentages of recovered waste in 2019, with the Mandello del Lario facility recovering nearly all waste produced.

Lastly, it should be noted that the separation of hazardous from non-hazardous waste and the possibility of recovering waste is affected by local regulations.

With the overall amount of waste produced going up considerably, the percentage of hazardous waste and its allocation in the last three years was basically stable.

Based on an analysis per type, most of the waste produced was metal waste (iron, aluminium, turning material, etc.) and packaging material (cardboard, wood, etc.). For example at the Pontedera site, approximately 3,500 tons of packaging and 1,500 tons of metal are produced, with these two categories comprising nearly 80% of waste generated.

WASTE PRODUCED AT PIAGGIO GROUP PRODUCTION SITES

| TON | | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL |
|------------------|---------------|-----------|---------------------|-----------------------|----------|-----------|--------|
| | Total waste | 8,356 | 829 | 249 | 3,054 | 1,267 | 13,756 |
| 2019 | Hazardous | 9.7% | 1.7% | 1.5% | 22.0% | 65.2% | 16.9% |
| 2019 | For disposal | 21.4% | 6.2% | 1.5% | 34.1% | 74.4% | 27.8% |
| | For recycling | 78.6% | 93.8% | 98.5% | 65.9% | 25.6% | 72.2% |
| | Total waste | 6,488 | 882 | 172 | 2,366 | 1,430 | 11,338 |
| 2018 | Hazardous | 11.1% | 1.6% | 2.7% | 11.9% | 75.6% | 18.5% |
| 2018 | For disposal | 5.5% | 5.3% | 2.7% | 8.0% | 66.4% | 13.6% |
| | For recycling | 94.5% | 94.7% | 97.3% | 92.0% | 33.6% | 86.4% |
| Change 2019-2018 | Total | 28.8% | -6.0% | 45.0% | 29.1% | -11.4% | 21.3% |
| | Total waste | 5,928 | 975 | 196 | 1,639 | 1,017 | 9,754 |
| 2017 | Hazardous | 12.2% | 1.6% | 2.6% | 18.1% | 70.9% | 18.0% |
| | For disposal | 5.1% | 1.9% | 1.9% | 17.1% | 79.3% | 14.4% |
| | For recycling | 94.9% | 98.1% | 98.1% | 82.9% | 20.7% | 85.6% |

PLASTIC-FREE

During 2019, the Italian sites of Pontedera, Noale and Scorzè started a project for the gradual phase-out of plastic in their canteens. Free beverage dispensing machines have been installed at these canteens, with free water and non-alcoholic beverages for users, dispensed in biodegradable cups that are now disposed of as biodegradable waste. This initiative, which will make it possible to eliminate 455,000 plastic bottles a year, has involved local waste collection companies, with an agreement made on the type of material for the cups, and cleaning companies, who have been informed on how to dispose of waste in the dedicated bins. Plus coloured bins have been put next to dispensing machines, for sorted waste collection. Lastly, electric hand-dryers have been installed at 2 units of the Pontedera site, in order to reduce paper use.

Avoiding soil contamination

In 2019, as in previous years, no spills or polluting events of significance occurred at any of Piaggio's sites. At the Mandello and Pontedera, decontamination initiatives are under way due to historic contaminations of the sites. These situations emerged during demolition work in Mandello and during environmental monitoring campaigns in Pontedera. In both cases, the pollutants found have not been used in the production sites for several decades, providing the historical nature of their origin. In accordance with legal obligations, the two situations have been reported to the relevant authorities and managed according to their instructions.

The Environmental

Vehicles produced Environmental Management System Environmental certification Energy consumption Emissions of CO₂ and other pollutants Conserving water resources Waste handling and recovering Environmental spending and investments Logistics

ENVIRONMENTAL SPENDING AND INVESTMENTS

As proof of the Group's commitment to environmental sustainability, investments were made for the environment at Italian sites during 2019, above all for the start of the project to develop the new cataphoresis plant and the new industrial drains system.

ENVIRONMENTAL SPENDING AND INVESTMENTS IN ITALY

| EURO | 2019 | 2018 | 2017 |
|---|-----------|-----------|-----------|
| Waste disposal, emissions management and and environmental clean-up costs | 669,950 | 465,282 | 523,338 |
| Costs for prevention and environmental management | 980,718 | 738,422 | 828,334 |
| Total | 1,650,668 | 1,203,704 | 1,351,672 |

LOGISTICS

The Group has consolidated its logistics model aimed at benefiting from the synergies among various distribution centres in Europe and identifying opportunities for optimisation, paying particular attention to service quality aspects. To optimise distribution the model calls for targeted management of departures and routes to travel.

The procedure also disciplines:

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

To reduce transfer needs to a minimum the model requires manufactured vehicles to be stored at the distribution hub adjacent to the production site and that imports of vehicles manufactured overseas are stored at the distribution hub corresponding to the product type.

Thanks to centralised management of all logistics centres (Pontedera, Scorzè, Mandello):

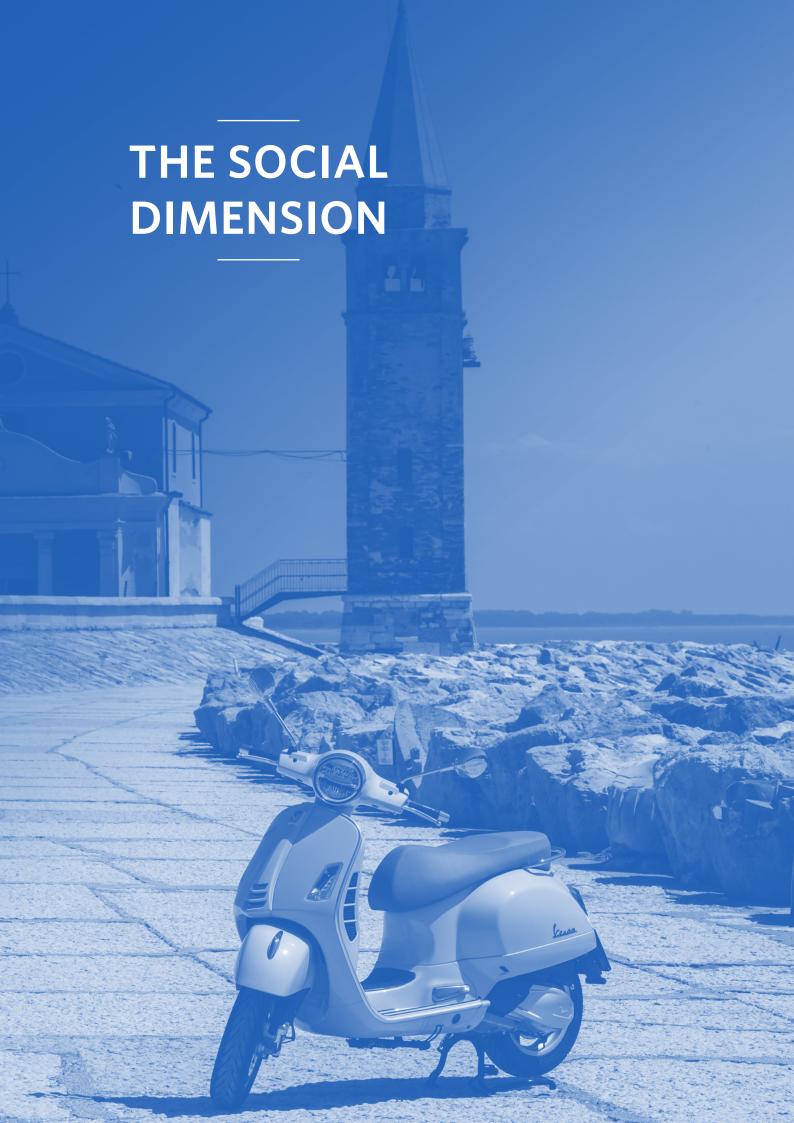
- the number of trips needed to transfer stock between centres has been optimised;
- the use of electronic archives for storing shipment documents has been consolidated and paper copies reduced;
- printing of shipping documents to be sent to end customers has been minimised, and electronic documents are used whenever possible.

As part of vehicle distribution activities (for the contract valid for 2017-2019), the strategy to improve operating activities already underway continued. These activities led to an optimisation in vehicle distribution in 2019, by 1.73% for two-wheelers and 0.47% for commercial vehicles respectively, compared to 2018. As for the new vehicle distribution contract, stipulated for the 2020-2022 period, the planning of transport to directly managed markets was re-insourced. The utmost attention will be paid to distribution operations, in this scenario.

As part of activities to streamline the distribution warehouses at the Pontedera production hub, the crating process was reviewed, with vehicles only being crated during the dispatch stage. This has made it possible to combine the uncrated and crated vehicle warehouses, and since April 2019, all transit of crated vehicles to the external warehouse has been stopped, with this warehouse no longer used. The same crating strategy has also been adopted for scooters arriving from overseas (excluding units from India), thus reducing the transit necessary for these vehicles in Europe. Activities have started to have paperless transport documents as far as possible so that hard copy documents can be nearly entirely phased out.

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





THE SOCIAL DIMENSION

| DEVELOPING HUMAN RESOURCES | 105 |
|--|-----|
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| PERSONNEL MANAGEMENT POLICIES | |
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| RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN | 123 |
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| CHARITY ACTIVITIES AND SPONSORSHIPS | 132 |

"Behaving well and respecting the dignity of people and pursuing the common good is good for business. There is always a link between what we do and a business, and between what we do and the future of a business".

Interview with Pope J. Bergoglio - Sole 24 Ore 7 September 2018.

Developing human resources
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Supporting local communities
Charity activities and sponsorships

| COMMITMENT | 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES |
|---------------------|---|--|---|---|
| Skills model | Updating of skills for the Sales area. Periodic monitoring of competencies, gap analysis and the definition of a corrective action plan. | Updating of the Job profile in the Sales & Marketing area. Gaps with target levels checked, and training proposals for 2019 made, together with the Training Unit. | - Review of the technical and managerial skills model, from a "Digital" and Industry 4.0. viewpoint. | – Verification and alignment of skills within the strategic plan requirements. |
| Talent management | Training session for people involved. Creation of work teams by geographic area, to develop inter-functional projects. Use of an IT platform to support group activities and development tools to develop professional and managerial skills. | High-level training sessions delivered as part of the talent programme. Set up of a digital workplace for resources in the talent programme, to facilitate interfunctional project sharing. | Go-live of the "development tool" with individual / group activities Start up of a "Top Talent" project to identify top performers. | Development of innovative training activities following the Piaggio Academy approach. Assessment of proposed development tools and analysis of results for continuous improvement. |
| Succession Planning | Risk mapping at a global level. Identification of senior manager replacements. Definition of the succession plan. | - Mapping of critical roles at a global level. | - Updating of mapping in line with organisational changes. | - Continuous updating of the Succession planning process to reflect organisational and business developments. |
| Training | Prepare an effective managerial training proposition, aligned with the Group's objectives for global development. | A global need analysis methodology was adopted for the managerial and technical, specialist competencies model, differentiated for each role in relation to the local context. Technical/specialist training, which increased, was aligned with strategies indicated by management. | Create Managerial Training Corporate Programmes applicable worldwide. Maintain the occupational health and safety training level, with a view to disseminating "Safe behaviour". | - Consolidate tools for sharing methods to manage and develop training at a global level. |
| Health and safety | Implementation of the third stage of the SAP EHSM project. Alignment of the health and safety management system with the new ISO 45001 standard. | Completion of requirements analysis. Renewal of health and safety management system certification to the new ISO 45001 standard. | UAT ²⁰ and go-live planned for the third stage of the project. Maintenance of health and safety management system certification to the new ISO 45001 standard. | - Promotion of a "culture of safety". |

20 User Acceptance Testing.

Developing human resources
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Supporting local communities
Charity activities and sponsorships

DEVELOPING HUMAN RESOURCES

Human resources, with their skills, capacities and dedication, are a key factor in Piaggio's competitiveness and growth. Everything we do as individuals or as a team is shaped by our strategic vision, our results-driven approach, our constant commitment to customer satisfaction, our desire for innovation and our awareness of future market scenarios, to generate value for each and every stakeholder. People are the key element that enables us to meet challenges in an increasingly dynamic and competitive international scenario.

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

STAFF

Over the years, the Group has always focussed on aligning its organisation with international best practices. During 2019, it continued reorganisation activities to support its goals of achieving business growth, innovation and developing new products, while maintaining efficiency and productivity targets.

As of 31 December 2019, Group employees totalled 6,222, down overall by 4.5% compared to 31 December 2018.

COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

| EMPLOYEE/STAFF NUMBERS | 2019 | 2018 | 2017 |
|------------------------|-------|-------|-------|
| EMEA and Americas | 3,483 | 3,586 | 3,682 |
| of which Italy | 3,199 | 3,324 | 3,444 |
| India | 1,749 | 2,026 | 2,090 |
| Asia Pacific 2W | 990 | 903 | 848 |
| Total | 6,222 | 6,515 | 6,620 |

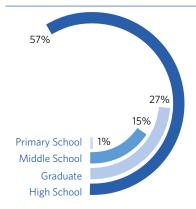
AVERAGE NUMBER OF COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY

| EMPLOYEE/STAFF NUMBERS | 2019 | 2018 | 2017 |
|------------------------|-------|-------|-------|
| Senior management | 105 | 98 | 96 |
| Middle management | 671 | 631 | 593 |
| White collars | 1,728 | 1,708 | 1,728 |
| Blue collars | 3,920 | 4,261 | 4,251 |
| Total | 6,424 | 6,698 | 6,668 |

COMPANY EMPLOYEES BY EDUCATIONAL QUALIFICATIONS AS OF 31 DECEMBER 2019

| EMPLOYEE/STAFF NUMBERS | GRADUATE | HIGH SCHOOL | MIDDLE SCHOOL | PRIMARY SCHOOL | TOTAL |
|------------------------|----------|----------------|------------------|-------------------|-------|
| EMEA and Americas | 777 | 1,718 | 946 | 42 | 3,483 |
| of which Italy | 593 | 1,636 | 933 | 37 | 3,199 |
| India | 549 | 1,200 | 0 | 0 | 1,749 |
| Asia Pacific 2W | 365 | 623 | 2 | 0 | 990 |
| Total | 1,691 | 3,541 | 948 | 42 | 6,222 |

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Charity activities and sponsorships



COMPANY EMPLOYEES BY EDUCATIONAL QUALIFICATIONS AS OF 31 DECEMBER 2019

An entry turnover rate of 5% and leaving turnover rate of 8.3% were recorded for the Group in 2019 (excluding staff on a fixed-term contract).

GROUP EMPLOYEE TURNOVER AS OF 31 DECEMBER 2019

| STAFF AS OF 31 DECEMBER 2019 | | MEN | WOMEN | TOTAL | < 31 | 31-40 | 41-50 | > 50 | TOTAL | % Turnover |
|--|-------|-----|-------|-------|------|--------|-------|------|-------|---------------|
| | | | | | | INCOMI | NG | | | |
| EMEA & Americas | 3,460 | 113 | 33 | 146 | 74 | 34 | 25 | 13 | 146 | 4.2% |
| Senior Management/Middle Management/White Collars | 1,462 | 112 | 33 | 145 | 73 | 34 | 25 | 13 | 145 | 9.9% |
| Blue collars | 1,998 | 1 | | 1 | 1 | | | | 1 | 0.1% |
| India | 1,277 | 106 | 3 | 109 | 36 | 62 | 10 | 1 | 109 | 8.5% |
| Senior Management/Middle Management/White Collars | 668 | 98 | 3 | 101 | 28 | 62 | 10 | 1 | 101 | 15.1% |
| Blue collars | 609 | 8 | | 8 | 8 | | | | 8 | 1.3% |
| Asia Pacific | 600 | 9 | 5 | 14 | 5 | 8 | 1 | 0 | 14 | 2.3% |
| Senior Management/Middle Management/White Collars | 258 | 8 | 5 | 13 | 5 | 7 | 1 | | 13 | 5.0% |
| Blue collars | 342 | 1 | | 1 | | 1 | | | 1 | 0.3% |
| TOTAL | 5,337 | 228 | 41 | 269 | 115 | 104 | 36 | 14 | 269 | 5.0% |
| Senior Management/Middle Management/White Collars | 2,388 | 218 | 41 | 259 | 106 | 103 | 36 | 14 | 259 | 10.8% |
| Blue collars | 2,949 | 10 | 0 | 10 | 9 | 1 | 0 | 0 | 10 | 0.3% |
| | | | | | | LEAVER | RS | | | |
| EMEA & Americas | 3,460 | 203 | 56 | 259 | 21 | 36 | 24 | 178 | 259 | 7.5% |
| Senior Management/Middle Management/White Collars | 1,462 | 111 | 21 | 132 | 20 | 34 | 22 | 56 | 132 | 9.0% |
| Blue collars | 1,998 | 92 | 35 | 127 | 1 | 2 | 2 | 122 | 127 | 6.4% |
| India | 1,277 | 135 | 5 | 140 | 33 | 64 | 30 | 13 | 140 | 11.0% |
| Senior Management/Middle Management/White Collars | 668 | 114 | 5 | 119 | 23 | 56 | 29 | 11 | 119 | 17.8% |
| Blue collars | 609 | 21 | | 21 | 10 | 8 | 1 | 2 | 21 | 3.4% |
| Asia Pacific | 600 | 31 | 13 | 44 | 17 | 22 | 5 | 0 | 44 | 7.3% |
| Senior Management/Middle Management/White Collars | 258 | 11 | 9 | 20 | 5 | 10 | 5 | | 20 | 7.8% |
| Blue collars | 342 | 20 | 4 | 24 | 12 | 12 | | | 24 | 7.0% |
| TOTAL | 5,337 | 369 | 74 | 443 | 71 | 122 | 59 | 191 | 443 | 8.3% |
| Senior Management/Middle Management/White Collars | 2,388 | 236 | 35 | 271 | 48 | 100 | 56 | 67 | 271 | 11.3% |
| Blue collars | 2,949 | 133 | 39 | 172 | 23 | 22 | 3 | 124 | 172 | 5.8% |
| | | | | | | | | - | | |

Developing human resources
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PERSONNEL MANAGEMENT POLICIES

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

The primary focus on human resources and the development of core competencies for business development are the cornerstone of relationships with people and are reflected in the following corporate policies:

Competitive organisation

The Group pursues an innovative organisation as a way of creating a competitive edge and supporting a multicultural, multinational, lean dimension focussed on the customer and on generating value.

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

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

Recruitment and internal mobility

During 2019, resourcing mainly concerned high-level professional and specialist profiles. Recruitment is now fully supported by digital tools, so that a common methodology can be adopted at a global level.

Alongside external recruitment, the number of positions filled by internal candidates has remained steady, with a view to job rotation and career development.

Career development

Development and career paths at Piaggio are mainly based on the assessment of managerial and technical skills, behaviour, performance and potential, with the aim of creating a pool of highly-motivated individuals to fill key positions. The development of the core skills necessary to remain in step with evolving markets and business is a priority. This is why the Group's human resources development policies focus on building, maintaining and developing factors that are instrumental for competing in international contexts which are continually evolving.

The Group's managerial and professional competencies model

Piaggio has identified a managerial skills model, which constitutes the set of behaviours to be put into practice each day, in order to ensure the success of the manager in question and the Group as a whole at global level.

At the same time, Piaggio has developed a reference model regarding the various professional skills required, which represent the shared assets of professionalism and expertise that constitute the true foundation of the company, and serve as the only real guarantee of continuity and quality of results.

In 2019, detailed gap analysis was conducted, in order to set up training and continual professional development plans.

Charity activities and sponsorships

THE GROUP'S MANAGERIAL COMPETENCIES MODEL



Development paths

The goal of development tools is to build and improve the managerial and professional skills required by the respective models, while bringing potential to fruition and assessing and rewarding excellent performance and safeguarding specific technical know-how. Specifically, the tools used by Piaggio include:

- development plans, which identify the actions to be taken for employee development;
- job rotation and participation in strategic or international projects;
- management and professional training (see "Training" section);
- the talent management programme for younger employees (see the "talent management" section).

During 2019, the development measures pursued by the company were consolidated, in order to reinforce the Group's international presence and its growth in keeping with strategic business choices. With a view to efficiency and a greater autonomy in managing talented resources, training was delegated to individual affiliates, to give emphasis to specific needs at local level.

Career paths

Resources are encouraged to follow a career path focussed on continual improvement through training and development of their expertise, so they can successfully tackle the changes and challenges of the near future.

Performance appraisal processes for succession planning are created to develop the technical expertise and managerial skills of resources, in order to consolidate the Group's leadership role. Expatriation and job rotation, plus Talent Development programmes are key to encouraging the growth of resources and laying the foundations for shaping the managers of tomorrow.

In line with market best practices, Piaggio deploys a number of tools for the supervision and management of succession plans with regard to key Group positions, and in 2019, the Group used the global IT platform to test the methodology implemented, which also takes into account the skills and performances recorded each year.

Evaluation

The Group places great importance on using transparent criteria and methods for reviewing employees with respect to:

- performance,
- managerial and professional competencies and language skills,
- international mobility,
- potential.

as regards their specific role and company needs.

Charity activities and sponsorships

Both the evaluator and the person being evaluated are given the opportunity to share the result of the performance and skills assessment, and to add to this with suggestions for the establishment of the individual development and training path, to be implemented in accordance with a clearly defined time scale through the dedicated SAP SuccessFactors IT platform.

Employees are evaluated by comparing their competencies against the company model for their specific role, as evidenced by concrete and observable behavioural indicators relative to their everyday work. The review process is managed in an integrated way through a dedicated IT platform and provides the information necessary for the processes of succession planning, management reviews and a gap analysis of professional competencies, which are conducted across the Group.

PERCENTAGE OF EMPLOYEES WHO RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEWS IN 2019²¹

| GEOGRAPHIC SEGMENT | EMEA&AMERICAS | OF WHICH ITALY | ASIA PACIFIC 2W | INDIA |
|--------------------|---------------|----------------|-----------------|-------|
| Senior management | 100% | 100% | 100% | 100% |
| Middle management | 100% | 100% | 100% | 100% |
| White collars | 100% | 100% | 100% | 100% |
| Blue collars | - | - | 100% | - |

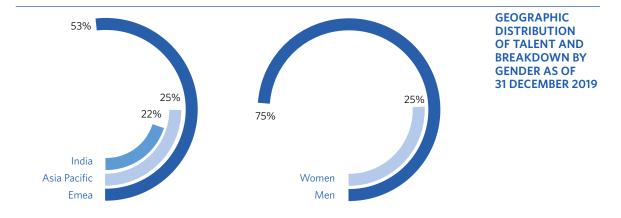
Talent Management: The talent development programme

Programmes to manage young talent are one of the main tools used for development, attraction and retention. The programmes are aimed at employees around the world who show a high potential, great enthusiasm for their work and the courage to undertake new paths, in order to identify and ensure a growth path for the most deserving resources. In general, these programmes allow talented employees to access customised development plans, which comprise:

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

The programmes include Piaggio Way, which involves employees of all geographic areas of the Group. At present 51 employees are involved, in addition to a community of 50 students who have completed their development plan and who still remain active in the programme.

The geographic breakdown of active participants is as follows: 53% EMEA, 22% India, 25% Asia Pacific. A structured Talent Review process is conducted each year to verify programme participation.



²¹ The figures regard members of the company who have been employed for at least six months at the time of the review.

Training

Training hours are in line with the previous year, when a specific training and continuing professional development campaign was started for all Italian employees on health and safety, which is the most significant area in terms of undertaking. Technical/professional training in Europe and America increased considerably, besides managerial and language training in Asia.

HOURS OF TRAINING²² BY TRAINING AREA

| THEMATIC AREA | | | | 2019 | | | | 2018 |
|-----------------------------------|------------------|--------|--------------------|--------|------------------|--------|--------------------|--------|
| | EMEA AMERICAS | INDIA | ASIA PACIFIC 2W | TOTAL | EMEA AMERICAS | INDIA | ASIA PACIFIC 2W | TOTAL |
| Managerial training | 7,379 | 7,428 | 3,185 | 17,992 | 5,685 | 11,942 | 1,371 | 18,998 |
| Technical - professional training | 18,566 | 5,123 | 1,218 | 24,907 | 12,218 | 7,110 | 4,166 | 23,494 |
| Language training | 5,367 | 928 | 2,896 | 9,191 | 4,616 | - | 132 | 4,748 |
| Health and safety training | 22,902 | 10,262 | 4,688 | 37,852 | 29,418 | 8,674 | 3,059 | 41,151 |
| TOTAL | 54,214 | 23,741 | 11,987 | 89,942 | 51,937 | 27,726 | 8,728 | 88,391 |

TOTAL TRAINING HOURS BY PROFESSIONAL CATEGORY

| PROFESSIONAL CATEGORY | 2019 | 2018 |
|--------------------------------|--------|--------|
| Senior management | 982 | 1,466 |
| Middle management | 12,007 | 12,100 |
| White collars | 29,464 | 36,724 |
| Blue collars | 37,712 | 36,434 |
| Other workers ²³ | 9,777 | 1,667 |
| Total | 89,942 | 88,391 |
| Total per-capita ²⁴ | 12.9 | 13.3 |

TRAINING HOURS BY GENDER

| THEMATIC AREA | 2019 201 | | | | | | | | |
|-----------------------------------|----------|--------|--------|--------|--------|--------|--|--|--|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | | | |
| Managerial training | 14,578 | 3,414 | 17,992 | 16,368 | 2,630 | 18,998 | | | |
| Technical - professional training | 20,240 | 4,667 | 24,907 | 18,353 | 5,142 | 23,494 | | | |
| Language training | 6,807 | 2,384 | 9,191 | 2,977 | 1,771 | 4,748 | | | |
| Health and safety training | 30,719 | 7,133 | 37,852 | 31,343 | 9,808 | 41,151 | | | |
| Total | 72,344 | 17,598 | 89,942 | 69,041 | 19,351 | 88,391 | | | |

 $^{22\,\,}$ The figure does not include hours of on-the-job training.

²³ This category includes agency workers and interns.

The calculation of the average per-capita hours is performed using the hours provided by the Group as the numerator (excluding those for non-salaried workers) and the total number of employees as of 31/12 as the denominator.

Rewards

Reward policies are designed to reward individuals and recognise their contribution to the company, according to the criteria of competitiveness, fairness and meritocracy, which are openly shared throughout the evaluation processes, in order to motivate and retain those individuals who make significant contributions to the achievement of business results.

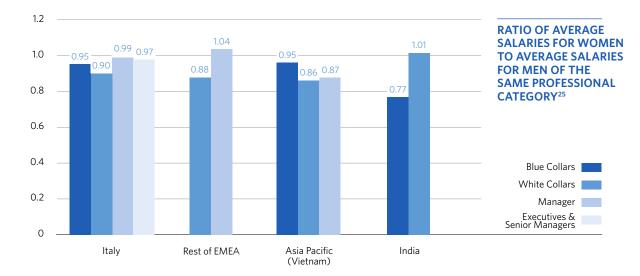
The Group reward system is differentiated for the various professional groups in the company, and consists of a fixed salary component and variable objective- and benefits-based incentive systems.

Salary packages

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

- comparing salaries with market benchmarks, considering the market positioning of the company as a whole and the review of individual organisational roles, which is periodically revised. Comparisons are conducted using internationally-recognised methods, with the support of specialist consultants;
- setting out guidelines for the salary review process that take into account company results and focus on criteria of meritocracy, competitiveness, internal fairness and sustainability;
- specific identification of fixed and variable salary components, in accordance with guidelines, with meritocracy logics and retention needs relative to strategic resources for the business.

An analysis performed on a single country basis did not reveal any significant differences between the basic salary and remuneration of men compared to women with the same category, experience and assigned duties. This basic uniformity in salaries for male and female staff is also confirmed by analysis of the minimum salary of new recruits and guaranteed compliance with limits of local legislation.



Objective-based incentive systems

The achievement of excellent results in terms of objectives set by the company is rewarded through variable incentive systems, focused on business-related qualitative and quantitative objectives as well as on the internal efficiency of each area of responsibility.

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

 $^{25 \ \} Categories \ not \ reported in \ individual \ geographic segments \ do \ not \ have \ any female \ employees \ or \ their \ small \ number \ would \ make \ the \ calculation \ in significant.$

Benefits

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

- company car;
- private health insurance;
- company medical centre at various sites;
- agreements with local groups and facilities of interest for employees.

Benefits are provided to full-time as well as to part-time employees without differentiation.

Diversity and equal opportunities

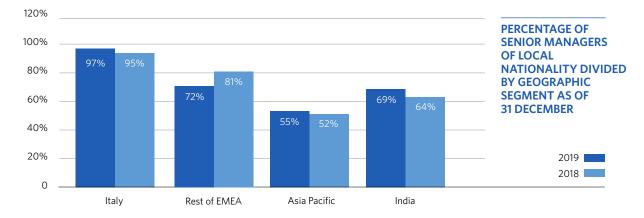
Piaggio operates globally with a diversity of employees, in terms of age and gender, in Europe, the Americas and Asia. Staff diversity represents values and opportunities arising from various different ways of pursuing and achieving the highest levels of performance within a single, broader Group organisational design.

Managing diversity for Piaggio means recognising and respecting differences in the context of a common company culture, so the Group rejects any form of discrimination on the basis of gender, age, nationality, ethnic background, ideology or religion. It operates in strict compliance with law and with contractual requirements, and in keeping with the customs, practices and usages of each country in which Piaggio operates.

The Group's concrete commitment to embracing diversity is reflected by its adoption of a Code of Ethics, conformity to international laws on equal opportunities and use of policies that protect forms of diversity already found within the company. The Group seeks to spread its culture and values throughout the world through shared digital platforms (company intranet and tools supporting the work of HR such as the Success Factor, Piaggio Global Training), with a view to creating the conditions for promoting an international mindset and a building a truly multinational organisation, in which all employees can benefit from equal opportunities.

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

Piaggio selects and hires its staff based solely on the candidates' characteristics and experiences and the requirements of the position. As shown in the graph below(²⁶), Piaggio promotes and supports the recruitment of candidates from many parts of the world, to contribute to the international mindset that is a key value for the Group.



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

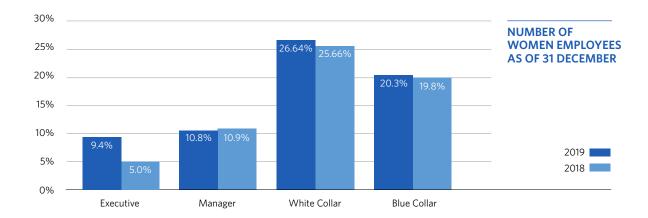
Female employment

Female employees at Piaggio play a fundamental role at all levels of the organisational structure. Their presence, which is equal to 20.8%, is in line with the previous year, with an increase in white-collar and managerial positions.

²⁶ Figures include senior managers, first- and second-level executives reporting to top management at Piaggio & C SpA, and the first- and second-level executives of subsidiaries. The term local refers to the national level and local senior managers means senior managers with nationality the same as the country where they work.

COMPANY EMPLOYEES BY GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

| | | 2019 | | 2018 |
|-------------------|-------|-------|-------|-------|
| | MEN | WOMEN | MEN | WOMEN |
| EMEA and Americas | 2,397 | 1,086 | 2,474 | 1,112 |
| of which Italy | 2,179 | 1,020 | 2,271 | 1,053 |
| India | 1,717 | 32 | 1,971 | 55 |
| Asia Pacific | 810 | 180 | 749 | 154 |
| Total | 4,924 | 1,298 | 5,194 | 1,321 |



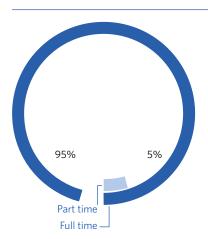
COMPANY EMPLOYEES BY CONTRACT TYPE, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2019

| EMPLOYEE/STAFF | | FIXED-TE | RM CONTRACT | OPEN-ENDED CONTRACT | | | |
|-------------------|-----|----------|-------------|---------------------|-------|-------|--|
| NUMBERS | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | |
| EMEA and Americas | 17 | 6 | 23 | 2,380 | 1,080 | 3,460 | |
| of which Italy | 17 | 5 | 22 | 2,162 | 1,015 | 3,177 | |
| India | 466 | 6 | 472 | 1,251 | 26 | 1,277 | |
| Asia Pacific | 318 | 72 | 390 | 492 | 108 | 600 | |
| Total | 801 | 84 | 885 | 4,123 | 1,214 | 5,337 | |

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

COMPANY EMPLOYEES BY PROFESSION, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2019

| EMPLOYEE/STAFF | FULL TIME | | | | | | | |
|-------------------|-----------|-------|-------|-----|-------|-------|--|--|
| NUMBERS | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | | |
| EMEA and Americas | 2,390 | 916 | 3,306 | 7 | 170 | 177 | | |
| of which Italy | 2,172 | 853 | 3,025 | 7 | 167 | 174 | | |
| India | 1,717 | 32 | 1,749 | 0 | 0 | 0 | | |
| Asia Pacific | 810 | 180 | 990 | 0 | 0 | 0 | | |
| Total | 4,917 | 1,128 | 6,045 | 7 | 170 | 177 | | |



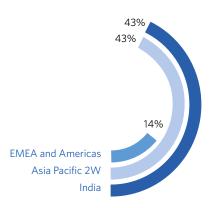
PART-TIME EMPLOYMENT IN ITALY AS OF 31 DECEMBER 2019

Young employees

Within the Group, the company's largest population is in the 41-50 age group. The generational mix is essential for more experienced workers, who can set an example and pass on skills and abilities learned over time, to impart their knowledge to younger employees.

COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE BRACKET AS OF 31 DECEMBER

| EMPLOYEE/ST/ | AFF NUMBERS | UP TO 30 | 31-40 | 41-50 | > 50 | TOTAL |
|--------------|-------------------|----------|-------|-------|-------|-------|
| | Senior management | 0 | 9 | 35 | 62 | 106 |
| 2019 | Middle management | 4 | 197 | 280 | 186 | 667 |
| | White collars | 287 | 584 | 471 | 366 | 1,708 |
| | Blue collars | 910 | 733 | 1,252 | 846 | 3,741 |
| | Total | 1,201 | 1,523 | 2,038 | 1,460 | 6,222 |
| | Senior management | 0 | 8 | 31 | 61 | 100 |
| | Middle management | 5 | 189 | 274 | 172 | 640 |
| 2018 | White collars | 265 | 607 | 494 | 372 | 1,738 |
| BI | Blue collars | 1,162 | 711 | 1,258 | 906 | 4,037 |
| | Total | 1,432 | 1,515 | 2,057 | 1,511 | 6,515 |



COMPANY EMPLOYEES UP TO 30 YEARS OF AGE BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2019

Parental/maternity leave

Our companies apply laws passed by pertinent national legislation.

The Group does not discriminate in any way against women who take maternity leave. Indeed, to support work-child care balance, a horizontal part-time contract has been granted to 181 employees in Italy. In addition, as further support for work-life balance, employees at the Pontedera site can benefit from an agreement for childcare support (see the Industrial Relations section).

As demonstration of the above, the following information has been provided for the companies where the phenomenon is more numerically significant²⁷.

| | EMEA & AMER | ICAS (INCLUI | DING ITALY) | | | |
|---|-------------|--------------|-------------|--------|--------|--------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Employees on maternity leave during 2019 | 25 | 12 | 37 | 106 | 34 | 140 |
| Employees returning in 2019 after maternity leave | 25 | 18 | 43 | 87 | 32 | 119 |
| Employees returning in 2018 after maternity leave | 25 | 20 | 45 | 94 | 29 | 123 |
| Employees returning to work and on the payroll 12 months after returning from maternity leave | 24 | 19 | 43 | 82 | 26 | 108 |
| Retention rate (%) | 96.00% | 95.00% | 95.56% | 87.23% | 89.66% | 87.80% |

Engagement and dialogue with staff

The Piaggio Group's internal communication guidelines are designed to keep employees informed with regard to business performance and prospects, bringing them closer to top management strategies.

The system is based on the conviction that sharing strategic objectives with every employee is a key factor to success. Piaggio uses communication and information tools which respect and empower the social and cultural realities within the Group.

In particular, in Italy there is an active national intranet portal, "PiaggioNet", which provides information on the Group, with company news and the latest on the product ranges of the various brands, as well as a range of staff services (e.g. online coupons, transfer management, manuals/internal procedures, Piaggio Global Training platform and direct access to the online company publication Wide Piaggio Group Magazine, which is also published on the Group's websites, is updated on a continual basis and available in Italian and English versions). Through specific intranet stations ("Piaggio InfoPoint"), located in the Italian factories of the Piaggio Group, blue collars also have access to news (company news, new products) and to many services using their corporate badge.

Similar information is made available to the employees of foreign subsidiaries through the dedicated intranet portal "PiaggioNet International", whose contents are published in English.

Additional specific initiatives are provided for employees of premises in Vietnam and India, for example:

- forums dedicated to employees in India (V-Speak);
- a quarterly meeting at Piaggio Vietnam with management to share quarterly results and targets for the next quarter;
- INDIA E-Care: this is an online platform where external consultants deal with various personal problems of employees and their families, guaranteeing confidentiality;
- Piaggio Vietnam Annual Safety training/Monthly Safety coordinator meeting/Safety Driving contest: these are activities that increase safety awareness.

 $^{27 \}quad \text{The figures refer only to parental leave requested up to the child's first birthday.} \\$

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Charity activities and sponsorships

INDUSTRIAL RELATIONS

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

The Group's approach lies in involving workers and their representatives in the pursuit of company objectives, establishing a continuous dialogue with them. The solutions and conduct adopted in various countries where the Group operates are in line with the social and institutional context, but are always consistent with the fundamental principles and overall needs of the Group.

Piaggio complies with the labour legislation of countries where it operates. The minimum notice to give in the case of major organisational changes depends on the country where the employee works and on local applicable legislation.

Italy

During 2019, dialogue and discussion continued with trade unions and workers' representatives, with the aim of seeking shared solutions, in order to respond to market situations and to manage the effect of these on employees. Collective negotiations have made it possible to identify shared management tools, that can tackle various scenarios safeguarding Company competencies.

The National Collective Bargaining Agreement (CCNL) is valid throughout Italy. In the case of major organisational changes, provisions of law and of the relative collective bargaining agreement are complied with.

At the end of negotiations which began in 2017, a draft version of a 2nd level (supplementary) collective agreement was signed on 23 January 2020 with national and provincial branches of trade unions and trade union representatives of Pontedera, Noale, Scorzè and Mandello del Lario, for production units in Italy, valid up until 31 December 2022 and that has been approved by workers in February 2020.

As regards the Pontedera site, which is now fully established as a centre of excellence in innovation, research and design and in the production of vehicles and engines, a new trade union agreement was signed for the use of the Solidarity Contract from November 2018 to March 2019, subsequently renewed from October 2019 to January 2020. In July 2019, a mobility procedure was launched for 180 employees in order to downsize staff activities and structurally rebalance the production workforce.

The Ordinary Redundancy Fund was used occasionally during 2019 at the Noale unit, where motorcycle design and development activities are carried out.

On 26 November 2018, an agreement with local trade unions and trade union representatives was signed at the Ministry of Labour and Social Policies, to continue the Special Redundancy Fund for reorganisation at the Scorzè unit from 9 January 2019 to 8 January 2020.

On the same date, a procedure was started for a collective decease in staff, approved by workers, and concerning 105 people overall, in order to promote an easier management of structural excesses.

On 13 December 2019, an agreement with local trade unions and trade union representatives was signed at the Ministry of Labour and Social Policies, to continue the Special Redundancy Fund for reorganisation at the Scorzè unit from 9 January 2020 to 8 January 2021. At the same time, a procedure for the collective decrease in personnel was started, agreed by staff and concerning a total of 100 people.

At the Mandello del Lario production unit, the increase in work related to the summer production peak was managed in 2019 by using contractual multi-week hours, as well as agency workers.

Membership of trade union organisations at Italian sites (2017 - 2019) is shown in the table below:

| | | 2019 | | | 2018 | | | 2017 | | | |
|--|-----------|---------------------|-----------------------|-----------|---------------------|-----------------------|-----------|---------------------|-----------------------|--|--|
| | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | | |
| FIOM | 211 | 119 | 35 | 248 | 125 | 41 | 267 | 127 | 41 | | |
| UILM | 239 | 1 | 2 | 285 | 1 | 2 | 280 | 1 | 2 | | |
| FIM | 283 | 142 | 23 | 326 | 141 | 21 | 321 | 139 | 23 | | |
| UGL | 97 | | | 5 | | | 8 | | | | |
| USB | 45 | | | 36 | | | 35 | | | | |
| CGIL/CISL/ UIL | 1 | | | 1 | | | 2 | | | | |
| Total number | 876 | 262 | 60 | 901 | 267 | 64 | 913 | 267 | 66 | | |
| of employees who are members of a trade union | 35.05% | 50.48% | 64.51% | 35.8% | 51.3% | 68.8% | 34.8% | 50.1% | 66.7% | | |

Company micro-conflicts, mainly attributable to a single trade union association, were down on previous years, even though the total number of hours of industrial unrest went up, due to conflict at a national or sector level.

The table below provides a summary of the hours lost due to strikes in the last three years at the company's sites in Italy:

| | | 2019 | 2018 | 2017 |
|---------------------------------------|--|--------|--------|--------|
| | general/category | 22,303 | 1,400 | 1,100 |
| No. of hours lost due to strikes | company | 8,292 | 14,526 | 9,877 |
| | Total | 30,595 | 15,926 | 10,977 |
| | general/category | 1.18% | 0.07% | 0.05% |
| | company | 0.44% | 0.8% | 0.50% |
| % hours lost compared to hours worked | of which Pontedera compared to hours worked in Pontedera | 1.83% | 0.89% | 0.58% |
| | Total | 1.61% | 0.83% | 0.55% |
| | general/category | 2,788 | 175 | 138 |
| No. of days lost due to strikes | company | 1,036 | 1,816 | 1,235 |
| | Total | 3,824 | 1,991 | 1,373 |

A structured company welfare system has been established in Italy, with services that aim to increase the well-being of employees and their families, in economic and social terms. In particular, two childcare agreements are in place for employees at the Pontedera site.

Moreover, a national trade union agreement at the end of 2011 established a private health insurance fund (Métasalute) for metal and steel processing workers in Italy; the company started paying its contributions to the fund in 2012. Membership of the plan, which was initially on a voluntary basis, has been automatic for all Group employees since October 2017.

The scheme also includes health benefits/services for employees:

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

All sites also offer employees vaccinations free of charge.

India

The Indian subsidiary has always based trade union relations on cooperation, seeking to establish an ongoing dialogue and exchange of views. The company and the trade unions acknowledge that it is in the mutual interest of employees and the Piaggio Group to guarantee and pursue greater productivity and higher quality of products, as well as ensuring excellent factory operating process function, all of which enable the company to remain competitive in an environment like the automotive sector which, even in India, constantly demands innovation in its work processes.

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In India, trade unions have a two-tier structure: one at company level and the other at local/area level; this structure is also replicated at the Indian subsidiary where the trade union system comprises a company trade union committee with Piaggio workers' representatives, and a central trade union committee, which is the highest hierarchical level, with members selected by the trade union. Currently, the company trade union committee (appointed in September 2019 and with an annual term of office) is made up of 8 members.

At the Indian subsidiary, a collective bargaining agreement is negotiated and signed, at regular intervals. The contract is for four years and was renewed in March 2018, following trade union negotiations without any episodes of conflict.

In 2019, besides signing the above agreement, main activities concerning industrial relations focused on:

- reaching and achieving the blue collar productivity levels established in the new agreement. Based on these indicators, levels of manpower connected with varying levels of production were established;
- Implementation of a flexible temporary labour model. The use of temporary blue-collar workers is related to production volumes based on pre-established ratios;
- adopting other provisions in the agreement concerning salaries and other aspects (regulations on collective closures, the introduction of automation processes, flexibility in operating roles, training, etc.);
- Maintaining and improving positive and cooperative relations with workers and trade unions;
- guaranteeing compliance with labour laws, also following new government regulations (e.g. on the use of apprenticeships, regulations concerning pension funds, etc.);
- Employee engagement to improve business climate and, accordingly, employee motivation. In line with this approach, Piaggio organised numerous activities to involve its employees, including sports' competitions, health checks-ups and prevention, initiatives to raise awareness of environmental issues and the purchase of books for employees' children.

Vietnam

In Vietnam, trade union representatives at a company level (selected by a company trade union committee) are tasked with protecting employees, helping them to understand aspects concerning labour regulations and company policies, and providing economic support for some company initiatives benefiting employees.

In particular, the current Trade Union Committee, elected in February 2014 and comprising 15 members who will remain in office for 6 years, made an excellent contribution in 2019, having sponsored and assisted the company in a number of initiatives to bolster employee motivation.

In October 2019, the new Trade Union Committee was elected, basically conforming previous appointments. The main events are outlined below, following on from those organised last year:

- "Safety Riding Contest" & "Safety Forklift Riding", lasting half a day, which promoted employee awareness on the subject of safety. It was also presented to local authorities to emphasise the company's strong focus on safety issues;
- the 6-month "Road Safety" campaign (starting in September 2018 and ending in March 2019), to increase awareness of safe road use, for all employees. This campaign, with specific monthly initiatives, was also organised as most blue-collar workers travel to work by motorcycle/scooter;
- the "Nutrition Day" for employees' children: in June, paediatric doctors met with employees to provide advice on the nutrition and health of their children. The half-day event was attended by approximately 300 children, mainly the sons and daughters of blue-collar workers. In particular, the children, who were entertained with games, entertainers and small gifts, were examined by 12 national nutrition doctors;
- the "Piaggio Vietnam Summer Vacation" lasting 3 days in August, when employees with their families were given a contribution to spend 3 days' holiday at a location selected in conjunction with the Company and trade union representatives;
- an "Outing day", a team-building event lasting one day, held in August for all employees.

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- "Year End Party", for all employees, including management, to share results achieved and goals for 2020.

A company football tournament was also held, to increase team spirit through sport. No strikes took place in 2019.

OCCUPATIONAL HEALTH AND SAFETY

Safeguarding and improving the health and safety of workers has always been integral to the Group's operations and is a strategic commitment which is positioned among the Group's more general objectives. This principle is valid and adopted in all countries where the Group operates. In particular, the Group has taken concrete actions for:

- continual developments towards a safer working environment, based on assessing all aspects of safety at work and the associated systems, beginning with planning new activities or when reviewing existing ones;
- safer conduct through education, information and awareness of all workers, to enable them to perform their duties safely and to become accountable with respect to Health and Safety at Work.

All employees guarantee and work together to put in place effective occupational health and safety programmes, to safeguard their own and others' safety.

Prevention and protection activities to safeguard the health of workers in a complex industrial context like the Piaggio Group, both in Italy and abroad, can only be achieved through an adequately structured organisation which specifically aims to foster a "culture" of safety within the company. Therefore, the belief that prevention must focus on behaviours and daily activities is today disseminated at all levels. This approach has led the Piaggio Group to adopt very similar safety management standards in all the countries in which it operates, regardless of the presence of less stringent regulatory constraints with respect to the Group's standards. From this perspective, the sites in Italy, Vietnam and India have a certified Occupational Health and Safety management system; the Indian site is certified to BS OHSAS 18001, while Italian and Vietnamese sites are certified to ISO 45001:2018 by an accredited certification body. The checks are carried out annually, and were once again concluded successfully in 2019.

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

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

Italy

During the year, implementation of the SAP H&S IT application continued, with the assistance of the Information Technology department. This software is dedicated to managing Health and Safety aspects and covers the following in particular: risk assessment, health surveillance, managing deliveries of personal protective equipment, overseeing audit management processes, reporting, managing tracking notes. Modules currently being developed will be implemented and closed during 2020.

The objectives that will be pursued with these projects are:

- maintaining legislative compliance;
- standardising the management of Health and Safety aspects and applicable KPIs at international level;
- strengthening control over the scheduling of programmes in order to achieve the objectives set;
- streamlining reporting operations;
- Increasing access to information by all stakeholders.

FREQUENCY INDEX28 - ITALY

| | | | 2019 | | | 2018 | | | 2017 |
|--------------------|-----|-----|------|-----|-----|------|-----|-----|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Pontedera | 1.2 | 1.7 | 1.4 | 1.0 | 1.6 | 1.2 | 1.2 | 1.9 | 1.4 |
| Noale and Scorzè | 0.8 | 0.0 | 0.7 | 0.4 | 0.7 | 0.5 | 0.4 | 0.0 | 0.3 |
| Mandello del Lario | 0.5 | 0.0 | 0.5 | 0.7 | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 |

SEVERITY INDEX²⁹ - ITALY

| | | | 2019 | | | 2018 | | | 2017 |
|--------------------|------|------|------|------|------|------|------|------|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Pontedera | 19.6 | 36.1 | 24.5 | 16.6 | 44.3 | 24.5 | 23.4 | 48.7 | 30.6 |
| Noale and Scorzè | 18.6 | 0.0 | 15.1 | 12.2 | 9.3 | 11.6 | 7.7 | 0.0 | 6.1 |
| Mandello del Lario | 15.1 | 0.0 | 14.3 | 9.8 | 0.0 | 9.2 | 0.0 | 0.0 | 0.0 |

OCCUPATIONAL DISEASES IN ITALY

| | | 2019 | | 2018 | | 2017 |
|--------------------|----------|--------------|----------|--------------|----------|--------------|
| | REPORTED | ACKNOWLEDGED | REPORTED | ACKNOWLEDGED | REPORTED | ACKNOWLEDGED |
| Pontedera | 75 | (*) | 70 | (*) | 95 | (*) |
| Noale and Scorzè | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandello del Lario | 0 | 0 | 1 | 0 | 0 | 0 |

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NUMBER OF FATAL ACCIDENTS IN ITALY

| | | | 2019 | | | 2018 | | | 2017 |
|--------------------|---|---|------|------------------|---|------|---|---|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Pontedera | 0 | 0 | 0 | 1 ^(a) | 0 | 1 | 0 | 0 | 0 |
| Noale and Scorzè | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandello del Lario | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

⁽a) An accident occurring while commuting

As regards external companies operating at Piaggio's Italian production sites, 6 accidents were recorded for 2019, only regarding the Pontedera site (7 in 2018 and 3 in 2017).

²⁸ The frequency index is calculated as If = (no. of accidents * 100,000) / hours worked. The number of accidents is calculated considering only accidents in the workplace, excluding accidents reported pursuant to Article 53 of Italian Presidential Decree no. 1124/65. Pursuant to Article 53, both commuting accidents and accidents not considered reliable (due to the lack of a violent cause or lack of a causal link or lack of work activity) are reported.

29 The severity index is calculated as Ig = (working days lost / hours worked) x 100,000.

India

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

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

FREQUENCY INDEX - INDIA

| | | | 2019 | | | 2018 | | | 2017 |
|------------------------------|-----|-----|------|-------|-----|------|------|-----|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Engine & Commercial Vehicles | 0.0 | 0.0 | 0.0 | 0.011 | 0.0 | 0.01 | 0.0 | 0.0 | 0.0 |
| 2W India | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Spare Parts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.02 | 0.0 | 0.02 |

SEVERITY INDEX IN INDIA

| | | | 2019 | | | 2018 | | | 2017 |
|------------------------------|-----|-----|------|-------|-----|------|-----|-----|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Engine & Commercial Vehicles | 0.0 | 0.0 | 0.0 | 1.019 | 0.0 | 1.0 | 0.0 | 0.0 | 0.0 |
| 2W India | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Spare Parts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.1 | 0.0 | 4.1 |

OCCUPATIONAL DISEASES IN INDIA

| | | 2019 | | 2018 | | 2017 |
|---------------------------------|----------|--------------|----------|--------------|----------|--------------|
| | REPORTED | ACKNOWLEDGED | REPORTED | ACKNOWLEDGED | REPORTED | ACKNOWLEDGED |
| Engine & Commercial Vehicles | 0 | 0 | 0 | 0 | 0 | 0 |
| 2W India | 0 | 0 | 0 | 0 | 0 | 0 |
| Spare Parts | 0 | 0 | 0 | 0 | 0 | 0 |

Compared to a considerable national trend, the number of occupational diseases reported at Indian sites was equal to zero and reflects the Piaggio Group's commitment to achieving the objective of guaranteeing healthy workplaces.

NUMBER OF FATAL ACCIDENTS IN INDIA

| | | | 2019 | | | 2018 | | | 2017 |
|------------------------------|---|---|------|---|---|------|---|---|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Engine & Commercial Vehicles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2W India | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Spare Parts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Vietnam

The main priority of the company is compliance with local laws, international health and safety standards and Piaggio Group policies. In this framework, it guarantees the achievement of objectives to improve workers' health and safety through a dedicated H&S facility.

In accordance with Group guidelines, suppliers and external companies that operate at the site are contractually bound to comply with occupational health and safety policies, respect Piaggio Vietnam procedures and programmes, and observe the instructions given to them. Any breach thereof is a breach of the contract and sufficient reason for termination of the same; in the interests of improvement, the company organises specific safety courses for "contractors" in order to raise standards regarding these issues.

Moreover, a Safety Committee was established involving members of all functions and chaired by the production manager. The Committee members are responsible for managing any safety-related issues within their functional area and for taking the required corrective actions. They also conduct periodic audits of the entire site and report to the committee on all relevant aspects regarding safety, so that corrective actions may be promptly taken.

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

In parallel with training and awareness-raising activities, a number of initiatives have been adopted aimed at building a culture of safety and at raising the awareness of employees and their families on this issue; these include: "Forklift safety", "Road Safety Campaign".

FREQUENCY INDEX - VIETNAM

| | | | 2019 | | | 2018 | | | 2017 |
|---------|------|-----|------|-----|-----|------|------|-----|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Vietnam | 0.06 | 0.0 | 0.05 | 0.0 | 0.0 | 0.0 | 0.21 | 0.0 | 0.18 |

SEVERITY INDEX IN VIETNAM

| | | | 2019 | | | 2018 | | | 2017 |
|---------|------|-----|------|-----|-----|------|------|-----|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Vietnam | 0.05 | 0.0 | 0.05 | 0.0 | 0.0 | 0.0 | 9.42 | 0.0 | 7.92 |

OCCUPATIONAL DISEASES IN VIETNAM

| | | 2019 | | 2018 | | 2017 |
|---------|----------|--------------|----------|--------------|----------|--------------|
| | REPORTED | ACKNOWLEDGED | REPORTED | ACKNOWLEDGED | REPORTED | ACKNOWLEDGED |
| Vietnam | 0 | 0 | 0 | 0 | 0 | 0 |

Compared to a considerable national trend, the number of occupational diseases reported at the Vietnamese site was equal to zero and reflects the Piaggio Group's commitment to achieving the objective of guaranteeing healthy workplaces.

NUMBER OF FATAL ACCIDENTS IN VIETNAM

| | | | 2019 | | | 2018 | | | 2017 |
|---------|---|---|------|---|---|------|---|---|------|
| | М | W | TOT | М | W | TOT | М | W | TOT |
| Vietnam | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

As regards external companies operating at Piaggio's Vietnamese site, no accidents were reported in 2019.

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Piaggio Group produces vehicles that are sold under its brand on the various markets around the world. The only exception regards vehicles purchased by the Chinese subsidiary Zongshen Piaggio Foshan (about 17,210 units in 2019, equivalent to 2.8% of vehicles sold).

Piaggio is a leader in engine technology and produces engines at its plans both for internal production and to meet the demand of other manufacturers.

All the other components that constitute a vehicle are purchased externally and assembled in-company.

Italian plants

In 2019, Italian plants purchased merchandise and spare parts for an overall value of €415 million (excluding complete vehicles) from 683 suppliers.

The first ten suppliers made up 18.73% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF ITALIAN PLANTS 30

| GEOGRAPHIC SEGMENT | 2019 | 2018 | 2017 |
|--------------------|-------|-------|------|
| EMEA | 67.5% | 65.7% | 68% |
| China+Taiwan | 19.4% | 20.8% | 19% |
| Vietnam | 6.0% | 5.8% | 5% |
| India | 6.2% | 6.7% | 7% |
| Japan | 0.4% | 0.3% | 1% |
| Others | 0.5% | 0.7% | - |

In 2019 payments were made to suppliers for about €641 million.

Indian plants

In 2019, plants in India purchased raw materials, merchandise and spare parts for an overall value of €318 million from around 620 suppliers.

The first ten suppliers made up 36% of the total purchases.

GEOGRAPHIC LOCATION OF THE SUPPLIERS TO INDIAN PLANTS

| GEOGRAPHIC SEGMENT | 2019 | 2018 | 2017 |
|--------------------|-------|-------|-------|
| India | 96.0% | 95.1% | 97.2% |
| Other | 4.0% | 4.9% | 2.8% |

In 2019 payments were made to suppliers for about €500 million.

30 For the calculation of the percentages, the value of incoming goods for orders - open orders was taken into consideration.

Vietnamese plants

In 2019, plants in Vietnam purchased merchandise and spare parts for an overall value of €172 million from around 230 suppliers.

The first ten suppliers made up 36% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF VIETNAMESE PLANTS

| GEOGRAPHIC SEGMENT | 2019 | 2018 | 2017 |
|--------------------|-------|-------|-------|
| Vietnam | 59.0% | 53.3% | 47.1% |
| China+Taiwan | 18.4% | 21.3% | 19.8% |
| EMEA | 18.2% | 20.1% | 26.9% |
| India | 1.8% | 2.0% | 2.4% |
| Others | 2.6% | 3.3% | 3.8% |

In 2019 payments were made to suppliers for about €177 million.

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

The Piaggio Group is convinced that responsibility is a commitment which goes beyond the boundaries of the Company and must positively involve everyone in the Company-supplier chain; this is why suppliers worldwide that wish to do business with Piaggio have to sign the general conditions of supply of the Piaggio Group which include the "Code of Ethics and Guidelines for doing business". As from this year Piaggio requires suppliers to sign a "Sustainability Statement" in order for them to be included on the Supplier List for Italy, and ensure compliance with Piaggio's ethical values throughout the production cycle and sales of its products.

In line with the Group's guidelines, every year the Purchasing Unit seeks to improve the procurement process by promoting the technical skills of buyers and focusing on the management of the various goods categories.

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

Corporate Finance Area

Responsibility for activities relating to the monitoring of the financial and corporate reliability of Strategic Suppliers rests with the Corporate Finance Area.

In 2019, Group Supplier analysis and monitoring continued, as did the mapping of controlling partners/shareholders (identified as "Beneficial Owners") of strategic partners. Furthermore, on the subject of compliance, controls of any politically exposed persons and/or subjects included on anti-terrorist lists (or in any case on lists of possible offences that could harm the company's reputation) among Suppliers continued, in order to mitigate "reputational risk". All possible company variations that may affect perceived risk are presented to a Suppliers' Committee (comprising the Purchasing Manager, Managers of Production Development (2W, 3-4W), the Manager of Administration and Credit Management, as well as the Finance Manager and the Chief Financial Officer) during periodic meetings in order to identify corrective and performance improvement actions, whenever critical issues are identified.

In the last part of 2019, activities began to define a new company procedure to assess Suppliers, in terms of their being legal entities and members of groups, identifying possible risks in the control chain.

The Financial Assessment of Aprilia Racing Strategic Suppliers continued in 2019, along with an analysis of the financial and corporate reliability of the main Sponsor Companies of the Team, including the monitoring of possible reputation risk.

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Vendor Assessment

The purpose of the Vendor Assessment department within the Piaggio Group is to forge a long-lasting, mutually satisfying relationship with a network of highly qualified partners. In addition to managing the Supplier Qualification Process, the function has the task evaluating purchasing performance through Vendor Rating Campaigns.

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

New supplier qualification is an interfunctional process based on specific standards that lead to a potential supplier being included in the Supplier List, for its chosen goods' category; after an initial documentary prequalification stage, a multidisciplinary, supplier qualification team is involved, with specific positions giving a technical, economic/financial and corporate rating on goods' categories.

Suppliers are periodically monitored through six-monthly assessment sessions, called "Vendor Rating Campaigns", during which supplies for the period in question are reviewed based on the quality of the business relationship, the technical-scientific cooperation, compliance with delivery schedules and the quality of the product supplied. This provides a reference framework for procurement strategies and actions concerning suppliers. The process involves:

- Assignment of a Vendor Rating Index, which measures the performance of the vendor using a weighted average of the assessments made by corporate functions (for direct materials, the relevant functions are R&D, Quality, Manufacturing and Spare Parts);
- assignment of a Criticality Rating that takes into account the Quality function's assessment, to decide whether a supplier is "critical" for the purposes of granting them new supply agreements.

At present, Criticality Ratings have been assigned to most Group suppliers of European production sites only. In terms of "spending", the indicator for 2019 covered 99% of purchases of direct materials and 50% of services and works provided. The evaluation process was also carried out in Vietnam and India.

Suppliers Portal

To ensure the effective and efficient management of supplier relationships, the Supplier Portal, based on the SRM-SAP system, is available in Italy, India and Vietnam.

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

In particular, the Portal ensures the achievement of the following objectives:

- greater collaboration with suppliers, through self-service, connectivity, document and information sharing tools;
- greater efficiency of purchasing processes, through the implementation of automated tools, and greater compliance with purchasing procedures;
- minimisation of manual activities;
- quality and accuracy of information;
- reducing business processes and communication times;
- low use of paper (including through the use of the digital signature);
- reducing invoicing anomalies, in particular for e-invoicing, which has been in force in Italy since 1/1/2019;
- visibility of the entire authorisation process, from purchase requests to orders.

SUPPORTING LOCAL COMMUNITIES

| COMMITMENT | 2019 OBJECTIVES | 2019 RESULTS | 2020 OBJECTIVES | MID-TERM OBJECTIVES |
|---|---|--|---|--|
| Development of relations with local communities where the Group operates. | - Development of collaborations to promote and build the value of Piaggio and its local area. | Organisation of numerous exhibitions, conferences and cultural events at the Piaggio Museum. Expansion of the Museum exhibition area. | - Development of collaborations to promote and build the value of Piaggio and its local area. | - Development of relations with local institutions to raise the competitiveness and attractiveness of the local areas in which the Piaggio Group operates Foundation and Museum: completion of cataloguing, conservation and restoration work on historical vehicles which belong to the various Group brands. |

Piaggio Foundation³¹

While 2018 was a ground-breaking year for the Piaggio Foundation, with the expansion of the Museum and launch of the ambitious programme of high-level cultural and scientific events, 2019 firmly established it as a leading cultural and scientific hub for an ever-growing area.

Conferences, concerts, publications and all cultural events organised or promoted by the Foundation have become synonymous with quality and excellence over the years and increasingly attract scientists, literary figures, artists, fans and students from all over Italy and also from further afield. The name the Foundation has made for itself and its credibility have enabled it not only to consolidate relations with institutions and universities, but also to forge partnerships with leading museums, brands and businesses in Italy.

Piaggio Museum

During the year, the Piaggio Museum continued its development process and further improved display facilities, with new furnishings and systems for the Vespa Room, enhancing the aesthetics and ease-of-use for visitors New models of the Vespa, Ape, new mopeds and new motorcycles, all with considerable historical value and of great interest to fans, were added to the collections on show.

The Museum's appeal was highly appreciated by visitors the world over, who awarded it a Certificate of Excellence for the fourth year running on Tripadvisor, with it joining the Hall of Fame.

The number of visitors went up, with figures at just under 80,000, an increase of 10% over 2018.

Piaggio Historical Archive

In 2019, as has been the case in recent years, the Piaggio Historical Archive contributed significantly to many of the activities of the Piaggio Foundation. It continued its valuable role in supporting research and in managing requests for meetings and consultations from scholars and researchers (with a significant increase in requests for advice regarding high-profile scientific research within the academic sector), as well as assisting with the Museum's teaching

³¹ Information on the Piaggio Foundation, which is not included in the scope of consolidation of the Group, refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation.

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activities and the iconographic and documentary research for books and publications and for the preparation of exhibitions and internal and external events. In particular, it worked on Fuoriporta. Un viaggio alla scoperta del gusto e dello stile italiani (Taking a trip. Travels to discover the history of Italian flavours and style exhibition (15 May-10 November 2019), in association with the long-standing cooking magazine "Cucina Italiana". The Archive was valuable in work to check the Museum's information content, with the aim of revising the explanatory texts of the models (over 200 items) in general.

The Archive has also continued to grow and strengthen its partnership with Piaggio internal offices, providing advice and information on historical matters and selecting and sending images, in particular for a number of licensing projects, beginning with the impressive file-based publication Vespa che passione! (A passion for Vespa!) 62 issues, edited by Centuaria, where it managed the iconography research and historical supervision. It also contributed recently to the launch of Ciao. L'indimenticabile ciclomotore italiano (Ciao. The great Italian scooter), an upcoming publication of 50 issues, edited by Centauria. Support was provided for image searches to provide inspiration for the new Lifestyle collections.

Cultural Project

The Piaggio Foundation's cultural project was a great success in 2019, with considerable effort being made to retain and attract many new visitors. Activities and events of this project are outlined below.

EXHIBITIONS

Exhibitions are an important vehicle for the Piaggio Foundation and its Museum to communicate with and attract the public. The 2019 programme of events, all sponsored by the Region of Tuscany, is given below.

- SUPEREROI AL MUSEO PIAGGIO - I FUMETTI DI GIOVANNI TIMPANO (SUPER HEROES AT THE PIAGGIO MUSEUM - THE COMIC STRIPS OF GIOVANNI TIMPANO)

20 December 2018 / 16 February 2019

Designed to attract a younger public who are fans of comics and "superheroes" to the Museum, the exhibition was opened at the end of 2018 and will run through the first few months of 2019.

- PIO MANZÙ Designer per la mobilità Idee e progetti 1962-69 (PIO MANZÙ Designer for mobility. Ideas and projects 1962-69)

2 March / 14 April 2019

To celebrate Pio Manzù, 80 years on from his birth and 50 years from his death, the exhibition celebrated one of the most brilliant industrial designers of the 1960's and 1970's. He was active in numerous sectors but above all his visions and works in the automotive field made history, and were some of the most important milestones in automotive style, able to influence the development of vehicles for decades to come. The exhibitions showcased many of his sketches and style exercises for the Piaggio Group.

- FUORI PORTA. Un viaggio alla scoperta della storia del gusto e dello stile italiani (Travels to discover the history of Italian flavours and style)

15 May - 10 November 2019

Fuori Porta was the exhibition on the historical link between Vespa and La Cucina Italiana, the prestigious magazine showcasing the most authentic Italian culture of food and good taste.

- DALLE MACCHINE DI LEONARDO ALL'INDUSTRIA 4.0 (FROM LEONARDO'S MACHINES TO INDUSTRY 4.0) 1 December 2019 / 29 February 2020

In this exhibition, the Piaggio Foundation wanted to contribute to events celebrating the 500th anniversary of Leonardo Da Vinci. Organised in association with the Museo Leonardiano di Vinci and the Istituto di BioRobotica of the Scuola Superiore Sant'Anna di Pisa, the exhibition was held during the conference *Dalla Scientia Machinale alla Robotica e all'Industria 4.0 nella Toscana di Leonardo* (From Machine Science to Robotics and Industry 4.0 in Leonardo's Tuscany). The theme linking the exhibition to conference events was the attempt to identify and portray to the public the economic, social and historical/cultural aspects that contributed to bringing Leonardo's talent to the fore, and subsequent developments in the manufacturing, urban and social fabric in Italy, in order to explore the birth of creativity and innovative spirit.

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CONCERTS

In 2019, the **Pontedera Music Festival** made its début - a concert season brought into being by the Fondazione Piaggio, Accademia della Chitarra and Accademia Musicale Toscana. This Festival is a landmark event for the local area, offering quality culture and a programme for 2019 with no less than 26 events. Thanks to the joint efforts of the organisers and decision of the prestigious record company fonè to celebrate its 35 years of activity in this concert season, the Pontedera Music Festival hosted numerous international artists, many of whom were performing for the first time in Pontedera. The following concerts were held:

- Concert of opera arias and piano. Alessandra Marianelli, soprano, Alessandro Lanini, piano.
- Concert with Ruggieri Cesaraccio Barboro, in partnership with the Music Association Associazione Musicale Fanny Mendelssohn.
- Saint Valentine's concert Estrorchestra. Ensemble of strings, directed by Chiara Morandi.
- Barock! Duo Des Alpes. Claude Hauri, viola, Corrado Greco, piano and Ruggieri Cesaraccio Barboro, piano, in partnership with the Music Association Associazione Musicale Fanny Mendelssohn.
- Natascia Naldini's Jazz Trio. Concert for the presentation of the book Peccato Mortale (Mortal Sin) by Carlo Lucarelli.
- Scott Hamilton Quartet in concert, in association with fonè.
- Eleonora Bianchini, voice, Luciano Biondini, accordion and Enzo Pietropaoli, double bass, concert in association with fonè.
- Julian Mazzariello, piano, Enzo Pietropaoli, double bass, concert in association with fonè.
- Ti Racconto Don Giovanni, ensemble of strings and wind instruments, ORT, with the actor Alessandro Riccio.
- Andrea Castelfranato, acoustic guitar, classic and fingerstyle, concert in association with fonè.
- Duettango, Cesare Chiacchiaretta, bandoneon, Filippo Arlia, piano. Concert in association with fonè.
- Concerts for piano and orchestra, F. Chopin. Susanna Pagano and Glenda Poggianti, solo piano, with the Strings Ensemble of the Accademia della Chitarra (Guitar Academy).
- Istituto Musicale Mascagni in a Jazz Concert for the Piaggio Foundation.
- Tribute to De André and PFM Chamber music.
- Not(t)e al cinema. With the choirs of Associazione corale libentia cantus, corale polifonica ludus vocalis and Accademia arti musicali.
- Freddie Mercury & Queen Tribute Night, Emanuele Richiusa in concert.
- Tribute to De André & PFM in concert Open Air.
- Passo Dopo, concert with Francesco Bottai.
- Not Only Cellist, concert with Naomi Berrill.
- Vick Frida in concert.
- Esperanto. Gipsy Folk Band.
- Note Noire Quartet.
- Jazz Concert, a live event of the Livorno Music Festival.
- Reflections. Julian Mazzariello, piano.
- Puccini vs Mascagni. An evening of opera music with soloists and the choir of the Accademia Vocale (Voice Academy), Livorno, directed by Laura Brioli.
- Christmas concert with the Accademia della Chitarra (Guitar Academy).

SHOWS

- L'artista non sono io (I'm not the artist). Lucio Battisti Umanamente Uomo. Curated by Marco Masoni and Fabrizio Bartelloni, as part of the project Spiriti Solitari Cantautori ascoltati, visti e raccontati (Solitary spririts Songwriters revisited).
- Scherzando Poeticamente. A theatre event with live music, with the participation of Alessandro Riccio. Directed by Antonella Cenci.

BOOK LAUNCHES

- Peccato mortale (Mortal Sin), a novel by Carlo Lucarelli.
- Quella Panchina di Ryelands Park (The Bench in Ryelands Park), a novel by Benedetta Cerù.
- So che un giorno tornerai (I know you'll be back one day), a novel by Luca Bianchini.
- Sogniamo più forte della paura (Dreaming away fear), a novel by Saverio Tommasi.

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- La misura dell'uomo (The measure of man), a novel by Marco Malvaldi.
- La madre segreta di Leonardo da Vinci (The secret mother of Leonardo da Vinci), a novel by Marina Marazza.
- La Squadra Acrobatica Piaggio (The Piaggio Acrobatic squad), a book of experiences and images written by the former Piaggio riders and testers Giuseppe Cau and Ilo Lorenzetti.

CONGRESSES AND CONFERENCES ORGANISED AND/OR SPONSORED BY THE FONDAZIONE PIAGGIO

- *Comunical impresa*, a conference organised in association with ASCAI (Association for the Development of Company Communication in Italy).
- Experience, gioco e apprendimento. L'edutainment come strumento di comunicazione del patrimonio aziendale (Experience, play and learning. Edutainemnt as a means of company communication). Conference organised during the Annual Assembly of Museimpresa.
- Creative day Esperienze professionali e nuove visioni (Creative day Professional experiences and new visions). Training conference organised in association with the Istituto Modartech, for school students.
- L'Unione Europea e i Balcani (The European Union and the Balkans). Conference organised in association with the Embassy of Montenegro in Italy and the Consulate of Montenegro for Tuscany.
- Defibrillatori pubblici: moda o necessità? (public defibrillators: a trend or a need?) A session for school students.
- Leonardopuntozero. Tra genio e innovazione (Leonardopuntozero. Between genius and innovation). A journey with Leonardo da Vinci at Amboise, in an land to discover through slow tourism and eco-travel.
- Dalla Scientia Machinale alla Robotica e all'Industria 4.0 nella Toscana di Leonardo (From machine science to robotics and Industry 4.0 in Leonardo's Tuscany). A conference dedicated to the genius of Leonardo to mark 500 years since his death, organised by the Fondazione Piaggio in association with the Museo Leonardiano di Vinci and Istituto di BioRobotica of Scuola Superiore Sant'Anna di Pisa. Two days, with talks from leading scientists and experts, with the conference proceedings being published by the Fondazione Piaggio.

EVENTS AND PROGRAMMES DEDICATED TO YOUNG PEOPLE AND STUDENTS

- **Crea@tivity**. An event on innovation and training in the field of design, covering all sectors through the involvement of schools, companies, students and experts. The theme of the 14th edition was: CONN-ACTION.
- Modartech fashion show | Futur is. The creativity and talent of collections and projects of students at the Istituto Modartech on the catwalk, at the end of the 2018/2019 academic year.
- Museimpresa Lab Settimana for teens: Alla scoperta della Vespa ... perché ti resta in testa (Museimpresa Lab Teens' Week Discovering the Vespa... why it will always be with you). During the Business Culture week, the Piaggio Museum took part in the Museimpresa Lab project, proposing the #settimanaforteens, with the project "Alla scoperta della Vespa...perché ti resta in testa" (Discovering Vespa why it will always be with you"), created by students from the Fermi Technical Institute, Pontedera.
- Cantieri d'Arte 2004/2019. Una Storia di passione (A history of passion). A presentation of the Cantieri d'Arte 2004/2019 Project. To celebrate teaching activities from the last 15 years, the local authorities of Pontedera and the Piaggio Foundation, in partnership with the association L'Ombra Somigliante, Cred Valdera and the High School Liceo Classico Scientifico XXV Aprile, as part of local educational projects and sponsored by the Region of Tuscany, celebrated the training and cultural programme from 2004 to the present day which has promoted contemporary culture through the experimentation of artistic languages. Presentation of the work Cantiere d'Arte. Una storia di passione (Art at work. A passion) and the documentary produced by the Association Associazione Ombra Somigliante.
- Laboratorio ludico didattico all'insegna della storia della Vespa dagli anni '40 ad oggi (Workshop on the history of the Vespa from the 1940's to the present day). Organised for the National Museum for Families Day, with a guided tour for older and younger visitors of the exhibition FUORIPORTA Travels to discover the history of Italian flavours and style and a workshop for children, with a new take on some typical dishes of classic Italian cuisine (bread, pizza, pasta, fruit and vegetables).
- Noi abbiamo futuro Undici adolescenti e un Aperadio per salvare il pianeta (We've got a future Eleven teens and Aperadio to save the planet). A meeting organised together with Radioimmaginaria, the teenagers' radio station and the first network in Europe run by youngsters aged 11 to 17. Presentation of the OltrApe documentary, produced by Fabrica by Oliviero Toscani, on the journey of eleven young speakers of Radioimmaginaria and the novel Noi abbiamo futuro (We have a future) written by Michele Ferrari with readings by Renato Raimo in the role of Corradino d'Ascanio.
- The Mathematical games award, a competition for high school students.
- The Certamen award, a classical literature competition for high school students.

Developing human resources
Staff
Personnel management policies
Industrial relations
Occupational health and safety
Responsible management of the supply chain
Supporting local communities
Charity activities and sponsorships

OTHER EVENTS

- Rallies of the Vespa Club, Ciao Club and other motorcycle and motoring clubs.
- In Vespa from the Piaggio Museum to Pisa. The history of the Vespa from the hills of Pisa.
- Våffeldagen at the Piaggio Museum. A special day for Swedes in Tuscany and their friends. A guided tour in Swedish and celebrating Våffeldag with a cup of coffee, våffla and other Swedish specialities at the Museum Apebar (bar).
- Christmas Sundays at the Museum. On Sunday 8, 15 and 22 December, for the first time ever, visitors and tourists were able to experience all the Christmas atmosphere of "Sundays at the Piaggio Musuem". Piazzale Corradino d'Ascanio, in a Christmas version, with lights and music, was the venue of Ape Street food and typical wood chalets where visitors could buy local products and taste excellence local produce. The Piaggio Museum also hosted a Christmas Village with Father Christmas, and children's entertainment and games.

PUBLICATIONS

- VALLIS ARNI # ARNO VALLEY. LA TOSCANA DAL FIUME AL MARE TRA EREDITÀ STORICA E PROSPETTIVE FUTURE (VALLIS ARNI # ARNO VALLEY. TUSCANY FROM THE RIVER TO THE SEA - FROM HISTORY TO FUTURE PROSPECTS). Edited by Maria Luisa Ceccarelli Lemut, Fabrizio Franceschini, Gabriella Garzella, Olimpia Vaccari. This new volume from the Studi Tommaso Fanfani collection is the result of a project developed by the Piaggio Foundation together with Pisa University, with the support of the local authorities of Pontedera, Pisa and Livorno. The project was presented at the Auditorium of the Piaggio Museum and at the Auditorium of the Chamber of Commerce, Pisa, and will be presented at the Livorno Foundation in early 2020.



INITIATIVES OUTSIDE THE MUSEUM

As occurs each year, the historical vehicles of the Museum and the images and documents from the Historical Archive have been used for a number of prestigious events. The following is a list of the main initiatives that involved the loan of vintage vehicles as well as images and documents from the archive.

| EVENT | PLACE | VEHICLE |
|---|--|---|
| Belle speranze: il Cinema italiano e i giovani (Great hopes: the Italian cinema and the younger demographic) (1948-2018) An exhibition by the Fondazione Ente dello Spettacolo (Entertainment Foundation) and Cattolica University, set up at Il Mattatoio Roma – La Pelanda | ROME II Mattatoio, Piazza Orazio Giustiniani 4 | Vespa GS 150 (1957) |
| Inside Invention. Dentro la creatività italiana (Inside Invention. Inside Italian creativity) An exhibition of the National Geographic Science Festival in association with the Patents and Trademarks Department of the Ministry of Economic Development and State Central Archive. Curated by Vittorio Marchis. | ROME Auditorium Parco della Musica | Vespa GS 150 (1957) Vespa Elettrica (2018) |
| La Volpe Argentata Event The third edition of the event celebrating "Piero Taruffi, I'Uomo Freccia nella storia delle due ruote" (Pietro Taruffi, the super hero in the history of two-wheelers). | SELVAZZANO DEN- TRO PADOVA - Golf della Montecchia | Gilera Rondine Circuito (1939) |
| Velocità: dai cavalli dei Gonzaga alle navicelle spaziali (Speed: from Gonzaga's horses to spaceships) An exhibition on speed as the myth of our times. A Project by Mantova Creativa in association with the Scuderia Tazio Nuvolari and the Mantova Ducal Palace Complex. | MANTOVA La Rustica – Palazzo Ducale | Moto Guzzi 8V 500 Vespa GS (1957) |
| Festival dell'Amore LOVE STORY By Vespa Vespa at the Festival dell'Amore, a love story retold through its most iconic models from the 1950's to the Vespa elettrica 2019. | MILAN (Triennale) | Vespa 125 VM1T (1953), Vespa 125 VNB6T (1965), Vespa 125 ET3 VMB1T (1976), Vespa PK 125 ETS VMS1T (1985), Vespa 50 ET2 (1996) |
| Museo Barsanti & Matteucci The museum dedicated to two scientists from Lucca, considered to be and recognised as the inventors of the revolutionary combustion engine showcased a display dedicated to the New Piaggio Museum, with a vintage Vespa exhibit. | LUCCA | Vespa 50 R (1971) |
| London Design Week The famous British designer Tom Dixon requested to display the Guzzi V7 "Tomoto", which he customised, at his showro- om during London Design Week. | LONDON | Guzzi V7 Tomoto (2017) |
| Blue Skies Red Panic Exhibition The photographic exhibition BLUE SKIES, RED PANIC was created by the Fifties in Europe Kaleidoscope project, co-funded by the EU as part of the Connecting European Facility Programme which portrays the 1950's of an emerging Europe through the images of some of the most important European photographic archives. | PISA - Museo della Grafica | Vespa GS 150 (1957) |
| XII Florence Biennale The Florence Biennale is the main contemporary art exhibition of Florence, showcasing excellence in contemporary artistic production at an international level. | FLORENCE Fortezza da Basso | Vespa GS 150 (1957) Sidecar boy (1964) |
| EICMA - International Exhibition of Motorcycles and Accessories The Motorcycling Stand displayed the most-loved scooter ever - the Ciao | MILAN | Ciao 9T (1967) |

SOCIAL MEDIA

The social media strategy of the Piaggio Museum aims to keep its fans up to date about the Museum's activities and involve them in events.

Compared to the previous year, the number of likes for the Museum's Facebook page went up - from 22,796 to 24 036

During 2019, the history of the Piaggio Museum was highlighted with the publication of some valuable images from the historical archive.

To ensure a constant flow of information on Facebook and Instagram, 4 slots were planned for the year (Christmas holidays, the FuoriPorta exhibition, summer holidays and exhibition on Leonardo) each with around 10 posts.

142 posts were put on Facebook, of which 36 images from the archives, 42 write-ups, 54 about events and 10 shared with Piaggio.

The Instagram page opened at the end of last year now has 2,948 followers. In 2019, 65 posts were published, of which 36 write-ups and 29 archive posts.

The Museum was awarded a certificate of excellence for the fourth year running on Tripadvisor, with 744 reviews and a rating of 4.5/5 out of 5, to earn a place in the hall of fame.

CHARITY ACTIVITIES AND SPONSORSHIPS

2019 saw the consolidation of the collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - which has contributed US\$360 million to the Global Fund for the fight against AIDS, Tuberculosis and Malaria. The aid provided by (RED) to the Global Fund had an impact on more than 70 million people through activities such as prevention, treatment, counselling, HIV testing and support services.

The partnership was expanded to include not only the Vespa 946 (RED), but the Vespa Primavera (RED) too, which will be available on the market from spring 2020. The Vespa 946 (RED) is sold in Europe, Asia, the Pacific Area and the United States. For each Vespa 946 (RED) sold, US\$150 will be donated to the Global Fund and the fight against AIDS. A concrete and valuable contribution, thanks to which (RED) will be able to guarantee more than 500 days of medical care to save lives threatened by HIV and help prevent the transmission of the virus from HIV-infected mothers to their unborn children.

Charity events supporting partnerships were also organised in Europe, Asia and India. In Europe, and particularly in Paris, the window displays of MOTOPLEX stores were painted red in support of the (RED) project for World Aid's Day. Piaggio Fast Forward, the Piaggio Group's robot company has announced its partnership with Red, presenting Gita³² (RED), its first limited-edition capsule collection. For each Gita-Red sold, US\$50 will be donated to the Global Fund. The last stage in the MotoGP season, in Valencia, also supported the global fund. Aprilia motorbikes were decked out in red, with a special (RED) livery and all sponsors waived their visibility to support the cause.

In the US and Canada, Vespa (RED) products were the stars of the Shopathon charity marathon and were put on sale through Amazon.

Lastly, (RED) accompanied participants in the MOTO GUZZI Experience event held in Tunisia from 23 November to 2 December. Participants paid tribute to the cause, having their photograph taken on the Star Wars set, wearing the Vespa (RED) t-shirts.

During 2019, the Piaggio Group continued to support activities of the Vespa for Children project, a humanitarian charity initiative which, by involving the Group's companies, intends setting up charitable projects to promote social solidarity in the fields of health and social care for children in developing countries.

Piaggio Vietnam in particular has been very active in the support of local associations that deal with families in need and education for children.

The Indian subsidiary has also supported a number of local initiatives for non-profit organisations that work in the fields of health and education.

In Italy, Piaggio took part, also under the aegis of the Vespa for Children project, in various events held in 2019 to help the community, donating vehicles for charity auctions and raising funds for the Italian Association for Cancer Research (AIRC) the International Organization for Migration (IOM) and the children's charity Fondazione Laureus.

 $\,$ 32 $\,$ For a further description of the Gita, please see the section "The product dimension".

The Group took part in some very important cultural initiatives, such as the Mantova Literature Festival, not to mention other events organised by the Vespa World Club.

Lastly, for some years now, for the end of the year holidays, together with the entire Immsi Group, Piaggio Group has been fostering educational and rehabilitative activities for disabled children affected by brain damage by making a donation to the "Casa del Sole Onlus" association, in the name of all the employees of the Immsi and Piaggio groups. In forty years of activities, the non-profit making organisation Casa del Sole Onlus has assisted over five thousand children affected by brain damage and been a valuable source of help for their families.

The partnership between Moto Guzzi and Canottieri Moto Guzzi was renewed in 2019. During the Open House event at Mandello del Lario, last September, the Canottieri rowing team starred in the event, recounting its success stories from the Open House stage.

The Group's economic efforts are summarised in the paragraph concerning the determination and distribution of added value.





→ TABLE OF GLOBAL REPORTING INITIATIVE INDICATORS - 2019 SUSTAINABILITY REPORTING STANDARDS

| GRI INDICATOR | DISCLOSURE TITLE | REFERENCE | OMISSIONS | NOTES |
|------------------|---|---|-----------|-------|
| GENERAL [| DISCLOSURES | | | |
| | AND ANALYSIS | | | |
| 102-14 | Statement from senior decision-maker | Letter from the Chairman | | |
| 2. ORGANIZA | TIONAL PROFILE | | | |
| 102-1 | Name of the organization | The commitment of the Piaggio Group | | |
| 102-2 | Activities, brands, products, and services | Group profile | | |
| 102-3 | Location of headquarters | Group profile | | |
| 102-4 | Location of operations | Group profile | | |
| 102-5 | Ownership and legal form | Corporate Governance | | |
| 102-6 | Markets served | Group profile | | |
| 102-7 | Scale of the organization | Group profile | | |
| 102-8 | Information on employees and other workers | The social dimension - Staff | | |
| 102-9 | Supply chain | The Social Dimension - Responsible management of the supply chain | | |
| 102-10 | Significant changes to the organization and its supply chain | Group profile | | |
| 102-11 | Precautionary Principle or approach | The social dimension The environmental dimension The product dimension | | |
| 102-12 | External initiatives | The product dimension - Funded national and European projects | | |
| 102-13 | Membership of associations | The product dimension - Funded national and European projects The social dimension - Supporting local communities | | |
| 3. IDENTIFIED | MATERIAL ASPECTS AND BOUNDARIES | | | |
| 102-45 | Entities included in the consolidated financial statements | Methodological note - Report boundary | | |
| 102-46 | Defining report content and topic Boundaries | Methodological note | | |
| 102-47 | List of material topics | The commitment of the Piaggio Group - Sustainability strategy Methodological note - Materiality analysis, Report contents | | |
| 102-48 | Restatements of information | Methodological note | | |
| 102-49 | Changes in reporting | Methodological note | | |
| 103-1 | For each material Aspect, report the Aspect Boundary within the organization. | Methodological note | | |
| 4. STAKEHOL | DER ENGAGEMENT | | | |
| 102-40 | List of stakeholder groups | The commitment of the Piaggio Group - Stakeholders' involvement | | |
| 102-42 | Identifying and selecting stakeholders | The commitment of the Piaggio Group - Stakeholders' involvement | | |
| 102-43 | Approach to stakeholder engagement | The commitment of the Piaggio Group - Stakeholders' involvement | | |
| 102-44 | Key topics and concerns raised | The commitment of the Piaggio Group - Stakeholders' involvement | | |

| GRI INDICATOR | DISCLOSURE TITLE | REFERENCE | OMISSIONS NOTES |
|------------------|--|---|---|
| GENERAL [| DISCLOSURES | | |
| 5. REPORT PR | OFILE | | |
| 102-50 | Reporting period | Corporate Social Responsibility Report Methodological note | |
| 102-51 | Date of most recent report | Corporate Social Responsibility Report Methodological note | |
| 102-52 | Reporting cycle | Corporate Social Responsibility Report Methodological note | |
| 102-53 | Contact point for questions regarding the report | Corporate Social Responsibility Report | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Corporate Social Responsibility Report Methodological note | |
| 102-55 | GRI content index | Table of GRI-indicators | |
| 102-56 | External assurance | Methodological note Report on the limited auditing of the Corporate Social Responsibility Report | |
| 6. GOVERNAN | ICE | | |
| 102-18 | Governance structure | Governance of sustainability | |
| 7. ETHICS ANI | DINTEGRITY | | |
| 102-16 | Values, principles, standards, and norms of behavior | Corporate Governance - Code of Ethics The Commitment of Piaggio Group | |
| SPECIFIC D | ISCLOSURE | | |
| | ERFORMANCE | | |
| 103-1-2-3 | Management approach | The economic dimension - Determination and distribution of Added Value | |
| 201-1 | Direct economic value generated and distributed | The economic dimension - Determination and distribution of Added Value | |
| 201-4 | Financial assistance received from government | The economic dimension - Public grants and tax benefits | |
| MARKET PRES | SENCE | | |
| 103-1-2-3 | Management approach | The economic dimension - Determination and distribution of Added Value | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | The social dimension - Developing human resources - Reward policies | The indicator is treated only from a qualitative point of view. |
| 202-2 | Proportion of senior management hired from the local community | The social dimension - Developing human resources - Diversity and equal opportunity | |

| GRI INDICATOR | DISCLOSURE TITLE | REFERENCE | OMISSIONS | NOTES |
|------------------|---|--|--|--|
| | DISCLOSURE | | | |
| | ONOMIC IMPACTS | | | |
| 103-1-2-3 | Management approach | The economic dimension - Determination and distribution of Added Value | | |
| 203-1 | Infrastructure investments and services supported | The social dimension - Responsible management of the supply chain Supporting local communities | | |
| 203-2 | Significant indirect economic impacts | The social dimension - Responsible management of the supply chain Supporting local communities | | |
| PROCUREME | NT PRACTICES | | | |
| 103-1-2-3 | Management approach | The social dimension - Responsible management of the supply chain | | |
| 204-1 | Proportion of spending on local suppliers | The social dimension - Responsible management of the supply chain | data on t as spare commero resea | roup only provides he purchases of its production sites regards goods and parts. Purchases of cial companies and rch centres are not considered, re residual and not relevant. |
| ENVIRONMEI | NTAL | | | |
| Energy | | | | |
| 103-1-2-3 | Management approach | The Environmental Dimension - Energy consumption | | |
| 302-1 | Energy consumption within the organization | The Environmental Dimension - Energy consumption | of th | n the consumption ne Rome and Milan are not considered relevant. |
| Water | | | | |
| 103-1-2-3 | Management approach | The environmental dimension - Environmental certification The environmental dimension - Conserving water resources The environmental dimension - Waste handling and recovery | | |
| 303-1 | Water withdrawal by source | The Environmental Dimension - Conserving water resources | Rome an | a on the use of the d Milan offices are onsidered relevant. |
| 303-2 | Water sources significantly affected by withdrawal of water | The Environmental Dimension - Conserving water resources | | |
| 303-3 | Percentage and total volume of water recycled and reused | The Environmental Dimension - Conserving water resources | | |

| GRI INDICATOR | DISCLOSURE TITLE | REFERENCE | OMISSIONS NOTES |
|------------------|---|---|--|
| | DISCLOSURE | | |
| ENVIRONMEN | | | |
| Emissions | | | |
| 103-1-2-3 | Management approach | The environmental dimension - Environmental certifications - Emissions of CO ₂ and other pollutants | |
| 305-1 | Direct (Scope 1) GHG emissions | The Environmental Dimension - Emissions of CO ₂ and other pollutants | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | The Environmental Dimension - Emissions of CO ₂ and other pollutants | Emissions of commercial offices are not indicated. Data on the use of the Rome and Milan offices are not considered relevant. |
| 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | The Environmental Dimension - Emissions of CO ₂ and other pollutants | The indicator only considers VOC (volatile organic compounds) released by solvents used in painting. |
| Effluents and | waste | | |
| 103-1-2-3 | Management approach | The environmental dimension - Environmental certification The environmental dimension - Conserving water resources The environmental dimension - Waste handling and management - Environmental certifications - Emissions of CO ₂ and other pollutants | |
| 306-1 | Water discharge by quality and destination | The Environmental Dimension - Conserving water resources | |
| 306-2 | Waste by type and disposal method | The Environmental Dimension - Waste handling and recovery | Waste production of commercial offices, research centres and the Rome and Milan offices is considered as not relevant, as it is equivalent to municipal waste. |
| 306-3 | Significant spills | The Environmental Dimension - Waste handling and recovery | |
| Environmenta | l Compliance | | |
| 307-1 | Non-compliance with environmental laws and regulations | Governance of sustainability - The system for responsible business management | |

| GRI INDICATOR | DISCLOSURE TITLE | REFERENCE | OMISSIONS NOTES |
|------------------|--|--|---|
| SOCIAL | | | |
| EMPLOYMEN | Т | | |
| 103-1-2-3 | Management approach | The social dimension - Personnel management policies | |
| 401-1 | New employee hires and employee turnove | The social dimension - Personnel management policies | The Group reports the turnover rate by professional category and geographic segment. |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | The social dimension - Developing human resources - Reward policies | |
| 401-3 | Parental leave | The social dimension - Diversity and equal opportunity | The Group reports on the retention rate. |
| LABOR/MAN | AGEMENT RELATIONS | | |
| 103-1-2-3 | Management approach | The social dimension - Industrial relations | |
| 102-41 | Collective bargaining agreements | The social dimension - Industrial relations | |
| 402-1 | Minimum notice periods regarding operational changes | The social dimension - Industrial relations | |
| OCCUPATION | IAL HEALTH AND SAFETY | | |
| 103-1-2-3 | Management approach | The social dimension - Occupational health and safety | |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | The social dimension - Occupational health and safety | |
| TRAINING AN | ND EDUCATION | | |
| 103-1-2-3 | Management approach | The social dimension - Developing human resources | |
| 404-1 | Average hours of training per year per employee | The social dimension - Training | The average of the training hours is calculated only on the group total. |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | The social dimension - Personnel management policies - development and careers | |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | The social dimension - Personnel management policies - Appraisal | |
| DIVERSITY A | ND EQUAL OPPORTUNITY | | |
| 103-1-2-3 | Management approach | The social dimension - Personnel management policies | |
| 405-1 | Diversity of governance bodies and employees | The social dimension - Diversity and equal opportunity | The Group reports employee data. |
| 405-2 | Ratio of basic salary and remuneration of women to men | The social dimension - Developing human resources - Diversity and equal opportunity | |
| NON-DISCRIM | MINATION | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | |
| 406-1 | Incidents of discrimination and corrective actions taken | Governance of sustainability - The system for responsible business management | |

| GRI INDICATOR | DISCLOSURE TITLE | REFERENCE | OMISSIONS | NOTES |
|------------------|--|--|-----------|--|
| SOCIAL SC | | | | |
| LOCAL COMM | | | | |
| 103-1-2-3 | Management approach | The social dimension - Supporting local communities | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | The social dimension - Supporting local communities | | The Group provides information about charity activities promoted in the year, and initiatives taken by the Fondazione Piaggio and Museo Piaggio. |
| ANTI-CORRU | PTION | | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | | |
| 205-3 | Confirmed incidents of corruption and actions taken | Governance of sustainability - The system for responsible business management | | |
| PUBLIC POLIC | CY | | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | | |
| 415-1 | Political contributions | Governance of sustainability - The system for responsible business management | | |
| ANTI-COMPE | TITIVE BEHAVIOUR | | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Governance of sustainability - The system for responsible business management | | |
| COMPLIANCE | | | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Governance of sustainability - The system for responsible business management | | Tax sanctions are not included. |
| SOCIAL PR | ODUCT RESPONSABILITY | | | |
| CUSTOMER H | IEALTH AND SAFETY | | | |
| 103-1-2-3 | Management approach | The product dimension - Research guidelines; Applications - The social dimension - Meeting customer requirements - Product quality and reliability | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | The product dimension - Research guidelines; Applications - The social dimension - Meeting customer requirements - Product quality and reliability | | A qualitative contribution is provided. |

| GRI INDICATOR | DISCLOSURE TITLE | REFERENCE | OMISSIONS | NOTES |
|-------------------|--|---|-----------|-------|
| SOCIAL PR | ODUCT RESPONSABILITY | | | |
| PRODUCT AN | D SERVICE LABELING | | | |
| 103-1-2-3 | Management approach | The social dimension - Meeting customer requirements | | |
| 102-43/102- 44 | Approach to stakeholder engagement e Key topics and concerns raised | The social dimension - Meeting customer requirements | | |
| MARKETING (| COMUNICATIONS | | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | | |
| 417-3 | Incidents of non-compliance concerning marketing communications | Governance of sustainability - The system for responsible business management | | |
| CUSTOMER P | RIVACY | | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Governance of sustainability - The system for responsible business management | | |
| COMPLIANCE | | | | |
| 103-1-2-3 | Management approach | Governance of sustainability - The system for responsible business management | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Governance of sustainability - The system for responsible business management | | |



INDEPENDENT REPORT ON THE LIMITED AUDITING OF THE 2019 CORPORATE SOCIAL RESPONSIBILITY REPORT



Independent auditor's report on the Corporate Social Responsibility Report 2019

To the board of directors of Piaggio & C. SpA

We have been engaged to perform a limited assurance engagement on the Corporate Social Responsibility Report of Piaggio Group (hereinafter the "Group") for the year ended 31 December 2019 (hereinafter the "Report").

Responsibility of the directors for the Report

The directors of Piaggio & C. SpA are responsible for the preparation of the Report in compliance with "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative ("GRI Standards"), as indicated in the paragraph "Methodological note" of the Report.

The directors are also responsible for that part of internal control that they consider necessary to prepare a Report that is free from material misstatement due to fraud or unintentional behaviours or events.

Moreover, the directors are responsible for the definition of the sustainability performance targets of Piaggio Group, as well as for the identification of stakeholders and of the significant aspects to be reported.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour.

Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibility

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the Report with the GRI Standards. We conducted our engagement in accordance with "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance

PricewaterhouseCoopers SpA

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Engagements Other than Audits or Reviews of Historical Financial Information" (hereafter also "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the Report is free of material misstatement.

The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 *Revised* ("reasonable assurance engagement") and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Report were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the Report, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

- analysis of the reasons for the coexistence of the NFS (consolidated Non-Financial Statement according to articles 3 and 4 of Legislative Decree 254/2016) and the Report and of the elements that differentiate the two documents;
- 2 analysis of the process aimed at defining the significant reporting areas to be disclosed in the Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- 3 comparison of the financial information reported in chapter "The Economic Dimension" of the Report with the information included in the Group's Consolidated Financial Statements;
- 4 Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the Report. In particular, we held meetings and interviews with the management of Piaggio & C. SpA and with the personnel of Piaggio Vietnam Co. Ltd and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the Report.

Moreover, for material information, considering the activities and characteristics of the Group:

- at parent company level,
 - a) with reference to the qualitative information included in the Report, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the plants of Noale and Scorzè (Piaggio & C. SpA and Aprilia Racing Srl) and Vinh Phuc (Piaggio Vietnam Co. Ltd), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators

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Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Corporate Social Responsibility Report of Piaggio Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in the paragraph "Methodological note" of the Report.

Florence, 24 March 2020

PricewaterhouseCoopers SpA

Signed by

Francesco Forzoni (Partner)

 $This \ report \ has \ been \ translated \ from \ the \ original, \ which \ was \ is sued \ in \ Italian, \ solely \ for \ the \ convenience \ of \ international \ readers.$

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We thank all our colleagues who, with their precious collaboration, made the drafting of this document possible.

This document is available on the Internet at: www.piaggiogroup.com



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