



Corporate Social Responsibility Report  
2011



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## From the Chairman



I have a genuine passion that comes from my long personal experience and from my great interest in technology when it comes to the company's manufacturing activities. For this reason, I often visit not just the Piaggio Group's European production sites, but also the production sites we have built and are continuously expanding in great countries such as India and Vietnam.

It makes me proud, both as an entrepreneur and as an Italian, to see that an extraordinary vehicle like the Vespa, with all the strength of its long-standing success in Europe and the U.S., has soon become also a cult item in Vietnam and throughout Southeast Asia and when I see the growing expectations for the start of sales of the Vespa in India, the world's second largest two-wheeler market. As an entrepreneur because the decisions made with the management team of the Piaggio Group have put us in a position to compete at a global level that gives the Group's operations an increasingly broader and stronger scope thanks to its industrial and commercial presence in markets with extremely high growth rates. As an Italian because I find that it is an extraordinary challenge to offer the world the best in terms of style, technological innovation and products in the world of two-, three- and four-wheeler vehicles in order to meet the expectations and mobility needs of extremely diverse consumers in terms of income, transport needs, environmental awareness, while creating new jobs and exporting our technological and industrial know-how to countries that are just now starting along the road of widespread prosperity.

For all these reasons, I am all the more satisfied when an Indian manager or a young Vietnamese engineer takes me around a production site of the Piaggio Group to show me, an Italian guest, all the novelties of what they rightly consider "their" factory. Those are the very moments when I can actually experience for myself what the real wealth of our Group is: the intelligence, hard work and passion of a community of people engaged in every corner of the planet, whose operations are continuously scrutinized by our customers and stakeholders, because they expect from the Piaggio Group behaviours that are consistent with the reputation, values and style of a manufacturer with an Italian soul and a global vocation.

This Fourth Corporate Social Responsibility Report is a journey into the values of our Group: the people and cultures that we interact with, technological innovation and environmental sustainability, customer satisfaction and the partnership with our sales networks, the remuneration of the shareholders who invest in the Piaggio Group and the transparency and rigour of financial communication.

Our strategy that respects work, the environment and the communities that host the Group's production sites is applied firstly in Italy, where the management of the economic and social impact of the crisis in the European market has always been infused by a sense of responsibility and a desire to achieve the broadest possible degree of cooperation with trade unions in all its actions. We can rely on an industrial strategy rooted not in delocalisation, but in making major investments in terms of human and financial resources aimed at growth in the world's most promising regions. The relationship with the territories where our products are created is further consolidated by the sound relations with universities, research centres and local authorities in order to promote development to the benefit of the entire community.

This Corporate Social Responsibility Report reflects also and above all the work of the men and women who day after day contribute, with all their skills and pride, to the present and future success of our products and brands and who for this reason are the most important and critical resource of the Group.

Chairman and Chief Executive Officer  
**Roberto Colaninno**





## *Methodological note*

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

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

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

The information and data in the 2011 Corporate Social Responsibility Report refer to subsidiaries as of 31 December 2011 and their activities in 2011, unless otherwise specified.

Data for 2009 and 2010 have been retrieved from previous issues of the report, published in July 2010 and March 2011 respectively, and are provided for comparative purposes only. Where possible, the figures in this Corporate Social Responsibility Report refer, when possible, to a three-year period, in order to allow for an evaluation of performance over time.

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

As regards the comparability of 2009 data with future periods, it should be noted that the production and sales operations of Piaggio Vietnam officially commenced on 24 June 2009. Therefore, the 2009 data cover approximately six months of operations at the new plant, compared to the full year of operations considered by 2010 and 2011 data.

As of 24 January 2012 the Group has adopted an organisation by geographical segments: EMEA and Americas, Asia SEA and India. Therefore, the data by geographical segment follow this new breakdown.

The report duly indicates when aggregate data derive from estimates.

Data expressed in millions may be rounded up or down in some cases. Please be noted that changes and incidence in percent were calculated based on data expressed in thousands and not on the rounded figures expressed in millions.

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

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

Compliance with GRI Application Level B+ was also confirmed by the Global Reporting Initiative, which issued a relevant “GRI Application Level Check Statement”.



# 01 GROUP PROFILE

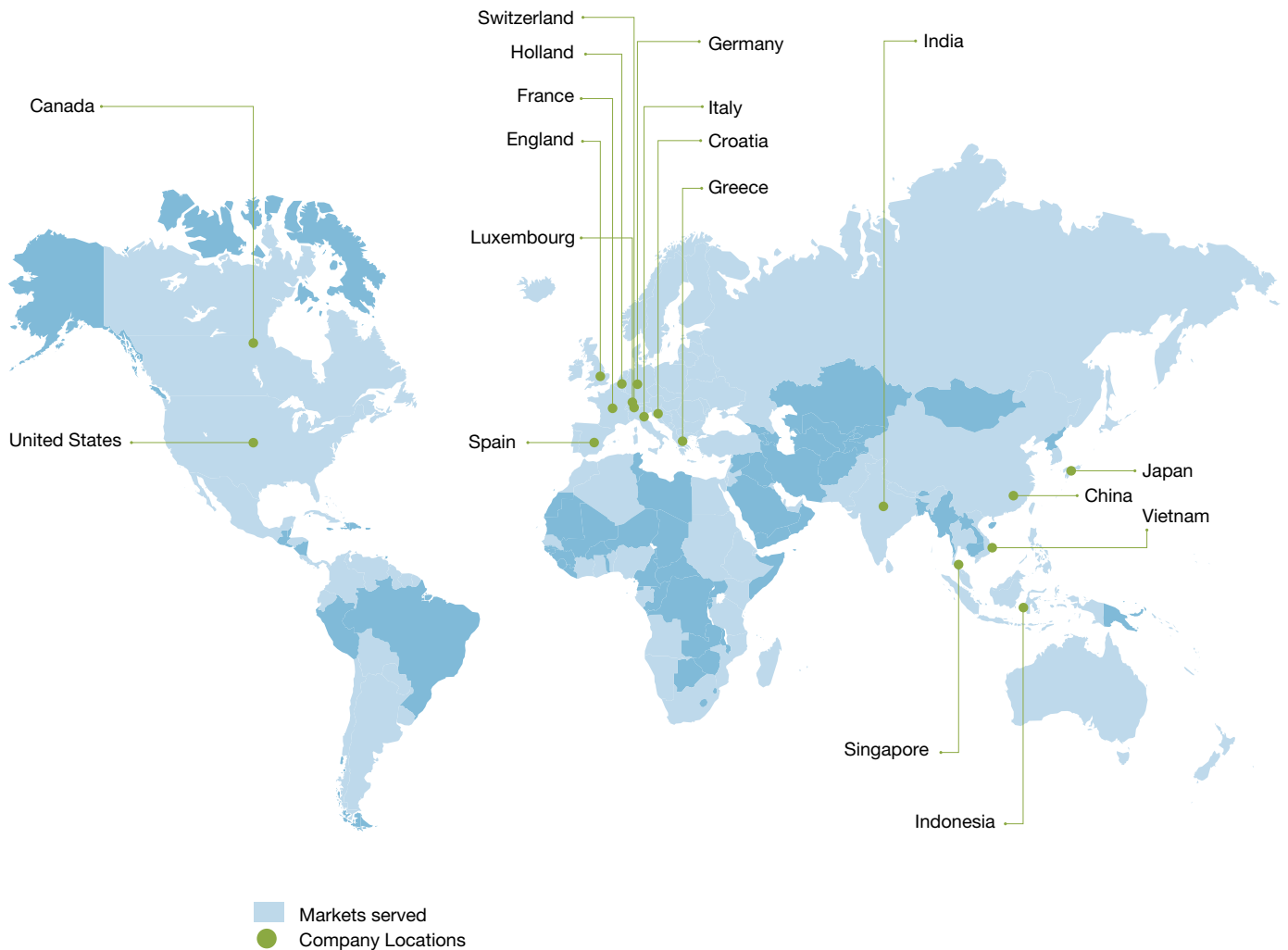
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## 01. Group profile

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

As of 31 December 2011, the Piaggio Group was controlled by almost 53% by the Immsi Group and has been listed on the Milan Stock Exchange since 11 July 2006.

At the end of 2011, the Group had a workforce of 7,619 people, five research and development centres in Italy, India and Vietnam, and manufactured from production sites located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Barcelona (Spain), Baramati (India) and Vinh Phuc (Vietnam).



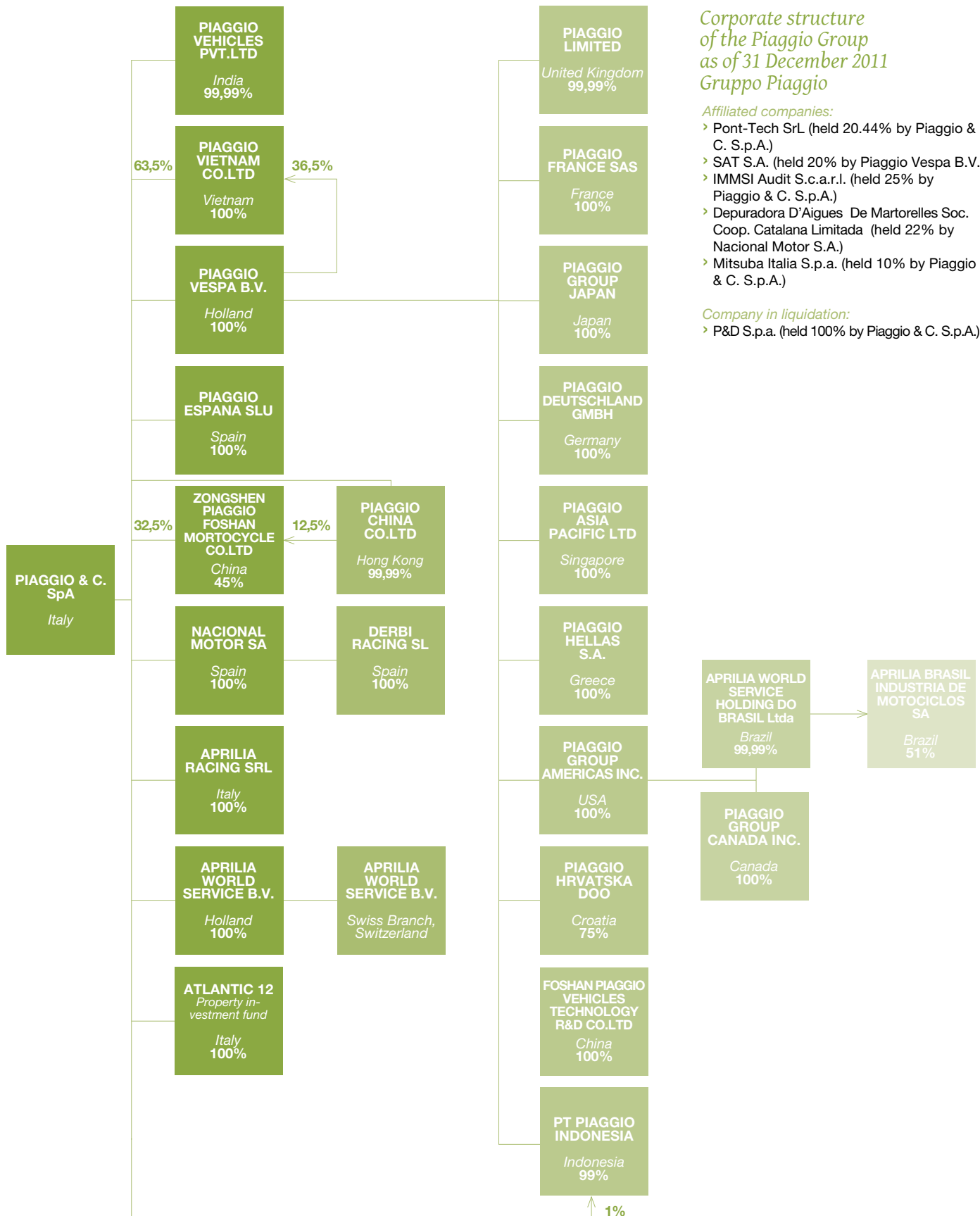
*Corporate structure of the Piaggio Group as of 31 December 2011*  
**Gruppo Piaggio**

*Affiliated companies:*

- › Pont-Tech SrL (held 20.44% by Piaggio & C. S.p.A.)
- › SAT S.A. (held 20% by Piaggio Vespa B.V.)
- › IMMSI Audit S.c.a.r.l. (held 25% by Piaggio & C. S.p.A.)
- › Depuradora D'Aigues De Martorelles Soc. Coop. Catalana Limitada (held 22% by Nacional Motor S.A.)
- › Mitsuba Italia S.p.a. (held 10% by Piaggio & C. S.p.A.)

*Company in liquidation:*

- › P&D S.p.a. (held 100% by Piaggio & C. S.p.A.)



## Brand

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



### *Ape*

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



### *Aprilia*

With a product range spanning 50cc scooters to top-performing 1,200cc motorcycles, Aprilia is the only European "full liner" brand in the powered two-wheeler segment. Over the past five years the brand has expanded its product range significantly to feature today a completely new range of vehicles and engines boasting the most advanced technology. The symbol of the new range of V-two and V-four engines engineered exclusively by Aprilia is the RSV4 engine which powered Max Biaggi on to win both the manufacturer's title and rider's title in the 2010 Superbike World Championship, in just its second year in the category.

Historically associated with extraordinary racing performance and victory, Aprilia has won forty-nine world road and off-road racing championships in less than twenty years, clocking up 294 victories in Road Racing World Championship Grand Prix, where it has opened the doors to success for some of the biggest names on the scene today – from Rossi to Biaggi, from Stoner to Lorenzo. Such a wide-ranging focus on racing has led to the development of unparalleled know-how and the transfer of the best technological solutions to our production motorcycles.



### *Derbi*

For over eighty years, Derbi has introduced many a youngster to the world of motorcycling, while dominating the track in motorcycle racing. The Derbi brand includes 50cc - 300cc scooters and motorcycles with small and medium engine capacity, particularly 50 and 125cc, and is a European leader thanks to technologically advanced vehicles and components and a sleek design.

With twenty-one world road racing titles to its name, Derbi is very well known in Europe and stands for excellent technical performance and superb delivery in the small and medium engine capacity sector. An established leader of the 50cc and 125cc manual transmission motorcycle segment, Derbi boasts a full range of bikes designed for city, road and off-road riding and racing.



### *Gilera*

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



### *Moto Guzzi*

Moto Guzzi is one of the world's best known brands of motorcycle, with fans and clubs in all four corners of the globe. Moto Guzzi is a part of Italian and world motorcycling history, established ninety years ago in 1921 at the legendary production site in Mandello del Lario, where the "Eagle Marque" was first used in 1921.

Moto Guzzi has made a name for itself over the years manufacturing motorcycles renowned for their remarkable reliability, which have become famous thanks to their visibility at international rallies and premiere sporting events. The current Moto Guzzi range features 750cc-1,200cc touring, road enduro, custom and naked bikes, all with 90° V twin cylinder engines and final Cardan drive.



### *Piaggio*

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



### *Scarabeo*

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



### *Vespa*

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



### *Commercial Vehicles*

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

### The main stages in the history of the Piaggio Group

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





## 1.1 Piaggio - facts and figures<sup>1</sup>

<sup>1</sup>Data are stated as of 31  
December 2011.

EUR **1,516.5** million Consolidated revenue

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**653.3** thousand units Vehicles sold

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Over **19,000** sales outlets Network

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EUR **200.6** million EBITDA

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EUR **47.0** million Net profit

---

EUR **335.9** million Net debt

---

**7,619** Employees as of year end

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EUR **126.1** million Investments

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EUR **68.5** million Research & Development

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## 1.2 Main events and achievements in 2011

### Environmental certification

**25 January 2011** - The production site at Vinh Phuc, Vietnam, obtained ISO 14001:2004 certification (environmental certification).

### Bike of the year

**March 2011** - VESPA GTS 300 SUPER was voted 2011 Scooter of the Year by the readers of the specialist German magazine "Motorrad" at the end of a survey that saw the participation of over 27,000 readers. In that same survey the Vespa LX 125 ranked second.

**September 2011** - Aprilia RSV4 APRC was awarded the title of Motorcycle of the Year by the specialist magazine "Superbike italia".

### Web awards

**13 June 2011** - The web site www.vespa.com was the People's Voice Winner for best automotive site at the Webby Awards in New York.

**12 September 2011** - The web site www.vespa.com won the critics award at "Premio Web Italia 2011" (Italian Web Awards), promoted by AssoWebItalia and dedicated to excellence on the scene of Italian web productions.

### 125cc Motorcycle World Champions

**18 September 2011** - Aprilia won the constructors' championship in the 125cc category.

**6 November 2011** - Nico Terol won the 125cc rider's world championship title riding an Aprilia, bringing the number of titles won by the Noale company to a total of thirty-eight.

### Sustainable development Award

**16 November 2011** - Piaggio received the "Sustainable Development Award" from the Sustainable Development Foundation.

### KWD Webranking 2011 Italy Top 100

**21 November 2011** - Piaggio ranked 4th, up from 5th place in 2010, in the annual report on corporate web communication of Italy's 100 largest companies by market capitalisation, conducted by KWD Webranking, in collaboration with Lunquist.

### Best Financial Reporting Award (Oscar di Bilancio)

**1 December 2011** - the 2010 financial reporting of the Piaggio Group won the Oscar di Bilancio Award (Best Financial Reporting) for Corporations and Large Listed Companies.

## 1.3 Piaggio Group Certifications

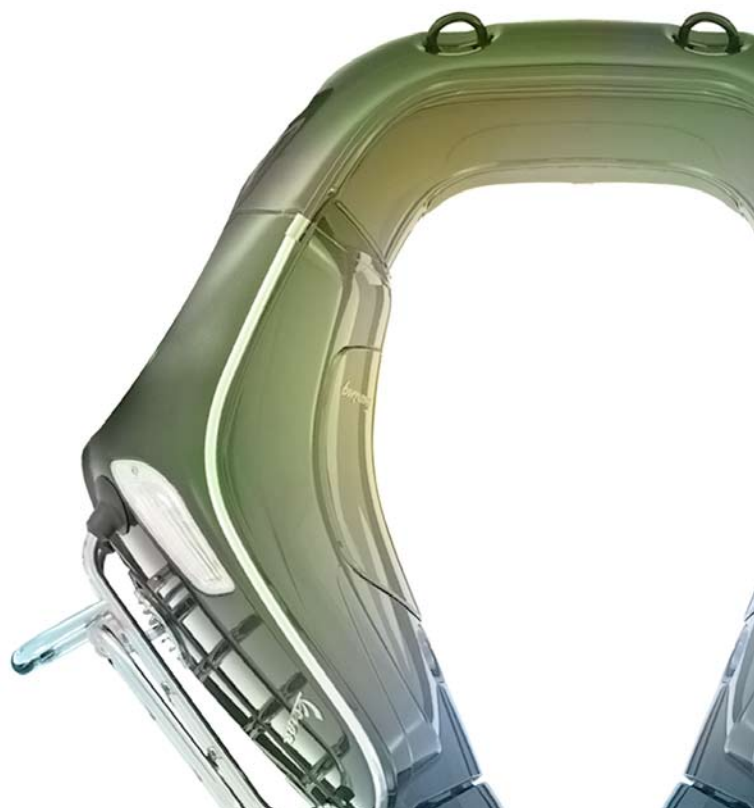
Production sites	Certification	Validity
Pontedera	UNI EN ISO 9001:2008 - Quality management system UNI EN ISO 14001:2004 - Environmental management system	December 2010 - December 2013
Noale and Scorzè Mandello del Lario	BS OHSAS 18001:2007 - Occupational Health and Safety Management System	
Martorelles	UNI EN ISO 9001:2008 - Quality management system	December 2010 - December 2013
Baramati motori	UNI EN ISO 9001:2008 - Quality management system	August 2010 - August 2013
Vinh Phuc	UNI EN ISO 9001:2008 - Quality management system UNI EN ISO 14001:2004 - Environmental management system	October 2009 - October 2012 January 2011 - January 2014





## 02 PIAGGIO A SUSTAINABLE GROUP

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## *02. Piaggio a sustainable group*

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

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

The Group's behaviours take inspiration from the principles and values set forth in the Code of Ethics. All Group personnel must abide by it and all those who interact with the company throughout the world are called upon to comply with it as well.

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

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

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

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

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

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

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

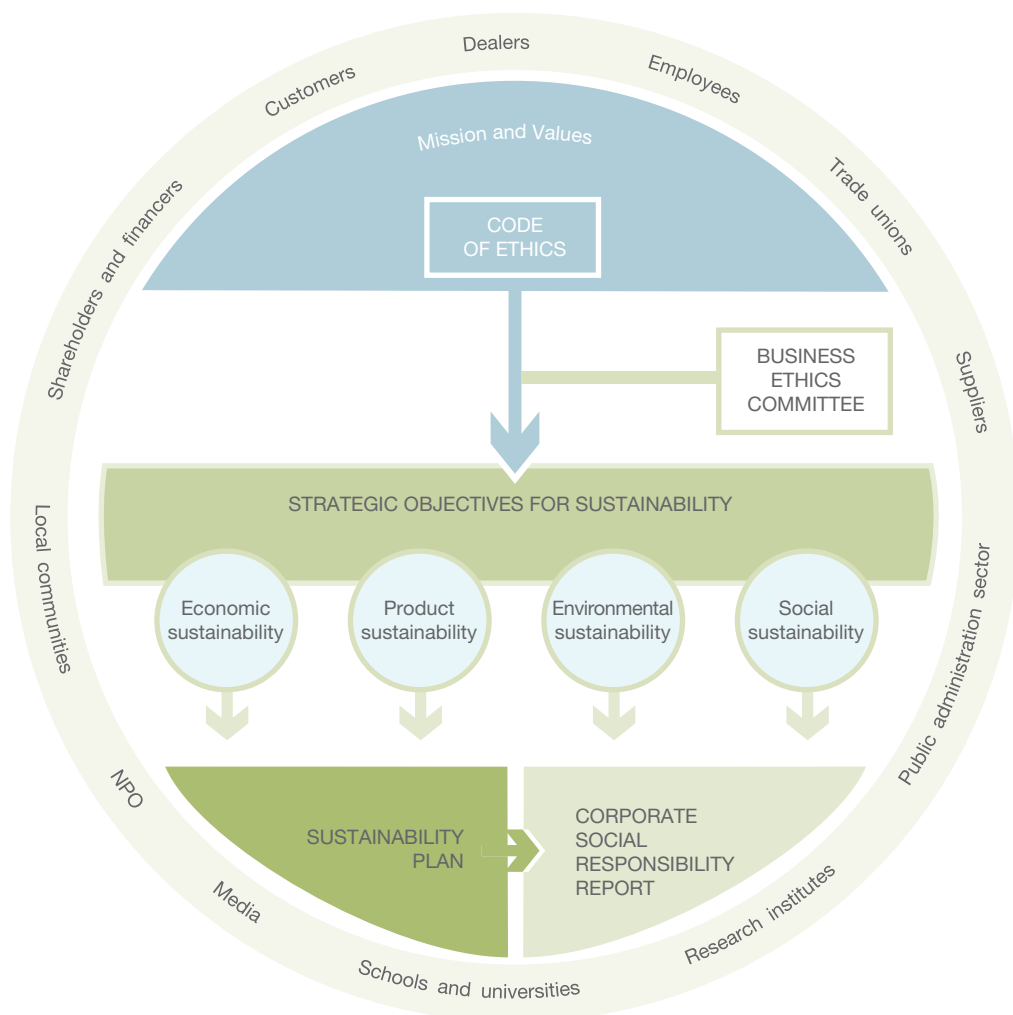
### *2.1 Piaggio's Corporate Social Responsibility Model*

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

The mission and values form the basis for strategic objectives for sustainability, based on contexts that are important for the Group: economic sustainability, product sustainability, environmental sustainability

and social sustainability. With these and the strategic objectives it has defined, the Group has prepared a mid/long-term sustainability plan. This plan is reported on in the Corporate Social Responsibility Report with the utmost transparency and with a view to continually improving economic, environmental, social and product performance.

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



### Mission

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

To stand out as a player that contributes to the social and economic growth of the communities in which it operates, considering, in its activities, the need to protect the environment and the collective wellbeing of the community.

To be an Italian global player in the light mobility segment, standing out for its superior design, creativity and tradition. To become a leading European Company with a world class reputation, championing a business model based on the values of quality and tradition, and on the ongoing creation of value.

## *Values*

### *Value for customers*

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

### *Value for shareholders*

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

### *Value of people*

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

### *Value of brands*

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

### *Customer-focussed innovation*

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

### *Internationalisation*

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

## *2.2 Code of Ethics*

Piaggio & C. has adopted a Code of Ethics since 2004. The Code is available on its web site ([www.piaggiogroup.com/Governance](http://www.piaggiogroup.com/Governance)). The Code of Ethics was updated in 2010 following a review of the Organisational Model pursuant to Legislative Decree 231/2001, in order to tailor it more closely to the social and ethical values that the Piaggio Group is based on and inspire its work. The Code of Ethics, which has been disseminated extensively and is in force in all of the Group's companies, defines the principles and values which the entire company organisation takes inspiration from in a clear and transparent manner:

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

The Group's Code of Ethics sets out the social and ethical responsibilities of each member of the Company's organisation. In particular, the ethical and social responsibilities of senior management, middle management, employees and suppliers are defined, in order to prevent any party, acting in the name of and on behalf of Group companies, from adopting a conduct which is irresponsible or unlawful.

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

## *2.3 Business Ethics Committee*

The Piaggio Group was the first organisation to establish a Business Ethics Committee in Italy, in 2008.



This committee develops rules and regulations for organisational conduct in line with international best practices on corporate social responsibility.

In coordinating the entire corporate responsibility process, the committee:

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

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

## 2.4 Strategic objectives

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

Transparency and economic value	<ul style="list-style-type: none"> <li>› Creating value while respecting business ethics</li> <li>› Timely, correct, in-depth information to stakeholders</li> </ul>
Product innovation and sustainable mobility	<ul style="list-style-type: none"> <li>› Technological investments to meet the need for sustainable mobility</li> <li>› Innovation to develop products that are environmentally friendly, safe and cost-effective</li> </ul>
Environmental sustainability	<ul style="list-style-type: none"> <li>› Reducing energy consumption</li> <li>› Reducing emissions of CO<sub>2</sub> and other pollutants</li> <li>› Conserving natural resources</li> <li>› Waste handling and recovering</li> </ul>
Development of human resources and relations with stakeholders	<ul style="list-style-type: none"> <li>› Developing, training and promoting human resources so that everyone's expectations and aspirations are met</li> <li>› Listening to and assisting customers, to establish relations based on transparency and trust</li> <li>› Developing Company Advocacy in co-partnership with the Dealers network</li> <li>› Working together with suppliers, through jointly developed projects</li> <li>› Engaging and supporting local communities through social, cultural and educational initiatives</li> </ul>

## 2.5 Stakeholder involvement

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

Based on this definition, the Business Ethics Committee has identified a number of categories of stakeholders in relation to Group operations and namely: customers, employees, shareholders and

investors, dealers, suppliers, trade unions, institutions and public administrations, local communities and non-governmental organisations, schools, universities and research institutes, the media, industry organisations and trade associations.

Map of Piaggio Group stakeholders



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

A central role in communication between the company and stakeholders is played by the Piaggio Group's corporate web site: [www.piaggiogroup.com](http://www.piaggiogroup.com). The web site was redesigned in 2010 to keep abreast of international best practices in the field of institutional and financial communication and to provide transparent and timely information on the Group's corporate activities. It reached 4th place in the ranking of best Italian corporate web sites issued by Hallvarsson & Halvarsson in 2011 (5th place in 2010).

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

The functions and tools used are shown below.

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

## 2.6 Contenuti del report

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

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

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

Transparency and economic value	<ul style="list-style-type: none"> <li>› Governance and compliance</li> <li>› Economic profitability</li> </ul>
Product innovation and sustainable mobility	<ul style="list-style-type: none"> <li>› Sustainable mobility</li> <li>› Environmentally friendly innovation</li> <li>› Vehicle consumption and CO<sub>2</sub> emissions</li> <li>› Product safety and reliability</li> <li>› Low running costs</li> <li>› Life cycle management</li> </ul>
Environmental sustainability	<ul style="list-style-type: none"> <li>› Pollutant emissions and energy consumption of production sites</li> <li>› Conserving natural resources</li> <li>› Waste handling and recovering</li> <li>› Logistics</li> </ul>
Development of human resources and relations with stakeholders	<ul style="list-style-type: none"> <li>› Career development and training</li> <li>› Workers' health and safety</li> <li>› Diversity and equal opportunity</li> <li>› Customer and dealer satisfaction</li> <li>› A sustainable supply chain</li> <li>› Education and culture promotion</li> <li>› Relations with local areas and local communities</li> </ul>

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

Compared to the previous Report, the following improvements have been introduced:

- › a specific section dedicated to the Group's logistics activities was added;
- › the new G3.1 guidelines published by GRI in 2011 were applied, thereby increasing the level of disclosure especially with reference to distribution by category;
- › information on indicators in terms of number and completeness of the contents was further expanded.

## 2.7 2011 results and future objectives

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

Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives
Shareholder remuneration	› Distribution of dividends.	› Distribution of dividends.	› Distribution of dividends.	› Distribution of dividends and protection of equity for shareholders.
Conducting business operations fairly and transparently	› Continuing improvement of the corporate web site and financial reporting.	› <i>Oscar di Bilancio</i> award for corporations and listed companies. › Enhancement of corporate web site contents, whose standing improved in the "KWD Webranking Italy 2011 Top 100" ranking of the best Italian web sites, up to 4th place from 5th place.	› Further enhancement of the corporate website in terms of contents and usability. › Continuing improvement of financial reporting.	› Swift and timely compliance with laws and regulations. › Continuing improvement of the corporate web site. › Ongoing adaptation of the Code of Ethics to national and international best practices.

Product: Two-wheeler

Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives
<p>Study, research and development of environmentally sustainable products:</p> <ul style="list-style-type: none"> <li>› reducing fuel consumption and emissions</li> <li>› increasing performance</li> </ul>	<ul style="list-style-type: none"> <li>› Development of the MP3 Hybrid for the US market, with longer battery range and higher speeds in electric mode (+30%).</li> </ul>	<ul style="list-style-type: none"> <li>› Development of a new modular battery for transverse applications in the Two-wheeler sector with +30% capacity.</li> <li>› UL safety certification pending for battery and battery charger.</li> </ul>	<ul style="list-style-type: none"> <li>› Completion of UL certification to prepare for any commercial demand in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>› Installation of hybrid powertrains on new models, including four-wheeler vehicles.</li> </ul>
	<ul style="list-style-type: none"> <li>› Development of modular lithium battery solutions (1.5 kWh).</li> </ul>	<ul style="list-style-type: none"> <li>› Development at an advanced stage for new 1.5-kWh modular batteries.</li> </ul>	<ul style="list-style-type: none"> <li>› Completion of development and sale of new 1.5-kWh modular lithium batteries.</li> </ul>	<ul style="list-style-type: none"> <li>› Study of batteries with higher energy densities, longer ranges and greater reliability.</li> <li>› Study of electronic control and power systems entailing lower industrial costs.</li> </ul>
	<ul style="list-style-type: none"> <li>› Sale of the new "Three Valve" engine installed on European models of the Liberty.</li> </ul>	<ul style="list-style-type: none"> <li>› New "Three-Valve 125/150" engine unveiled at EICMA on the Vespa Quarantasei.</li> <li>› Development of new 350 4stroke 4v water engine for the GT - RA "premium" segment unveiled at the EICMA Show on Beverly 350 Sport Touring also in ABS-ASR version.</li> </ul>	<ul style="list-style-type: none"> <li>› Sale of the new "Three-Valve 125/150" engine on European models (Vespa LX followed by Vespa Quarantasei).</li> <li>› Extension of engine size on new GT X10 and MP3 350.</li> </ul>	<ul style="list-style-type: none"> <li>› Extension of the "Three-Valve 125/150" engine to European and Overseas models.</li> <li>› Size extension to other engines of the range.</li> </ul>
	<ul style="list-style-type: none"> <li>› Sale of the electric Liberty e-Mail for fleets.</li> <li>› Development of smart electronic controls for managing battery range.</li> </ul>	<ul style="list-style-type: none"> <li>› Official unveiling at the EICMA Show of the Liberty e-mail and delivery of first vehicle lots to various European posts.</li> <li>› Filing of patent on Smart Battery Range Management for SmartPhone or via integrated software.</li> </ul>	<ul style="list-style-type: none"> <li>› Sale of the new "High Efficiency" engine installed on the Vespa LX India.</li> <li>› Extension of product to major European corporations.</li> <li>› Completion of study with filing of new patent.</li> </ul>	<ul style="list-style-type: none"> <li>› Extension of the new "High Efficiency" engine to all models in the range for Asian countries.</li> <li>› Expansion of the range of electric vehicles designed for consumers (Liberty Retail etc.).</li> </ul>
<p>Good product end life recycling and recovery levels</p>	<ul style="list-style-type: none"> <li>› Extension of trials by raising the number of samples tested and the percentage of recycled material used (40%).</li> </ul>	<ul style="list-style-type: none"> <li>› Tests conducted to increase the amount of recycled material used in the composite plastic (up to 40%).</li> <li>› Internal type approval obtained for pressed pieces for various models among which the MP3 and others.</li> </ul>	<ul style="list-style-type: none"> <li>› Extension of vehicle fleet and types of pieces that use composite plastic with a higher percentage of recycled material.</li> </ul>	<ul style="list-style-type: none"> <li>› Introduction and growing use of recycled materials in the mass production of plastic parts (Pontedera).</li> </ul>

Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives
Increasing safety for conventional two-wheeler vehicles, to promote this form of transport and tackle traffic problems	<ul style="list-style-type: none"> <li>› Field testing.</li> </ul>	<ul style="list-style-type: none"> <li>› Unveiling and sale of world's first ABS with anti-slip regulation (ASR) for scooters on the new 350 engine.</li> </ul>	<ul style="list-style-type: none"> <li>› Extension of the ABS+ASR to other engines and engine capacities.</li> </ul>	<ul style="list-style-type: none"> <li>› Field testing with a view to extending the system to most of the range within the next three years.</li> </ul>
Meeting demand for sustainable mobility with innovative product formulas (that are safe, sustainable and protect)	<ul style="list-style-type: none"> <li>› Sale of the MP3 Yourban.</li> </ul>	<ul style="list-style-type: none"> <li>› Launch of the new MP3 Yourban model in spring 2011.</li> </ul>	<ul style="list-style-type: none"> <li>› Proposal of innovative devices to improve vehicle safety in terms of Preventive and Active Safety.</li> </ul>	<ul style="list-style-type: none"> <li>› Testing of the next generation of more protective MP3 vehicles with a view to launching sales within the next three years.</li> <li>› Development and testing of the next generation of safer and more versatile MP3 vehicles with a view to launching sales within the next five years.</li> </ul>

Product: Commercial vehicles

Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives
Developing environmentally friendly products: -low consumption and low CO <sub>2</sub> emissions - good product end life - recycling and recovery levels	<ul style="list-style-type: none"> <li>› Production launch of the new P120 diesel engine (the world's first Euro 5 diesel twin-cylinder engine).</li> <li>› Production launch of the new BNA engine (naturally aspirated twin-cylinder Euro 2 engine).</li> </ul>	<ul style="list-style-type: none"> <li>› Start of production of vehicle with P120 diesel engine. Start of production of BNA diesel engine.</li> </ul>	<ul style="list-style-type: none"> <li>› Start of production of ENEL Electric Porter.</li> </ul>	<ul style="list-style-type: none"> <li>› New Electric Porter.</li> <li>› New City Car for Urban Mobility (NT3).</li> </ul>
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	<ul style="list-style-type: none"> <li>› Start of production for a new commercial vehicle with a greater capacity than today's and with P120 engine.</li> </ul>	<ul style="list-style-type: none"> <li>› Project delayed until the launch of a new commercial vehicle.</li> </ul>	<ul style="list-style-type: none"> <li>› Start of production for facelift on Ape 50.</li> <li>› Start of production of new Ape City Passenger with new 200cc engine.</li> <li>› Start of production of Ape Truk Plus with BNA engine.</li> </ul>	<ul style="list-style-type: none"> <li>› New commercial vehicle</li> </ul>
Guaranteeing greater safety levels for commercial vehicles at all times	<ul style="list-style-type: none"> <li>› Introduction of ABS in the Maxxi range.</li> </ul>	<ul style="list-style-type: none"> <li>› Project temporarily put on hold: launch planned together with the new commercial vehicle.</li> </ul>		

Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives
Protecting the environment: - reducing pollutant emissions - conserving natural resources	<ul style="list-style-type: none"> <li>› Design and development of the new two-wheeler production site in India, based on minimising the consumption of natural resources and harmful emissions and production waste.</li> </ul>	<ul style="list-style-type: none"> <li>› Development of the new two-wheeler production site in India, based on minimising the consumption of natural resources, harmful emissions and production waste, especially in the painting department.</li> <li>› Introduction of changes to optimise the use of existing facilities.</li> </ul>	<ul style="list-style-type: none"> <li>› Completion, testing and start-up of the new two-wheeler production site in India, based on minimising the consumption of natural resources and harmful emissions and production waste.</li> <li>› Continuation of environmental decontamination of the subsoil at the Moto Guzzi production site in Mandello del Lario, with particular reference to the demolition and decontamination of the old underground tanks.</li> <li>› Improvement of the disposal parameters of the sewage by means of the new water treatment system.</li> </ul>	<ul style="list-style-type: none"> <li>› Evaluation / application of new technologies with a lower environmental impact (for example, replacing phosphatization products)</li> <li>› Renovation of the Mandello del Lario production site for a more virtuous management of operations</li> <li>› Final separation of the internal sewage system serving the Pontedera production site by building a new sewage system for the industrial painting wastes.</li> </ul>

Environment

Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives
Health and safety	<ul style="list-style-type: none"> <li>› Completion of an assembly line analysis for the purposes of improving workplace ergonomics.</li> </ul>	<ul style="list-style-type: none"> <li>› Completion of the analysis of about 70% of the work stations of the Pontedera production site to determine workplace ergonomics within the framework of the OCRA project.</li> </ul>	<ul style="list-style-type: none"> <li>› Completion of the projects on workplace ergonomics at all Italian sites.</li> </ul>	
Personnel development	<ul style="list-style-type: none"> <li>› Running of the programme for a second year and its extension to India.</li> </ul>	<ul style="list-style-type: none"> <li>› The Piaggio Way talent programme was extended to all Piaggio sites in the world, including India.</li> </ul>	<ul style="list-style-type: none"> <li>› Consolidation of the programme.</li> </ul>	<ul style="list-style-type: none"> <li>› Assessment of the development tools proposed, and analysis of outcomes with a view to continuing improvement.</li> </ul>
	<ul style="list-style-type: none"> <li>› Management reviews extended to all employees covering critical roles at all levels of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>› The Management Review process based on the evaluation of white collars, middle management and senior management has been extended to the entire organisation.</li> </ul>	<ul style="list-style-type: none"> <li>› Process assessment and consolidation.</li> </ul>	<ul style="list-style-type: none"> <li>› Improvement of Management Review tools and processes and Succession Planning.</li> </ul>
	<ul style="list-style-type: none"> <li>› Review of the critical technical-professional competencies to be developed and included in the relevant model, in accordance with strategic guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>› Group-wide recognition of professional technical skills completed and first development and training plans set up to improve any reported gaps.</li> </ul>	<ul style="list-style-type: none"> <li>› Process assessment and consolidation.</li> </ul>	<ul style="list-style-type: none"> <li>› Review of the competencies models and their alignment with the strategic plan.</li> </ul>
	<ul style="list-style-type: none"> <li>› Introduction of a Learning Management System (LMS) for all employees to use.</li> <li>› Outline of the company technical-professional course catalogue.</li> </ul>	<ul style="list-style-type: none"> <li>› 2012 objectives were rescheduled.</li> </ul>	<ul style="list-style-type: none"> <li>› Introduction of a Learning Management System (LMS) for all employees to use.</li> <li>› Outline of the company technical-professional course catalogue.</li> </ul>	<ul style="list-style-type: none"> <li>› Extension of the LMS to all the Group.</li> <li>› Consolidation, review and updating of course catalogues.</li> </ul>
	<ul style="list-style-type: none"> <li>› Start of implementation of SAP HR and Success Factors for managing the employee review process.</li> </ul>	<ul style="list-style-type: none"> <li>› SAP HR and Success Factors were integrated as Group-wide Evaluation Management System tools.</li> </ul>	<ul style="list-style-type: none"> <li>› Consolidation of Group-wide use of tools.</li> </ul>	<ul style="list-style-type: none"> <li>› Continuing improvement of SAP HR and Success Factors functions in field of development.</li> </ul>



Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives	Dealers
Improvement and innovation of support tools for managing dealership arrangements	<ul style="list-style-type: none"> <li>Creation of a portal to back up in an "operative" way the network (front end) and sales divisions (back end).</li> </ul>	<ul style="list-style-type: none"> <li>Creation of Portal.</li> </ul>	<ul style="list-style-type: none"> <li>Portal used for interactive communication and engagement of the network in preliminary assessments of some promotional activities (e.g., on-line polls).</li> </ul>	<ul style="list-style-type: none"> <li>Creation of dealer relationship management systems in all key markets.</li> </ul>	
Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives	Customers
Brand Advocacy & Loyalty	<ul style="list-style-type: none"> <li>Integration of engagement panel databases with CRM databases.</li> </ul>	<ul style="list-style-type: none"> <li>Integration of customer claims and results of engagement panels implemented.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of retention projects on some "critical" customer segments.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership in service levels.</li> </ul>	
Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives	Suppliers
Developing cooperation with suppliers	<ul style="list-style-type: none"> <li>Launch of Vendor Rating system in India and Vietnam.</li> <li>India: about 150 new suppliers included in the SRM Portal.</li> <li>Vietnam: launch of Portal in first semester and inclusion of about 50 suppliers during the year.</li> <li>Introduction in India and Vietnam of a qualification system similar to the one used in Italy.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the Vendor Rating system in India and Vietnam.</li> <li>95 suppliers authorised in India and 52 in Vietnam.</li> <li>Implementation of qualification system in India and Vietnam.</li> </ul>	<ul style="list-style-type: none"> <li>Extension of system and new Vendor Rating campaigns in India and Vietnam.</li> <li>The target is to reach 150 authorised suppliers in India. 80 in Vietnam.</li> <li>Extension of the qualification system to India and Vietnam.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the number of suppliers registered on the portal in India and Vietnam.</li> </ul>	

The media and the community

Commitment	2011 objectives	2011 results	2012 objectives	Mid-term objectives
Developing relations with the media, in order to have transparent and in-depth information	<ul style="list-style-type: none"> <li>› Further strengthening of media relations in key markets, with special focus on Asia (India, Vietnam, South-east Asia).</li> </ul>	<ul style="list-style-type: none"> <li>› Having consolidated the traditionally strong relationship with the domestic market media, a major effort has been made to develop relations with media in Asian markets, thanks also to the presence of Piaggio in those markets and to the motorcycling events in those countries.</li> </ul>	<ul style="list-style-type: none"> <li>› Managing the relationship with the world of information in Western markets and continuing the implementation of relations with media in new Asian markets.</li> </ul>	<ul style="list-style-type: none"> <li>› Overriding globalisation of communication activities aimed at ensuring that information is transparent and that customers' information needs are satisfied</li> </ul>
	<ul style="list-style-type: none"> <li>› Total restyling of the main brand web sites.</li> <li>› Improvements to candidate management tools in the Work with Us section.</li> </ul>	<ul style="list-style-type: none"> <li>› The web presence of the various brands was restyled to make them more functional for the activities of the various brands. The presence of the brands has been implemented on social networks.</li> </ul>	<ul style="list-style-type: none"> <li>› Continuously updating the websites making the surfing experience more appealing thanks to new multimedia contents. Making all the websites completely accessible using the various operating systems for tablets and smartphones.</li> </ul>	<ul style="list-style-type: none"> <li>› Stepping up the presence of the Group's brands in a structured way on new media and social networks (in particular Facebook and Twitter).</li> <li>› Completing the development of usability of the Group's websites via new technological tools (iPhone, iPad, smart phones).</li> </ul>
	<ul style="list-style-type: none"> <li>› Further expansion of the worldwide distribution of the Wide magazine and its circulation in the business world.</li> </ul>	<ul style="list-style-type: none"> <li>› Distribution of the Wide magazine also among dealers and achievement of a circulation of over 84,000 copies in 40 countries.</li> </ul>	<ul style="list-style-type: none"> <li>› Adding the digital version of Wide to the printed version; the contents can always be updated so that it is more up-to-date than the print version, thus serving as a bridge between one issue and another.</li> </ul>	<ul style="list-style-type: none"> <li>› Creating constant advertising revenues from the magazine, by selling space for adverts that are consistent with the image and values of the Piaggio Group.</li> </ul>
Developing relations with local communities where the Group operates	<ul style="list-style-type: none"> <li>› Development of specialist training programmes for the territories in which the Group operates.</li> </ul>	<ul style="list-style-type: none"> <li>› Piaggio Museum: Inclusion in the catalogue of 13 educational projects focusing especially on design and communication for Italian and foreign university students.</li> </ul>	<ul style="list-style-type: none"> <li>› Continuing the consolidation of relations with political, social and economic players operating in the various sectors in which the Group is active and especially those in the area of production sites.</li> </ul>	<ul style="list-style-type: none"> <li>› Development of relations with local institutions to raise the competitiveness and attractiveness of the local areas in which the Piaggio Group operates.</li> </ul>





# 03 CORPORATE GOVERNANCE

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## 03. Corporate Governance

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

For this reason, in 2012, Piaggio & C. will assess the appropriate adjustments required by amendments in the new edition of the Corporate Governance Code of listed Companies approved in December 2011.

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

### 3.1 Role of the Board of Directors

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

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

The Board of Directors of Piaggio & C., in office as of 31 December 2011, comprised eleven members. The professional résumés of board members are filed at the registered office of the Company and are available on the Company's website [www.piaggiogroup.com/Governance](http://www.piaggiogroup.com/Governance).

#### LEGEND

*List M/m:* indicates if the Director was elected from a list voted by a majority (M) or by a minority (m).  
*Exec.:* indicates if the Director can be classified as an executive.  
*Non-exec.:* indicates if the Director can be classified as non-executive.  
*Indep.:* indicates if the Director can be classified as independent in accordance with the criteria established by the Code.  
*Indep. Consolidated Law on Finance:* indicates if the Director has the requirements of independence established in paragraph 3 of article 148 of the Consolidated Law on Finance (article 144-decies, of CONSOB Regulation on Issuers).  
*% BoD:* indicates (in percentage terms) the attendance of the Director at Board meetings.  
*Other offices:* indicates the overall number of appointments in other companies of the Issuer's Group, in listed companies on regulated markets (including foreign), in financial, banking and insurance companies or those of significant dimensions.

Names and positions of Piaggio & C. Board members as of 31/12/2011

Name	Position	In office from	List M/m	Exec.	Non esec.	Indep.	Indep. CLF	% BoD	Other positions
	Chairman								
Roberto Colaninno	Chief Executive Officer	16/04/2009	M	X				100	7
Matteo Colaninno	Deputy Chairman	16/04/2009	M		X			100	3
Michele Colaninno	Director	16/04/2009	M		X			91	11
Vito Varvaro	Director	16/04/2009	M		X			91	2
Daniele Discepolo	Director	16/04/2009	M		X	X	X	82	11
Andrea Paroli	Director	13/04/2011	-		X			100	4
Franco Debenedetti	Director	16/04/2009	M		X	X	X	82	4
Giorgio Magnoni	Director	16/04/2009	M		X			91	6
Luca Paravicini Crespi	Director	16/04/2009	M		X	X	X	91	5
Riccardo Varaldo	Director	16/04/2009	M		X	X	X	100	1
Livio Corghi	Director	16/04/2010	M		X			82	3

Independent directors are also on the Board of Directors. The number and authority of these directors are such that they ensure that their opinion has a significant weight on the decisions taken by the board of Piaggio & C. and they bring their specific competencies to Board discussions, contributing to the making of decisions that conform to corporate interests. The independence of independent Directors is always assessed - as recommended by the Corporate Governance Code - by the Board of Directors of Piaggio & C. on an annual basis.

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

#### Committees within the Board

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

#### Appointment Proposal Committee

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

#### Functions of the Appointments Committee

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

The Appointment Proposal Committee is also vested with the task of giving opinions, if and when it is deemed necessary, to the Board of Directors on its size and composition and of expressing recommendations on professional figures on the Board.

#### Remuneration Committee

The majority of Remuneration Committee members are independent non-executive directors.

#### Functions of the Remuneration Committee

The Remuneration Committee (i) makes proposals to the Board regarding the remuneration of the Chief Executive Officer and other directors who hold special positions, monitoring the application of decisions made; and (ii) makes general recommendations to the Board regarding the remuneration of Senior management with strategic responsibilities in the Piaggio Group, keeping account of information and indications given by the Chief Executive Officer and occasionally checking the criteria adopted for the remuneration of these executives.

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

#### Internal Control Committee

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

#### Functions given to the Internal Control Committee

In 2011 the Internal Control Committee provided consulting and put forward proposals to the Board of Directors and in particular had the following duties:

- i. assist the Board in carrying out activities relative to the internal control system, specifically in defining guidelines for the system and activities involved in periodic inspections of the system's suitability, efficacy and effective functioning;

- II. examine the work plan of the designated internal auditing supervisor and the periodic interim reports sent by the latter;
- III. together with the Executive in Charge of Financial Reporting and auditors, assess the suitability of accounting standards used and their consistency in the drafting of the Consolidated Financial Statements;
- IV. assess proposals made by the independent auditors for their appointment, assess the audit plan drawn up and the results shown in the report and in the Comments and Suggestions letter;
- V. report to the Board at least half-yearly, when the interim financial statements are approved, on activities performed and on the adequacy of the internal control system;
- VI. perform additional tasks that the Board feels appropriate for the Committee, with special reference to relationships with independent auditors and consultation functions regarding transactions with related parties as envisaged by the specific procedure approved by the Board.

In the light of legislative reforms introduced by Legislative Decree No. 39/2010 concerning the legal auditing and supervision of the financial disclosure, in 2011 the Internal Control Committee worked closely with the Board of Statutory Auditors to ensure the ongoing flow of information on issues that were previously the responsibility of the Internal Control Committee.

#### *Related Party Transactions Committee*

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

The Committee is responsible for the functions identified in the relevant Procedure, available on the Company's corporate website [www.piaggiogroup.com](http://www.piaggiogroup.com) in the Governance section.

### *3.2 Organisational model pursuant to Legislative Decree 231/2001*

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

The Model as per Legislative Decree no. 231/2001 currently consists of the Code of Ethics and Code of Conduct, in addition to the Internal Control Process Charts, divided into Instrumental and Operational processes, and the Disciplinary System. The Company has in place a special e-mail account on the corporate Intranet allowing Piaggio & C. employees to send a message directly to the Supervisory Body to report any relevant cases. These messages may only be read by the Supervisory Body, thereby rendering the relationship between the Supervisory Body and the actual corporation compliant with the Model as per Legislative Decree no. 231/2001. The Model as per Legislative Decree no. 231/2001, which has been thoroughly disseminated to all employees of the Piaggio Group by e-mail and published on the corporate Intranet, is constantly monitored. Activities are currently in progress to gain insight into new amendments regarding the types of crimes that it applies to, as expressly set forth and recently adopted by Legislative Decree no. 231/2001.

In 2011, Piaggio & C. also adopted a Fraud Policy, aimed to set up information channels to guarantee the receipt, analysis and processing of reports of frauds that may involve employees, managers and partners of Piaggio and the Group's companies. The policy is yet another instrument that the Piaggio Group has adopted to prevent the breach of the principles of lawfulness, transparency, fairness and loyalty which the Model pursuant to Legislative Decree no. 231/2001 takes inspiration from.

The Model is available on the corporate web site [www.piaggiogroup.com](http://www.piaggiogroup.com) under the Governance/Governance System section.



As for the information and training on the Model as per Legislative Decree no. 231/2001, it should be noted that in 2011 an on-line course lasting about 1 hour was delivered to 260 employees (equal to 3.4% of all Group employees). In 2012 this course will also be extended to the Group's foreign sites.

### *3.3 Compliance with laws and regulations*

During 2011, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights. Moreover, no infringement procedures have been filed against the Piaggio Group for the breach of anti-competitive, anti-trust or monopoly laws.

No proceedings have ever been brought against the Piaggio Group over legal actions concerning anti-competitive, anti-trust or monopoly practices.

As of 31 December 2011, there were no sanctions in place concerning non-compliance with laws and regulations, including environmental laws and regulations, marketing, advertising, promotions, sponsorships and the supply and use of its products.

Finally, no cases relative to the breach of consumer privacy or loss of consumer data were reported in 2011.



## 04 THE ECONOMIC DIMENSION OF SUSTAINABILITY

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## 04. The economic dimension of sustainability

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

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

The economic dimension of a Company's operations must be given full value in relation to the role it performs vis-à-vis all its stakeholders. Therefore, the Piaggio Group carefully monitors the value production process and reports on this process in a way which is transparent, timely and in-depth.

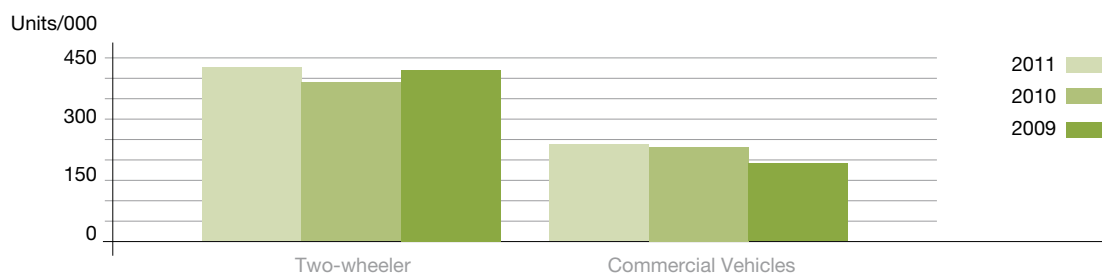
### 4.1 2011 financial and business performance

In 2011, the Piaggio Group sold a total of 653,300 vehicles worldwide, 415,000 of which in the Two-wheeler business and 238,300 in the Commercial Vehicles business.

Main data by business segment

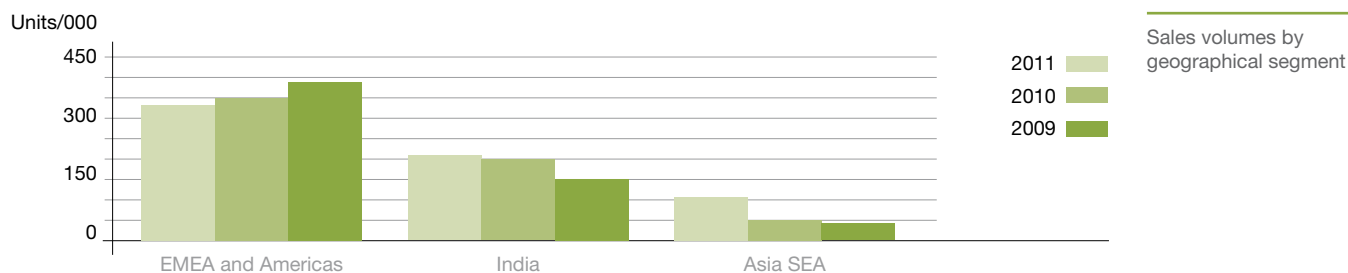
		Two-wheeler	Commercial Vehicles	Total
Sales volumes (unit/000)	2011	415.0	238.3	653.3
	2010	395.0	233.4	628.4
	Change	20.0	4.9	24.9
	Change %	5.1%	2.1%	4.0%
Turnover (ML €)	2009	410.3	197.4	607.7
	2011	1,025.3	491.1	1,516.5
	2010	988.1	497.3	1,485.4
	Change	37.2	(6.2)	31.1
	Change %	3.8%	-1.2%	2.1%
	2009	1,065.4	421.5	1,486.9

Sales volumes by business segment



Main data by geographical segment

		EMEA and Americas	India	Asia SEA	Total
Sales volumes (unit/000)	2011	323.5	225.0	104.8	653.3
	2010	349.2	219.6	59.5	628.4
	Change	(25.7)	5.3	45.2	24.9
	Change %	-7.4%	2.4%	75.9%	4.0%
Turnover (ML €)	2009	388.9	181.7	37.1	607.7
	2011	933.9	395.0	187.5	1,516.5
	2010	963.2	388.9	133.2	1,485.4
	Change	(29.3)	6.2	54.3	31.1
	Change %	-3.0%	1.6%	40.7%	2.1%
	2009	1,115.8	286.8	84.3	1,486.9



In 2011, the Piaggio Group registered a 4% increase in terms of volume compared to the previous year. This increase is basically the result of the rise in sales of Two-wheelers in Asia SEA, thanks to increased production capacity of the Vietnamese production site and the Group's entry in the Indonesian market. A positive trend was also registered in India where sales of Commercial Vehicles rose by 2.4%. There was a drop, instead, in sales of both Two-wheelers and commercial vehicles in the EMEA and Americas area (-25,700 units, namely -7.4% compared to 2010).

The performance of the Two-wheeler segment took place in a particularly complex market context and competitive scenario, at least as concerns European and US markets. In particular, the two-wheeler market in the EMEA registered a drop by about 10% (-11% in scooters and -7% in motorcycles), while the US market registered a drop by about 1% (+6% in scooters and -2% in motorcycles).

The Commercial Vehicles business registered excellent performance in the Indian market where the subsidiary Piaggio Vehicles Private Limited almost reached 225,000 units sold and improved the already splendid results of the previous year by 2.5%.

With respect to the above events, consolidated revenue in 2011 amounted to 1,516.5 ML € (+2.1% compared to 2010).



## 4.2 Determination and distribution of Added Value

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

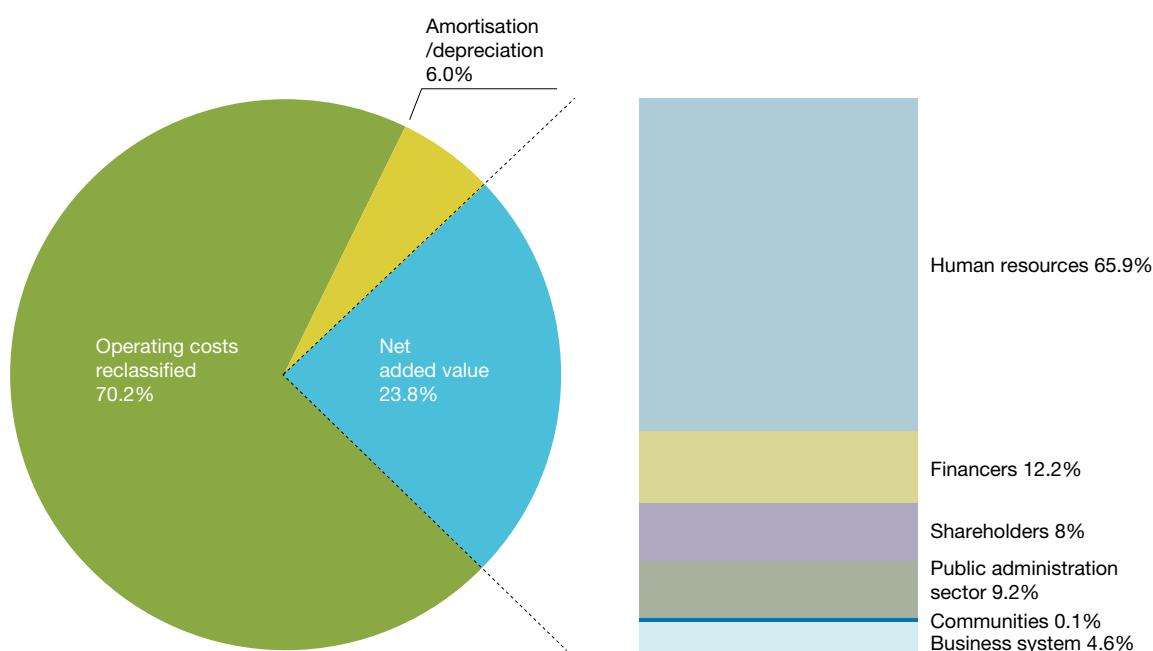
Net Global Added Value is distributed among stakeholders as: remuneration to human resources (direct remuneration comprising salaries, wages and post-employment benefits and indirect remuneration comprising Company costs), remuneration to financiers (interest payable and exchange losses), remuneration 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<sup>1</sup>

	2011	2010	2009
(figures in thousands of Euros)			
Net revenues	1,516,463	1,485,351	1,486,882
Income/(loss) from investments	2,481	5,252	450
Financial income	17,236	22,037	14,107
Other operating income reclassified	42,736	38,508	39,449
<b>Economic value generated</b>	<b>1,578,916</b>	<b>1,551,148</b>	<b>1,540,888</b>
Operating costs reclassified	-1,108,400	-1,082,039	-1,077,806
Amortisation/depreciation	-95,013	-86,006	-96,378
<b>Net added value</b>	<b>375,503</b>	<b>383,103</b>	<b>366,704</b>
Remuneration to human resources	247,600	240,115	242,916
Remuneration to financiers	45,934	54,569	44,885
Shareholder remuneration	29,893	25,684	25,795
Remuneration to the Public Administration sector	34,562	45,297	31,189
External donations and donations to the community	384	281	295
<b>Distributed added value</b>	<b>358,373</b>	<b>365,946</b>	<b>345,080</b>
Business system	17,130	17,157	21,624
<b>Added value retained by the Group</b>	<b>17,130</b>	<b>17,157</b>	<b>21,624</b>

<sup>1</sup> Departing from the 2010 and 2009 CSR Reports, in order to better report the remuneration of human resources in value terms, some items of employee cost were reclassified. In order to ensure the comparison of 2011 figures with those of prior years, the 2010 and 2009 figures were recalculated according to the same rationale.

Added value generated and distributed in 2011



The net Global Added Value generated by Piaggio in 2011 amounts to approximately EUR 375,503 thousand, equal to 24.8% of revenues. Most of this amount refers to remuneration to human resources (65.9%), followed by remuneration to financiers (12.2%) and to the Public Administration (9.2%). Compared to 2010, Global Added Value dropped by 2.0%.

### 4.3 Public grants and tax benefits

In 2011 the Piaggio Group benefited from government aid in the form of research grants, training grants, subsidised loans and tax benefits in the amount of EUR 1,657 thousand.

Research grants, in the amount of EUR 1,408,000, were received for research projects whose contents and results are discussed in the paragraph on product safety.

Training grants amounted to EUR 249,000 and were received by companies operating in Italy, France and Germany.

	2011	2010	2009
(figures in thousands of Euros)			
Expenditure of Piaggio Group in R&D	68,500	62,900	70,000
Grants	1,408	2,778	1,907
Training grants	249	n/a	n/a

Research and training  
grants as of 31 December

In 2011 subsidised funds in the amount of EUR 1,231,000 were also received.

	2011	2010	2009
(figures in thousands of Euros)			
Loans	1,231	7,278	154,123
› of which subsidised loans	1,231	7,278	4,123
› of which EIB loans	-	-	150,000

Subsidised funds as of 31  
December

Tax benefits in the amount of EUR 7,467 thousand were received by companies operating in Asia.

In particular:

- › Piaggio Vietnam benefited from an exemption on income tax for manufacturing activities and a reduced 50% tax rate for trading compared to the normal rate on this type of activity.
- › Piaggio Vehicles Private Limited (India) received grant on exports whose amount was calculated based on their FOB.

2011	EMEA and Americas	India	Asia SEA	Total
(figures in thousands of Euros)				
Income tax Exemption			5,464	5,464
Export grants		2,004		2,004
<b>Total</b>	<b>0</b>	<b>2,004</b>	<b>5,464</b>	<b>7,467</b>

Tax benefits as of 31  
December 2011

#### 4.4 Value for shareholders

The share capital of Piaggio & C. SpA as of 31 December 2011 was equal to EUR 205,941,272.16, divided into 371,793,901 ordinary shares, of which the holding company Omniaholding SpA, also through its subsidiary Immsi SpA, holds approximately 53.07%.

As of 31 December 2011 treasury shares amounted to 6,844,080, equal to 1.84% of share capital. Other Shareholders in the Company which, as of 31 December 2011, held a number of shares above 2%, based on information available and disclosures received pursuant to the Issuers' Regulations, were as follows:

- › Diego Della Valle, with 5.34% of share capital;
- › Financiere de L'Ecquier, with 4.95% of share capital.

The dividends per share paid to shareholders as remuneration of share capital are illustrated in the following table:

Table: Piaggio & C. SpA dividends for 2009 - 2010 - 2011

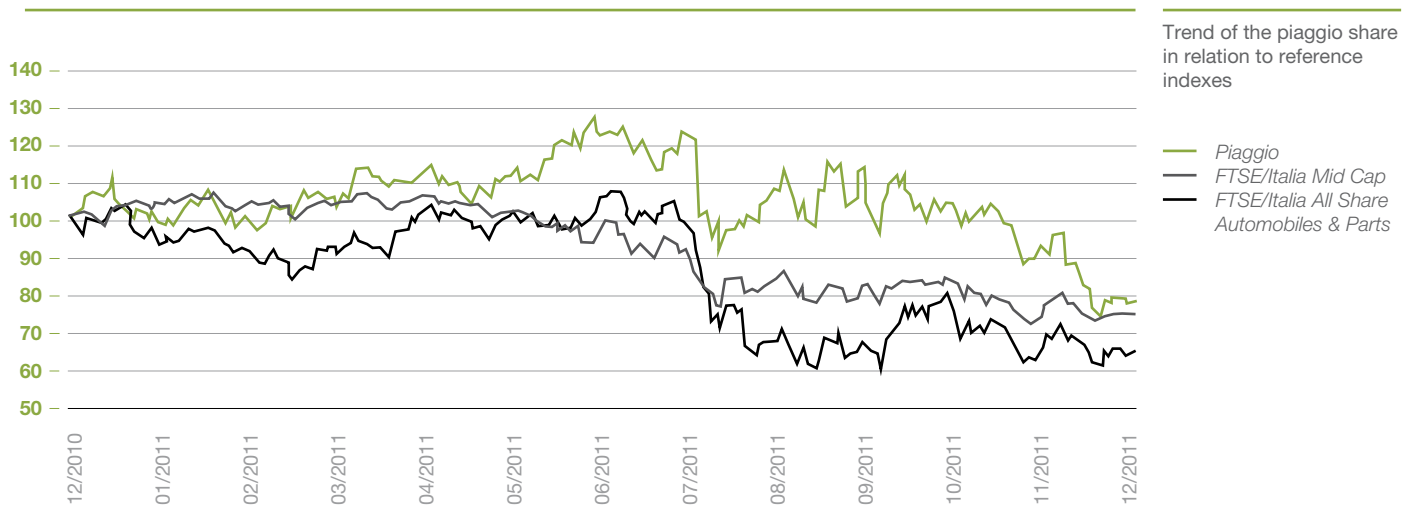
Reference Financial Statements	2011	2010	2009
Detachment date	14-May-12	16-May-11	17-May-10
Payment date	17-May-12	19-May-11	20-May-10
Dividend per share (EUR)	0.082	0.07	0.07

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. Share performance has basically reflected the trend of the Italian equity market, as shown in the graphs comparing the share price with respect to the Italian Stock Exchange All-share index. The minimum price was equal to 0.9131 Euros (9 March 2009), while the highest quotation was 3.92 Euros (10 April 2007).

Price and daily volumes







Piaggio has corporate ratings published by Moody's and Standard & Poor's. In 2011 the two agencies confirmed their ratings of Ba2 and BB respectively. The former maintained a "stable" outlook and the latter changed it to "negative".

#### 4.5 Communication with shareholders and Investor Relations

Piaggio believes that financial reporting plays an essential role in establishing a relationship with financial markets based on trust.

In particular, the Investor Relations function engages institutional and individual investors as well as financial analysts in an ongoing dialogue, ensuring equal treatment and transparent, timely and accurate information to enable them to make a fair assessment of the Group and its assets.

In 2011 opportunities to meet with the financial community were intensified. These made it possible to meet over 150 investors at Europe's main stock exchanges (Milan, London, Paris, Frankfurt, Geneva and Zurich) by participating in roadshows and conferences.

In addition to these, there were also direct meetings and conference calls managed on a daily basis by the IR functions as well as institutional communication events for the market:

- › an Investor Day to illustrate the New Strategic Plan;
- › four quarterly conference calls, to present financial results.

At the same time coverage of Piaggio stock was pursued more broadly by starting activities with two international merchant banks that led to overall coverage by 12 brokers.

The Company's web site [www.piaggiogroup.com](http://www.piaggiogroup.com) is constantly updated with exhaustive information concerning the Group and all major corporate documentation, in both Italian and English.

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



In the prestigious “KWD Webranking Italy 2011 Top 100”, an annual survey that assesses the best corporate web sites of Italy’s 100 largest companies by market capitalisation, the Piaggio Group’s web site ranked 4th, improving its standing compared to 2010, when its 5th place earned it the “Best Improver” award for largest leap in the ranking compared to the year before.

Finally, please be noted that in 2011 the Piaggio Group won Oscar di Bilancio award in the “Corporations and large listed companies”.

### Oscar di Bilancio Award

The “Oscar di Bilancio” is an opportunity to examine and compare the trends in financial communication in Italy. Launched in 1954 by the IPR – Institute for Public Relations - it has been managed by FERPI – the Italian Public Relations Federation - since 1982.

It is an award given every year to the organisation with the best economic, social and environmental reporting, matched by ongoing, effective and innovative communication with all target groups of reference.

According to FERPI, the Oscar di Bilancio is not just an award, but it is a permanent workshop where ideas arising from the analysis and expectations of a constantly changing economic community are exchanged and developed. Competition fuels the ambition to improve: therefore, participation is important because competition sets in motion a virtuous improvement process that involves not just reporting, but also the very performance of an organisation.

#### Assessment procedure

All the financial statements and documents competing for the award are first examined by a Recommendation Panel of 5/10 members appointed by the Jury.

Each Panel, coordinated by a Team Leader who is also a member of Jury, examines the financial reporting, documents and communication activities, based on assessment criteria outlined in the Regulation.

At the end of the assessment, the Recommendation Panels submit a shortlist of 5 candidates with the relevant reasons to the Jury.

The Jury then meets in plenary session and examines the financial reporting and documents chosen by the nine Recommendation Panels and chooses two finalists and a winner for each Oscar di Bilancio category and for the Special Award for Corporate Governance.



In 2011 the Piaggio Group won the Oscar di Bilancio award in the “Corporations and large listed companies” for the following reason:

*“The economic and financial information provided by the financial report is expressed in a succinct and transparent manner and allows for an effective understanding of various financial and economic aspects, among which those regarding the various Group activities. The Corporate Social Responsibility Report ensures a good degree of compliance with the Global Reporting Initiative reporting standard and includes the report of the independent auditors. The “CSR Model” is well organised”.*



# 05 TECHNOLOGICAL INNOVATION AND SUSTAINABLE MOBILITY

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5.3.2	Supply verification/audits	71
5.3.3	Quality control of finished products	72
5.3.4	Product traceability	73
5.3.5	Reliability tests	73
5.3.6	Product information	75

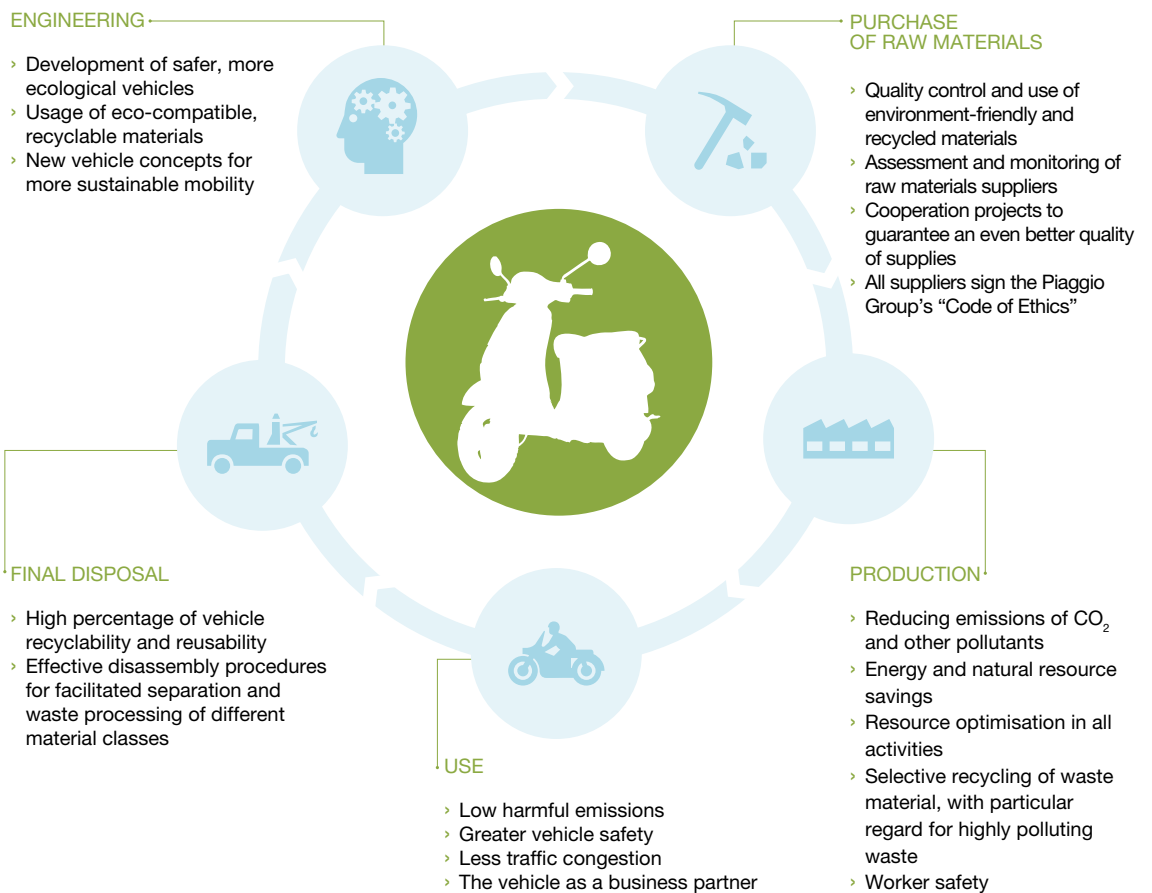


## 05. Technological innovation and sustainable mobility

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

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

The life cycle of the sustainable product



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

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

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

- › **ecology**, products that can cut the emissions of pollutant gases and CO<sub>2</sub> in urban and extraurban areas;

this goal is pursued by further developing conventional engine technologies (increasingly sophisticated internal combustion engines) as well as by using renewable and sustainable energy sources;

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

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

1978	› Ape Elettrocar
1993	› Zip Bimodale, the first scooter with an internal combustion engine and electric motor
1995	› Piaggio Porter Electric, the first electric-powered commercial vehicle
2002-2003	› Porter LPG Euro 3 with OBD (On Board Diagnostic) system for on board pollution diagnostics
2005	› Vespa 250 GTS, the first Euro 3 type approved scooter with electronic injection › Porter Methane Euro 3
2009	› Sale of the MP3 Hybrid, the first hybrid scooter in the world › Sale of the Ape Calessino Electric Lithium
2010	› Sale of the MP3 Hybrid 300, the first high-performance hybrid scooter in the world › Unveiling of the Liberty e-mail, an electric scooter with a lithium battery, brushless electric motor and state-of-the-art inverters
2011	› Sale of the Liberty e-mail, the electric version of the Liberty

The history of Piaggio's  
eco-friendly vehicles

### *Partnerships with universities and research centres*

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

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

In 2011 the Group had exchange and research relations with: Pisa University, Florence University, Bologna University, Modena and Reggio Emilia University, Milan Polytechnic, Padua University, Perugia University, University of Rome Tor Vergata, Sapienza University of Rome, Engines Institute of the National Research Council in Naples, COMETA Research Consortium of Catania, Athens University, the Hellenic Institute of Transport of Athens, the Fraunhofer IAO (Stuttgart University).



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

- › cooperation in R&D projects
- › participation in European and national projects;
- › experimental research dissertations.

## 5.1 Two-wheeler Business

### 5.1.1 Sustainable mobility

In recent years, public opinion and institutions have become more aware of the issues of environmental sustainability and urban and extraurban mobility.

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

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

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

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

Making two-wheeler vehicles safer and more comfortable may increase their use and, at the same time, decrease the number of cars on the road, which in turn cuts fuel consumption and harmful emissions by approximately 50% (in the same traffic conditions)<sup>1</sup>.

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

<sup>1</sup>Research conducted by the French ADEME Agency (Agence de l'Environnement et de la Maîtrise de l'Énergie), in Paris on a circular route, with 31 km travelled in different traffic conditions.



### MUSS Project

The MUSS Project (Safe and Sustainable Urban Mobility), submitted for the “Industry 2015” tender called by the Ministry for Economic Development in April 2010, is aimed at developing innovative solutions for environment-friendly and more sustainable urban transport.

In 2011 the MUSS Project activities were in full swing and have led to results that are already available for industrial application. In particular, with regard to the project’s main macro-areas, the following results are worth noting:

- › In the cutting of consumption and emissions, the most important results were achieved in thermal/fluid dynamics research and optimisation. These have led to the development of new “Three-Valve 125/150”, “High Efficiency” and “350 Scooter” engines.
- › In the field of engines that use fuels other than crude oil, engines that run on natural gas and LPG have been developed and are ready for sale.
- › In the development of plug-in and electric hybrid engines, activities aimed at managing communication between vehicles and recharging infrastructures have been carried out.
- › In the field of research to cut vehicle weight, studies were carried out to find new structural solutions and develop alternative materials (metal foams, Metal Matrix Composites, die-casts obtained by squeeze casting and technopolymers) and to apply calculation methodologies for the structural optimisation of motorcycle chassis (e.g., Guzzi Stelvio chassis) and motorcycle and scooter wheel rims.
- › The testing method used in the Group’s experimental units (Aprilia Corse, Motorcycle Technical Centre and Scooter Technical Centre) was standardised and consolidated for the measurement of the main aerodynamic parameters in the wind tunnel. Activities in cooperation with Perugia University are also underway to improve and further develop wind tunnel performance.
- › In the field of “Life Cycle Management”, analyses are currently underway on the recyclability of the MP3 125 Hybrid vehicle according to ISO 22628:2002, which will result in a report on the results of the calculation of the recovery and recyclability indices.
- › In the field of active safety systems, the world’s first ABS+ASR system for scooters was created and applied on the new Beverly 350.
- › In the field of HMI systems and on board information systems a smartphone-based info-mobility system connected via radio to the vehicle was unveiled. It will be launched in mass production in 2012.

### Industrial patent rights

Intense research and development work in the Two-wheeler business led to many new patents being filed in countries where the Group operates<sup>2</sup>, bringing the total number of patents held up to 431 (+4% compared to 2010).



Piaggio Group patents as of 31/12/2011 (Total 431)

The 52 European/Community patents led to a further 102 patent applications being filed.

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

Main patents filed by the Piaggio Group in 2011

<b>Title</b>	<b>Scope</b>	<b>Countries</b>
Steering suspension system for motor vehicles	Safety	PCT, Argentina, Taiwan
Piaggio "Yourban"	Design	Brazil, Canada, China, Japan, India, Indonesia, Taiwan, United States, Vietnam
Piaggio "NT3"	Design	Australia, Brazil, Canada, South Korea, China, Philippines, Japan, Hong Kong, India, Indonesia, Malaysia, Singapore, Thailand, Taiwan, United States, Vietnam
Scooter - Scarabeo JC RST	Design	EU, China, Australia, South Korea, Singapore, United States
Electronic method and system for automatic autonomy management for vehicles and, in particular, electric vehicles (Smart Battery Range Management for SmartPhone)	Vehicle Management	Italy
Method and equipment for active stability control of a two-wheeler	Vehicle Safety	Italy
Tensioning device	Engine Management	Italy
Front light adjustment system for a tilting vehicle with a roll mechanism	Vehicle Safety	Italy
Improved polyolefin composition	Environmental sustainability	Italy
Scooter - SRV 850	Design	European Community
Scooter - XGT	Design	European Community
Scooter - Vespa 46	Design	European Community
Transmission system with gear-change adjustment device	Engine Management	Italy

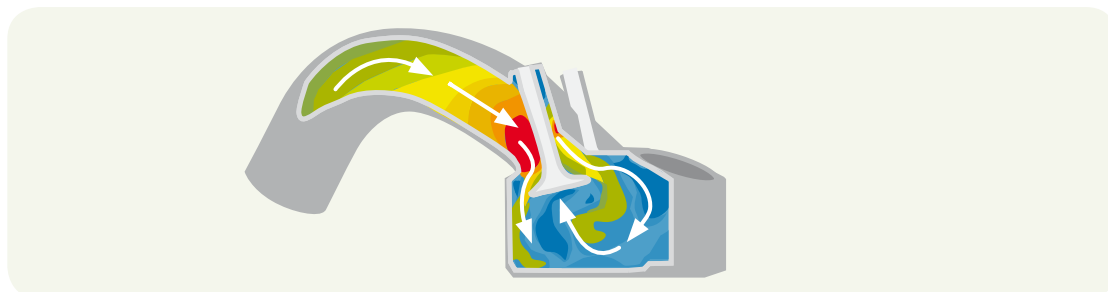
### 5.1.2 Environmentally friendly design and production

With a view to continually improving its own product range and in particular its engines, the Piaggio Group has developed solutions which draw on its wide-ranging and in-depth technical expertise, honed from decades of operations in the industry, combined with the latest fluid dynamics simulation software. This allowed the Group to obtain Euro3<sup>4</sup> type approval in 2006 for the entire range of over 50cc versions sold throughout the world, reducing both pollutant emissions (for example NOx emissions cut by 50%) and consumption<sup>5</sup>.

In fact, the Piaggio philosophy is to maintain the highest levels of technology and regulatory compliance worldwide for all its products, even when local laws are less restrictive than European legislation. This has been pursued also with the vehicles manufactured and sold in Vietnam since June 2009. These comply with Euro 3 regulations, despite local Vietnamese laws which are less stringent than Europe.

Piaggio also plans to anticipate legal requirements in the future by upgrading production to the Euro 4 standard one year ahead of its entry into force in 2014.

The new engines unveiled in 2011 provide tangible proof of this commitment: the new 350 4stroke 4v water engine for the GT - RA “premium” segment unveiled at the EICMA on Beverly 350 Sport Touring and the new “Three-Valve 125/150”. In particular, the latter embodies several technical solutions aimed at capping emissions and reducing internal friction. Emissions have been reduced by adopting a unique fluid dynamics design of the suction ducts and combustion chamber, creating a “tumble” motion of the inflowing air/fuel mix that makes it possible to improve thermodynamic performance. In addition, a thorough study was carried out to reduce internal friction (lubrication, roller rocker arms, roller bearings, etc.). The outcome has been extraordinary in terms of lower consumption, as illustrated in the following table.



Model	Consumption l/100 km (at 40km/h)
Leader 125 electronic injection	2.50 l/100 km
New Three-Valve 125	1.9 l/100 km
Difference	-31.3%

Based on the results achieved in 2010 by the MID2R<sup>6</sup> project, 2011 saw a greater focus on some aspects regarding the installation of fuel tanks (CNG) in order to use this technology on new models for the global market in coming years.

In recent years the most cutting-edge effort to reduce environmental impact has definitely been the development of the 125 Hybrid engine in 2009. This innovation uses a hybrid powerplant combining an ultra-modern internal combustion engine with electronic injection and an electric motor. The integrated management of two powerplants improves overall vehicle performance and drastically reduces pollutant emissions. In 2010, in addition to the 125 version, the 300 Hybrid was unveiled.

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

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

“Tumble” in Three-Valve engine combustion chamber

Comparison of the consumption of the two different 125cc engines

6\_ Research project funded by the Ministry of Education and Research. The aim of the project was to develop direct injection petrol and bifuel engines (CNG). Research activities were focused on defining, studying and designing a high pressure injection power and control system.

2011 saw the development of the new modular battery with a 30% higher capacity for transverse applications in the Two-wheeler sector. UL safety certification is currently underway for the battery and battery charger.

The development for new 1.5-kWh modular batteries is also currently at an advanced stage.

In further pursuing the goal of zero emissions, 2011 saw the official unveiling of the Liberty e-mail at the EICMA Exhibition. It is the electric version of the agile and lightweight Liberty that is already a part of the delivery fleet of institutions and companies in more than ten countries. Over 60,000 Liberty vehicles are used, among others, by the French, Spanish, Austrian, Swiss and Italian postal services. Liberty e-mail has a new, advanced 2.6 kW electric motor with a range of up to 70 km, namely a performance that is in line with that of the best 50cc 4-stroke, 4 valve combustion engines while ensuring zero pollutant and noise emissions. The Liberty e-mail has a spacious rear trunk, a front carrier to carry the mailbag and documents and a large windshield. The graphic design can be customised with the colours and logos of the institution or company. Sale started with the delivery of the first lots to various European postal services.

#### New vehicles – India

The industrialisation phase that covered 2011 will end in 2012 when the Indian version of Vespa LX with the new Three-Valve 125 engine will go on sale.

#### New Asia SEA vehicles

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

The engines mounted on models made in Vietnam have been specifically fine-tuned to make them more suitable for the country's specific conditions. They are rather different from Europe's and are characterised by extremely low average speeds in urban areas due to the extremely congested traffic. For these reasons, a special setting of the CVT gear change has been adopted to ensure smoother running and lower consumption (and hence also CO<sub>2</sub> emissions) since Vietnamese customers are not particularly interested in pure performance.

Starting from the early months of 2011, 125cc air engines sold in Vietnam feature an electronic injection system (developed for 125cc air engines in Europe). These important improvements reduce fuel consumption, and hence CO<sub>2</sub>, on average by 20%.

As of the early months of 2011, the New Liberty with electronic injection is on sale also in Vietnam, sporting a number of specific features designed for local customers, besides the engine improvements described above. In order to satisfy the ergonomic needs of customers better, the wheel diameter has been reduced by one inch (15" front wheel, 14" rear wheel) so as to lower the height of the seat and floorboard from the ground (-4%). Storage space under the seat has also been increased by moving the battery into the back plate of the leg shield.

### 5.1.3 Product safety

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

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

Matrix approach used by Piaggio for its motor vehicle safety projects



Research and Development guidelines for vehicle safety

The Piaggio Group has always been at the forefront when it comes to improving the active safety of its products. In 2011 one highlight consisted in the development of the ABS for the new Beverly Sport Tourer 350, which was unveiled at EICMA<sup>7</sup> in November. It is the only scooter in the world to feature not only an ABS system of the latest generation, but also ASR - anti-slip regulation - that prevents slipping during acceleration.

<sup>7</sup> “International Motorcycle Exhibition”, trade fair that is held every year in Milan.

In addition, in 2011 the RSV4 MY11 was provided with the brand-new “APRC - Aprilia Performance Ride Control”, an electronic vehicle dynamics management system, which represents the state of the art in this sector. The electronic unit comprises:

- › ATC: Aprilia Traction Control, which independently adapts to various types of tyres and can be set at 8 response levels;
- › AWC: Aprilia Wheelie Control, a control system that can be set at three levels;
- › ALC: Aprilia Launch Control, a system - for track use only - that can be set at three levels;
- › AQS: Aprilia Quick Shift, a system for extremely fast gear changes without shutting the throttle and using the clutch.

The Piaggio Group can boast the development of an outstanding knowledge of electronics for semi-active suspension and steering shock absorbers and, more in general, of vehicle dynamics, filing several

international patents also in association with Milan Polytechnic.

As part of its research work on preventive and dynamic safety, Piaggio's most ambitious objective is the study and development of new vehicles based on entirely new product formulas, such as three- and four-wheeler tilting vehicles that guarantee unprecedented stability even on wet or uneven road surfaces, and shorter braking distances compared to conventional scooters. The benchmark in the field is the Piaggio MP3 three-wheeler tilting vehicle, whose sale started in 2006. These new concepts, in addition to the other safety devices mentioned already, can achieve active and passive safety levels on a par with car manufacturing standards, whilst retaining all the benefits of two-wheeler vehicles in terms of size, emissions and consumption.

In 2011 the MP3 Yourban was successfully put on the market and unveiled at the EICMA 2010. It is a lighter and easier to handle version of the trendsetting MP3.

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#### Advantages of the MP3

- › Safer to ride, as proven by measuring the vertical force applied to the front wheels  
Tests proved that when changing from a smooth or paved surface to a cobbled surface, the reduction in force for the MP3 was 18% and 38% less compared to an equivalent two-wheeler vehicle
- › Shorting braking distance  
On a smooth surface, the MP3 has a shorting braking distance compared to an equivalent two-wheeler vehicle of 12% on smooth surfaces and 20% on uneven surfaces
- › Better handling in traffic  
The rider does not have to put his feet on the ground when the MP3 is stationary

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#### Funded European projects

In 2011 Piaggio participated in three European projects aimed to improve rider safety and comfort: eSUM, 2BeSafe, VERITAS.

##### eSUM project

In February 2011 the final event of eSUM project was held in Barcelona. It was launched in June 2008 and funded by the Directorate-General Energy and Transport of the European Commission. The project's aim is to identify "best practices" for making urban two-wheeler mobility safer and more sustainable. Piaggio's contribution to final event consisted in the unveiling of the MP3 Yourban, a further development of the MP3 concept for use mainly in urban areas that meets the needs of urban users according to the results of the survey among users who tested the MP3 125 Hybrid during the 2010 edition of the eSUM project.

##### 2BeSafe Project

The 2BeSafe project was completed in December 2011 in Paris. The purpose of the project was to suggest guidelines for improving safety through studies on rider behaviour and tests conducted in a controlled environment using motorcycle driving simulators. As the only vehicle manufacturer belonging to the 2BeSafe Consortium, mainly composed of universities and research centres, Piaggio contributed by providing technical support for vehicle instruments, conducting the road tests with its testers and sharing the know-how gained in the sector for the review of the guidelines.

##### VERITAS Project

2011 marked the second year of activity of the VERITAS project. It has the goal of providing design methodologies and instruments that take into account the needs of user who are either elderly or have a certain degree of disability in various sectors (automotive, entertainment, health, home automation). Piaggio's participation is aimed at extending the Piaggio ergonomic analysis

methodology to this group of users when designing vehicles (physical ergonomics) and at studying innovative human-vehicle interfaces (e.g., on board information systems). The project will come to a close in 2013.

#### 5.1.4 Product recyclability

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

In 2007, the most representative vehicles of the range were analysed to make sure that the disassembly of main components was easy, thus ensuring a simpler disposal process for component materials. Analyses confirmed the reduced environmental impact of Piaggio two-wheeler vehicles, even at the end of their life cycle. For a typical widely sold scooter, with plastic body, the percentage of recyclable material identified was more than 90%, which is well above the figure in the ISO 22628 standard regulating road vehicle recyclability that requires at least 85% of the vehicle mass to be reusable/recyclable.

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

#### Use of recycled plastics

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

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

#### Re-Produced project

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

Piaggio, in partnership with Revet S.p.A. and Industrie Generali, used the new composite material called Plasmix to manufacture products. The activities focused both on painted parts (leg shield, side fairings, leg shield back plate, luggage box) and mass-pigmented parts (seat compartment, helmet compartment, engine cover, filter box). The material recovered from the recycling of unsorted wastes replaced a very high percentage of new plastic material (about 30%), bringing the benefits of minimising the use of petroleum-derived products and reducing the emission of pollutants (there is no need to incinerate the recycled material and to make new plastic material).

In 2011 the percentage of recycled material in the new composite plastic reached 40% in some applications. Both the technical aspects, including the filing of a patent on the material developed, and commercial aspects were also settled.

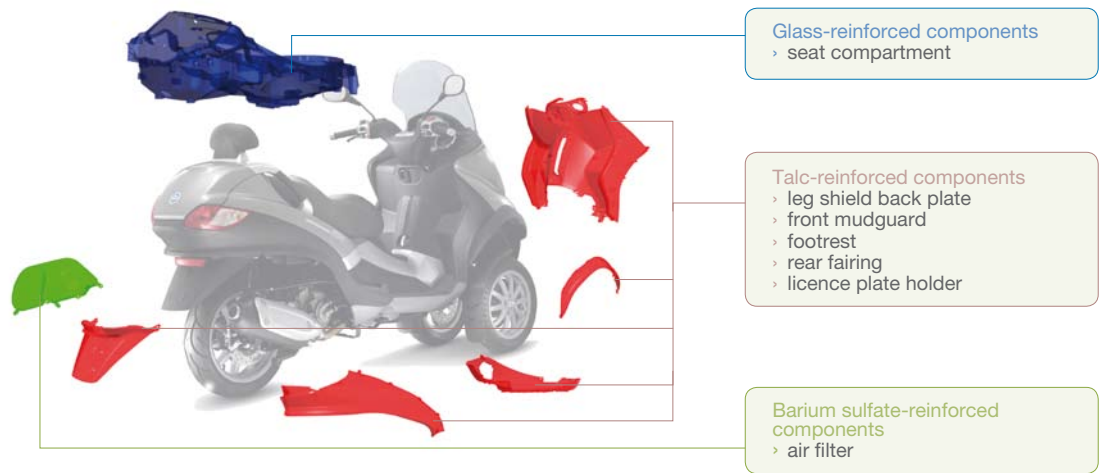
On 16 November 2011, Piaggio received the “Sustainable Development Award” from the Sustainable Development Foundation<sup>8</sup>. The reason was: “production of body parts for three- and four-wheeler vehicles using material obtained from the recycling of Plasmix, a composite material made from used plastic”.

Piaggio MP3 Applications

8\_The Sustainable Development Foundation is devoted to the study of sustainable development from a cultural and technical point of view. Its activities include publishing reports and research studies, organising workshops, seminars and meetings, identifying and disseminating Italian and international good practices, and providing technical support to businesses and public agencies.

The Foundation cooperates with the European Environment Agency (EEA), the European Committee for Standardization (CEN) and the International Energy Agency (IEA). Moreover, it supports the extension of the United Nations Global Compact, it is an organisational stakeholder of the Global Reporting Initiative and a member of UNI and ISWA (International solid waste association).

In October 2009 it received a plaque from the President of the Italian Republic for its activities.



5.2 Commercial vehicles

5.2.1 Social mobility

The philosophy of Piaggio Commercial Vehicles can be summed up in its brand promise: “Great little workers”.

Piaggio’s first commercial vehicle was created in 1948. Ape became an unrivalled “work mate”, a leading player in the social fabric of a country which was developing. The Ape quickly moved to different parts of the world, starting in India, where it became an essential work tool and was also used to transport people (the famous Indian Ape-taxis) in a strongly expanding economy with a growing demand for mobility.

In the last sixty years, the Ape and Piaggio have come a long way, without however foregoing the philosophy and quality that have always set Piaggio vehicles apart. Today Piaggio, with a dedicated division, has consolidated its commitment in the light transport vehicle sector, channelling all its expertise and style into tackling new mobility and transport requirements in increasingly congested urban areas.

The Commercial Vehicles division is the partner of choice for all customers that need a vehicle for short-distance professional and business mobility.

The perfect vehicle for intracity transport



Piaggio Commercial Vehicles are the best solution for last mile transport, i.e. transport closest to the end client, with a wide range of compact, agile and easy-to-drive vehicles that also offer an outstanding load



capacity and superb handling in all environments.

Piaggio Commercial Vehicles is also a leader in the environmental field. The Group's commitment to the environmental compatibility of its vehicles can boast a long history and is embodied in three drivers that are fundamental for product development:

- › compact size and high specific load capacity;
- › low consumption levels and low pollutant emissions;
- › vehicle safety;
- › environmental compatibility and material recyclability.

### 5.2.2 A compact size and high specific load capacity

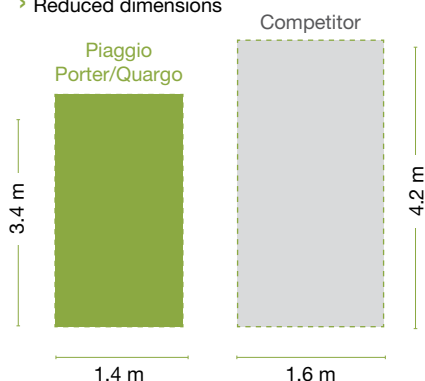
Congested towns, traffic continually on the increase, historical city centres closed to vehicles. This is the critical mobility situation people face today, so they need vehicles to make their way through the metropolitan jungle as quickly and efficiently as possible, which are practical and have a good load capacity.

When it comes to commercial vehicles, agility and a compact design are winning features, but a clear contrast to the load capacity required of a commercial vehicle. This is not the case with Piaggio's Commercial Vehicles. Their compact size, easy handling and high specific load capacity make them the ideal solution for professional mobility in historical city centres where vehicles must be quiet, agile and compact.

More than 50% of available space on the Porter, the top-ranking product in Piaggio's Commercial Vehicles range, is used for load capacity against a market average of 28%. This means load can be increased in relation to dimensions, and travel and transport costs minimised. In addition, the cargo deck with an all-flat configuration is more functional and every inch can be used to load cargo.

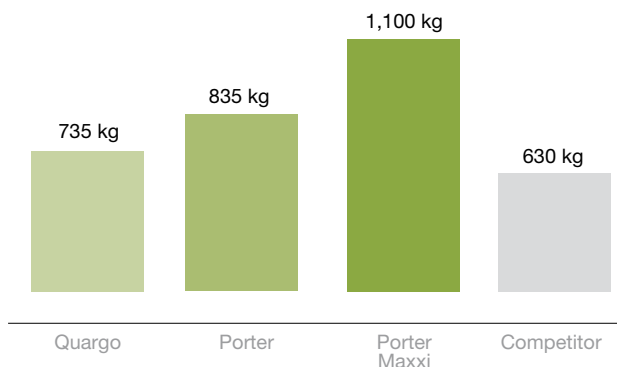
#### Reduced dimensions

- › mobility in the traffic
- › mobility in historical city centres
- › easy to park
- › Reduced dimensions

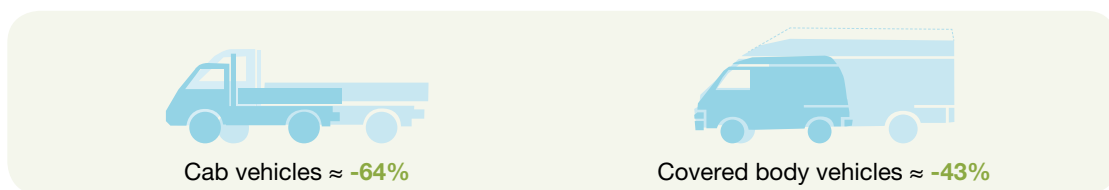


#### Excellent load capacity

- › Flat deck to make loading and unloading easier
- › Dropsides on all sides

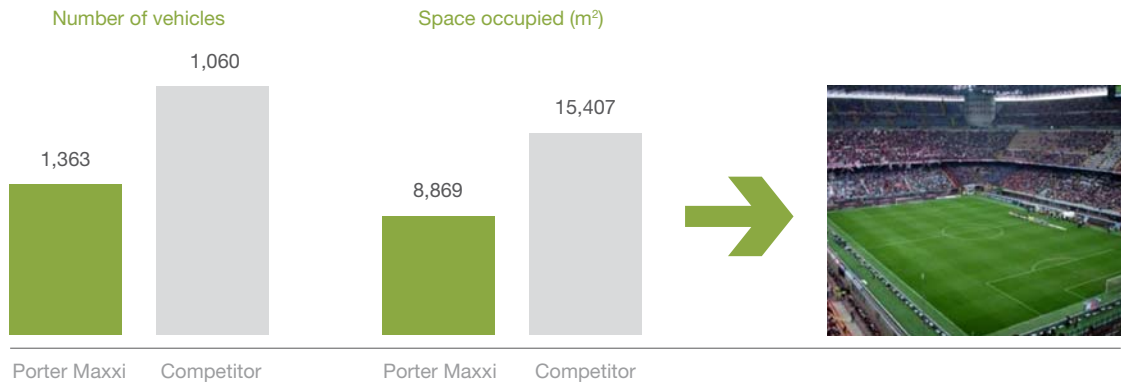


Dimensions and payload capacity of Piaggio Commercial Vehicles compared to competitors



Visual impact of Piaggio commercial vehicles compared to competitors

Space saving for the transport of a 1,500 ton load using the Porter Maxxi, comparable to the size of a 7,000 square metre football pitch



In 2008 the Porter range was expanded, with the Maxxi, the commercial vehicle offering the best ratio between load capacity and dimensions in the sector.

The Porter Maxxi has kept its compact size (1.5 m wide, just 16 cm more than the Porter) and superb handling, combining the benefits of a streamlined commercial vehicle with an operating capacity that only larger and more costly vehicles feature. With slightly bigger dimensions, a reinforced chassis and twinned wheels guaranteeing stability and safety even when fully loaded, it can transport 1,100 kg, for an excellent payload capacity/overall weight ratio.

The Porter Maxxi has a specific payload that can transport 165 kg per square metre occupied, which is 35% times higher than leading competitors. This means:

- › less traffic and savings, with the same type of goods transported,
- › lower consumption and fewer vehicles on the roads,
- › few emissions for each gram of goods transported (in the Piaggio P120 Diesel version: 0.15 grams of CO<sub>2</sub> emissions per kilo, which is approximately 38% better than the competitors).

The Porter Maxxi vs competitors



The vehicle has specifically defined leaf spring suspension and a self-locking differential assembled on the rigid rear axle which can transfer 30% of engine torque to the wheel with greater grip. For customers, this means the vehicle can be used in all grip conditions, including gravel and sand.

Moreover, in addition to the standard equipment, the Porter Maxxi features EPS for better handling and EBD for excellent road holding.

### 5.2.3 Environment-friendly powerplants

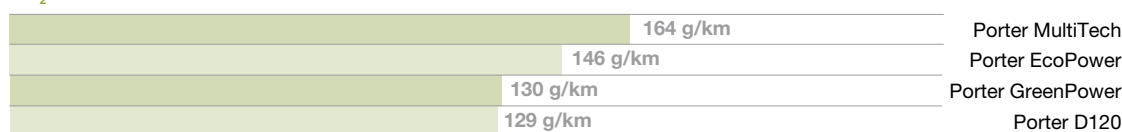
Piaggio Commercial Vehicles' dedication to reducing fuel consumption and pollutant emission levels further demonstrate its mission to be an intracity mobility specialist. In fact cutting down on these two parameters is fundamental for a sustainable transport system, above all during the "last mile" of goods handling and delivery, which has a direct impact on the quality of life in metropolitan areas and historical city centres.

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

Over the years, making environment-friendly vehicles has been a priority for Piaggio. The "Porter Eco Solution" range was developed in 2008, featuring environmentally compatible, low environmental impact, powerplants: "Electric-Power" - with electric power and zero emissions, "Green Power" - its methane gas version and "Eco-Power" - the dual petrol and LPG version.

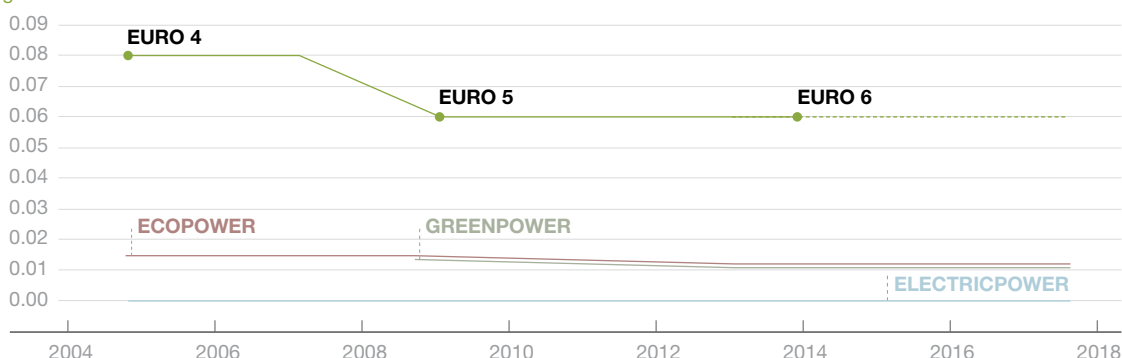
In addition to being one of the cheapest fuels available today, LPG contains no benzene, while its combustion produces no particulate and only minimal emissions. The configuration of the LPG version engine was developed entirely in-house at Piaggio Commercial Vehicles' Pontedera plant.

CO<sub>2</sub>



Benefits for the environment: comparison between CO<sub>2</sub> emissions depending on type of fuel

g/km



Eco-Solution range: comparison between NO<sub>x</sub> emissions (nitric oxides) with respect to Euro 4, Euro 5 and Euro 6 limits

The Eco Solution range offers an indisputable advantage in the city, as well as a competitive edge for a commercial vehicle, allowing unrestricted access even with traffic restrictions and anti-pollution measures in place in historical city centres.

With sales of more than five thousand units, the Piaggio Porter Electric-Power is now Europe's most widely sold electric drive commercial vehicle.

The zero CO<sub>2</sub> emission of every Porter is the same as the CO<sub>2</sub> disposal generated by 100 trees in one year. The fleet of Porter Electric Power vehicles in circulation therefore produces benefits each year for the environment equivalent to those produced by 360 hectares of woods.

Production got underway in 2009 for a limited series of the Ape Calessino Electric Lithium, which is one of the first vehicles on the market featuring lithium polymer batteries.

The project was useful to study, assess and develop new technologies that can impact the engines and control electronics of these systems and that will be applied to the future Porter Electric. These include, for instance, the use of high energy batteries. The new generation batteries will enable the Porter Electric to have the same autonomy with 100 kg, which means transporting an extra 350 kg of goods.

2011 saw a complete overhaul of the Porter and Porter Maxxi engine range. A new turbo diesel twin cylinder engine (P120) which will feature a second-generation Common Rail injection system, turbocharging (turbocompressor coupled with an air/air intercooler), electronically controlled EGR (exhaust gas recirculation), oxidising catalytic converter and DPF (particulate filter). Besides complying with the latest Euro5 anti-pollution standards, it guarantees smooth handling and a versatile response in all conditions with very low consumption and CO<sub>2</sub> emissions.

Comparison between the P120 engine and the previous version

(\*) ECE+ EUDC cycle

<b>Porter diesel</b>	<b>P120</b>	<b>Previous diesel engine</b>	<b>Difference</b>
Engine capacity	1201 cm <sup>3</sup>	1400 cm <sup>3</sup>	
Max power	47 kw@3500 rpm	28 kw@4300 rpm	
Consumption l/100 km*	4.9	7.4	-33.8%

2011 saw the launch of a new petrol engine (Piaggio Multitech), alongside the diesel twin cylinder engine, in the Porter/Porter Maxxi range. This new engine will enhance performance and efficiency and reduce consumption, and hence CO<sub>2</sub> emissions by more than 20%. This engine is the base version of the Eco-Solution range, which includes the Eco-Power powerplants (bi-fuel petrol and LPG) and the new GreenPower version (petrol and factory-fitted CNG).

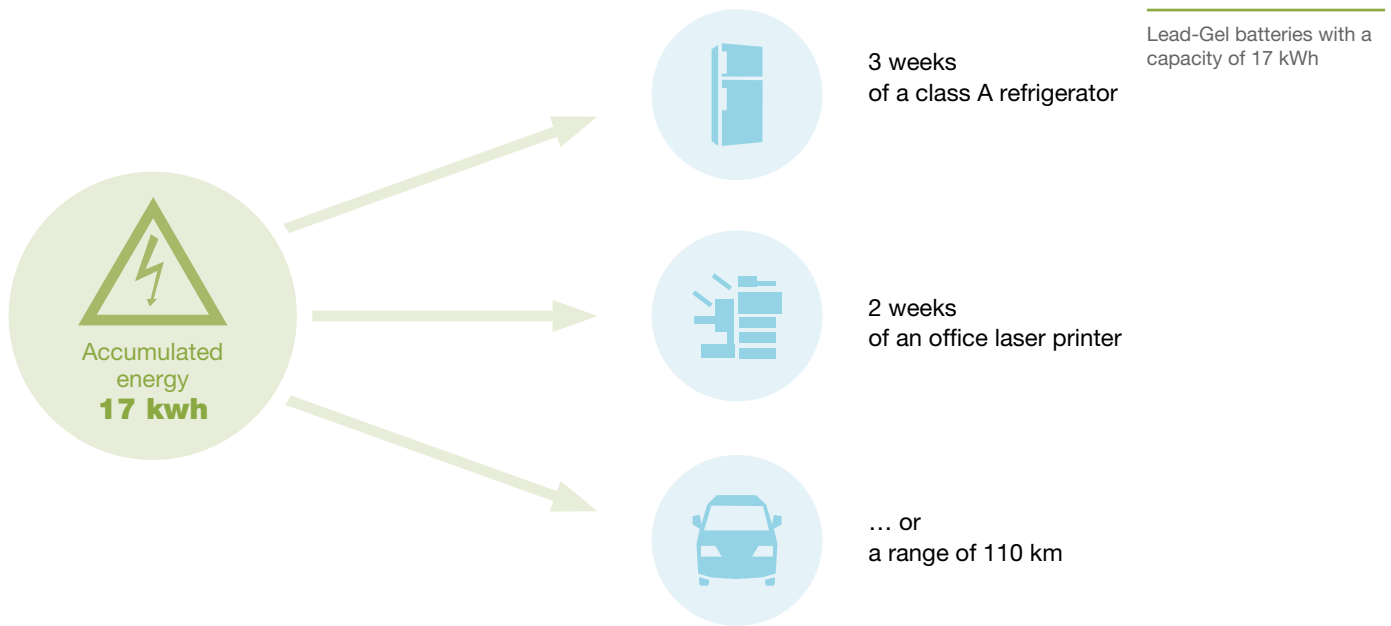
Petrol and LPG versions of the Multitech engine compared with the previous engine

<b>Petrol</b>	<b>MultiTech</b>	<b>Previous petrol engine</b>	<b>Difference</b>
Engine capacity	1308 cm <sup>3</sup>	1300 cm <sup>3</sup>	
Max power	52 kw@5300 rpm	48 kw@5400 rpm	
Consumption l/100 km*	6.7	8.6	-22.1%
CO <sub>2</sub> emissions g/km*	156	199	-21.6%

<b>LPG</b>	<b>MultiTech</b>	<b>Previous petrol engine</b>	<b>Difference</b>
Engine capacity	1308 cm <sup>3</sup>	1300 cm <sup>3</sup>	
Max power	51 kw@5300 rpm	48 kw@5400 rpm	
Consumption l/100 km*	8.6	10.6	-18.9%
CO <sub>2</sub> emissions g/km	139	165	-15.8%

In 2011 Piaggio's range of Commercial Vehicles was extended with a zero-emissions vehicle (Porter ElectricPower) featuring a Full Electric drive system and a driver with enhanced efficiency; it is the most widely sold electric vehicle in Europe, with sales of more than five thousand units. The vehicle runs on a set of Lead-Gel batteries with a capacity of 17 kWh and a low impact on product costs.



Piaggio's future research work will continue to target vehicles that are more environmentally friendly. Rather than restricting projects to consolidated technologies, Piaggio will explore new vehicle architectures that can tackle the challenges of urban transport, providing even more effective and green solutions to traffic problems.



## New Apé City Passenger 200cc

2012 will see the start of production of the New Ape City Passenger with a new 200cc engine entirely developed at Piaggio.

The New Ape City Passenger vehicle with new 200cc engine is designed for the Indian market and meets the demand for easy handling, versatility, ease of operation, ease of travel in urban areas and passenger transport, in addition to stringent requirements for low consumption and cost, which are a must for the Indian market.

The project envisages two stages:

### STAGE 1

Installation of new 200cc engine and vehicle facelift (start of production: July 2012)

During stage 1, in addition to the installation of the New 200cc engine, a series of aesthetic improvements will be made on the vehicle. For instance: the front headlight unit with plastic mask, front mudguard, front nose, and streamlined rear mudguard.

### STAGE 2

New compact vehicle (start of production: December 2012)

During Phase 2 the vehicle will be restyled to reduce its dimensions in order to further improve handling and mobility in Indian urban areas. The following changes are planned: reduction of the current gauge from 1,260 mm to 1,150 mm; the vehicle's front suspensions will also be changed to apply a lighter solution; change of the rear end of the vehicle with restyled rear light unit and rear bumper, restyling of lateral passenger access in line with solutions of competitor products, restyled rear plastic cover, plastic cap to seal fuel tank located on the side of the vehicle; change of passenger seat upholstery.



#### 5.2.4 Product safety

The Porter range features an innovative braking control system (ABS and EBD).

The ABS (Anti Block System) prevents the wheels from locking or the driver from losing control of the vehicle, when forced to brake suddenly and unable to control pressure on the brake pedal.

The main benefits of this system are:

- › improved safety and stability for the Porter, in sudden braking in emergency conditions, when braking on bends, on wet road surfaces or surfaces with a poor grip;
- › shorter stopping distances. Unlike a normal scenario, braking distances on dry surfaces are decreased because the driver feels more confident with the ABS system and pushes the brake pedal more firmly, as there is no risk of losing control of the vehicle;
- › improved handling.

The benefits of the ABS system are more evident in the case of differential braking. This occurs when the two wheels on the same side of the vehicle are on surfaces with a different grip compared to the road surface (for example an iced over puddle on the edge of the road).

EBD (Electronic Brake Distribution) is also linked to the ABS. This is an electrohydraulic version of mechanical braking correction, but far more modular and lighter.

During development, a new function, RLP (Rear axle anti Lift-off Protection) was also produced, which prevents the rear axle from lifting off during emergency braking.

#### 5.2.5 Ecological and recycling potential of materials

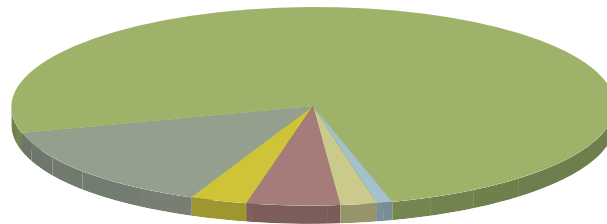
Piaggio's passion for the environment is also channelled into its commitment to guaranteeing the environmental compatibility of its commercial vehicles, from the design stage until the end of their working life.

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

Piaggio constantly monitors the recyclability and recoverability rates of its vehicles, which an in-company survey estimated as 85% and 95% respectively, higher than the limit values in Directive 2000/53/EC. The Porter pick-up, for example, has a 90.08% recyclability rate and a 95.07% recoverability rate (D120 diesel versions).

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

Types of materials - Porter pick-up



Metals	75%
Rubber	1%
Fluids	2%
Glass	5%
Plastics	3%
Other	14%

Below we report the approved recyclability and recoverability rates for each of the vehicles fitted with a petrol engine, diesel engine or electric motor meeting the Euro 5 standard:

	P120	MULTITECH	EVO
Recyclability ( $R_{rec}$ )	PORTER = 90.080% MAXXI = 91.926%	MAXXI = 92.70%	PORTER = 89.960%
Recoverability ( $R_{cov}$ )	PORTER = 95.075% MAXXI = 96.423%	MAXXI = 95.60%	PORTER = 95.10%

As concerns recycled materials currently used for the Commercial Vehicle range, the objective is to reach a rate of 10% of total components between 2011 and 2012.

In the current production of the Ape range (50/TM), 98% of plastic materials are recyclable.

Within the framework of the Ape 50 Facelift project, the following parts can be made of recycled plastic materials:

- > front mask;
- > front mudguard;
- > external mouldings of the left and right doors;
- > dashboard coin tray.

The total would amount to 4,400 grams, namely 30% of the vehicle's total plastic materials.

It will also be possible to recycle 70% of the new vehicle's plastic parts.





### 5.3 Product reliability and quality

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

Quality is the set of properties and characteristics of a product or service that give it the capacity to satisfy the express and implicit needs of the customer/user<sup>9</sup>. For manufactured products, these needs generally include conformity to specifications, reliability, ease of use and maintenance.

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9\_ UNI ISO 9000  
definition

Reliability is the ability of an item to perform a required function in established conditions and for an established period of time<sup>10</sup>. Reliability has become a fundamental concept when it comes to scooters, motorcycles and commercial vehicles, as it is a driver of customer satisfaction and safety.

10\_ UNI ISO 8402  
definition

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

#### 5.3.1 Quality certification

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

In November and December 2010, the audits by the certification company were carried out and successfully completed to renew the ISO 9001:2008 - Quality Management System - certificates up to December 2013 for the Pontedera, Noale and Scorzé production sites and to obtain it also for Mandello del Lario.

Besides the Italian production sites, ISO 9001:2008 certification was also granted to the Spanish production site of Martorelles, the Vietnamese site of Vinh Phuc and the new engines production site of Baramati (India), which was inaugurated in 2010.

#### 5.3.2 Supply verification/audits

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

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

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

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

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

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

Audits for consolidated products solve specific problems identified during production, verify the supplier's capacity to control processes involved in product realisation and periodically monitor improvement in services in terms of complaints<sup>11</sup> from the most critical suppliers.

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

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

### 5.3.3 Quality control of finished products

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

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

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

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

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

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

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

#### 5.3.4 Product traceability

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

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

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

#### 5.3.5 Reliability tests

<b>Italy</b>	<b>2011 figures</b>	<b>2010 figures</b>	<b>2009 figures</b>
Test teams	30	28	24
No. of vehicles tested	482 new products and 1,164 consolidated products	411 new products and 1,243 consolidated products	764 new products and 1,175 consolidated products
Km travelled per year*	Approximately 1,435,000	Approximately 1,365,000	Approximately 1,100,000

<b>India</b>	<b>2011 figures</b>	<b>2010 figures</b>	<b>2009 figures</b>
No. of vehicles tested	30	44	34
Km travelled per year*	Approximately 583,000	Approximately 1,345,000	Approximately 875,000

<b>Vietnam</b>	<b>2011 figures</b>	<b>2010 figures</b>	<b>2009 figures</b>
No. of vehicles tested	12,812	5,668	5,664
Km travelled per year*	Over 38,000	Over 17,000	Almost 17,000

\* Reported data are also based on processing using estimates.

To guarantee vehicle reliability, initial tests are conducted during the experimental stages of product development, on prototypes and pre-production models. The objective of such tests is to ensure that products meet project specifications both in the laboratory and on the road.

During the pre-mass production stage, further laboratory and road tests are conducted on the products, by a team of expert Piaggio testers. Depending on the vehicle type, experience gained during the pre-production stage and other reference vehicles, the mission profile is drawn up. This is the number of kilometres and type of route for product testing (urban, extraurban, mixed, mountain conditions, etc.).

Usually, vehicles are tested over long distances based on their engine capacity and degree of innovation. The tests are “customer-driven”, and consider actual vehicle use: from operations at dealers before the sale is made, to the routes taken by the customer and routine maintenance indicated in the user and maintenance booklet. For example, a 50cc scooter is mainly tested on urban routes, motorcycles are tested on extraurban and mixed routes, while commercial vehicles are tested with/without loads and passengers.

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

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

Testers rate the vehicles during each test stage, considering performance in terms of vehicle safety, comfort and handling. The reliability team<sup>12</sup> meets once a week to compile and discuss a report summarising any defects identified, analyses conducted and measures taken to remedy any problems.

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

After successful reliability testing, production of the pilot series begins and a further test stage starts. A fleet of 10 to 20 vehicles from a pilot lot is tested on the road, to identify any production problems. During this stage, tests are run at shorter distances on routes that better match customer profiles (for example a 50cc scooter is only tested on city routes).

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

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

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

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

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

### 5.3.6 Product information

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

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





# 06 ENVIRONMENTAL SUSTAINABILITY

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## 06. Environmental sustainability

In keeping with the principles set forth in its Code of Ethics, the Piaggio Group operates at a global level with “choices of investment and of industrial and commercial initiatives [.....] based on the respect of the environment and of public health.” (article 7).

In particular “In compliance with the applicable regulations, the Company has respect for environmental issues in determining its choices, also adopting – where operationally and economically compatible and possible – eco-compatible technologies and methods of production, with the purpose of reducing the environmental impact of its own activities.” (article 8).

The Piaggio Group firmly believes that safeguarding the environment while carrying out all Company operations is essential for mankind, technology and nature to coexist peacefully. It is convinced that commitment to sustainable development is not only a business ethic, but also an important variable of all corporate strategies. The Group therefore makes sustainable products, which must be manufactured using production facilities with minimal environmental impact.

As already set forth in the 2011-2014 Strategic Plan, the Piaggio Group plans on expanding some production sites in addition to pursuing a major growth in productivity, while pursuing an environmental policy aimed at rationalising the natural resources consumes and minimising pollutants and wastes as a result of production. With these objectives in mind, initiatives focus on the following areas:

- › maintaining environmental certification awarded to the Group’s production sites;
- › reducing energy consumption;
- › reducing emissions of CO<sub>2</sub> and other pollutants;
- › conserving water resources;
- › waste handling and recovering;
- › biodiversity;
- › environmental spending and investments;
- › logistics.

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

### 6.1 Production sites

The Piaggio Group has production sites in Europe and Asia. Operations, however, are concentrated in three main manufacturing centres: in Pontedera, Italy, Piaggio’s historic factory (two-wheeler and commercial vehicles); in Baramati, India, (commercial vehicles and engines) and in Vinh Phuc, Vietnam, (two-wheeler vehicles). Other production sites include those in Noale and Scorzè, and Mandello del Lario, in Italy, and Martorelles, in Spain, where the historic brands Aprilia, Moto Guzzi and Derbi were born. In 2011 the construction of the new welding, painting and assembly plant was completed in Baramati for Vespa India. The start of production is scheduled in March 2012.

Vehicles produced

	EMEA and Americas				India	Asia SEA	Total
	Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	
2011	210,458	34,783	5,637	18,597	224,716	93,667	587,858
2010	224,933	39,236	4,482	23,788	222,035	39,948	554,422
Change 2011-2010	-6.40%	-11.30%	25.80%	-21.80%	1.20%	134.50%	6.00%
2009	256,424	47,732	4,118	23,005	182,959	22,935	537,173



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

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

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

Environmental organisational structure of Italian companies of the Piaggio Group

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

As regards the Piaggio Group's foreign subsidiaries, the Quality Department is responsible for environmental issues at the Martorelles plant, with a Management Supervisor.

Both Piaggio Vietnam and Piaggio Vehicles Private Limited (PVPL) have environment, health and safety (EHS) teams which work full time on environmental and occupational health and safety issues, with specific 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.

## 6.2 Environmental certification

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

In December 2010 the production sites already certified, namely Pontedera, Noale and Scorzè, obtained the renewal of the ISO 14001:2004 certificates for the Environmental Management System up to December 2013.

Moreover, as already illustrated in the 2010 CSR Report, the Group has certified the Mandello del Lario production site and completed the implementation of the EMS at the Vinh Phuc production site.

The Vietnamese plant obtained certification of compliance with the ISO 14001:2004 standard on 25 January 2011.

## 6.3 Reducing energy consumption

Although the structure of the Company's production sites has been designed to run on fossil fuels, Piaggio is engaged in optimising the management of existing sites to cut consumption. In particular, in the course of reorganisation or renovations, analyses and studies are carried out to adopt

equipment and methodologies that reduce the environmental impact to a minimum. In this regard, the renovation of the Mandello production site (ARROCCO project, which will see the completion of all works by the end of 2013) was of great interest. Thorough analyses and sizing of the systems have allowed for virtuous management. Moreover, ongoing efforts are made to optimise the use of existing facilities to limit the environmental impact and curb consumption by reviewing the running times and adopting simple solutions such as turning off lights when production lines are off-line and the broader use of energy-saving light bulbs.

Energy consumption of Piaggio Group production sites

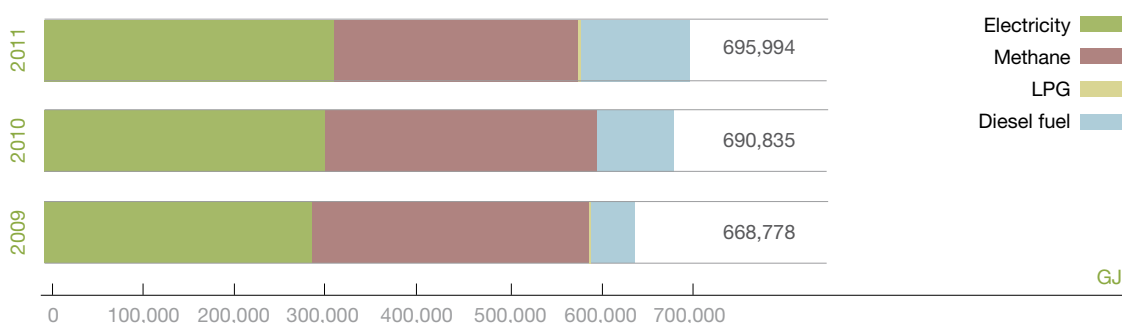
		Direct and indirect energy consumption						Total
		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	
Electricity (MWh)	2011	44,755	4,252	797	1,582	26,284	9,974	87,644
	2010	45,608	4,887	854	2,259	25,059	7,076	85,743
	Change 2011 - 2010	-1.9%	-13.0%	-6.7%	-30.0%	4.9%	41.0%	2.2%
	2009	47,037	4,990	967	2,421	20,551	5,922	81,888
Methane / Natural gas (m <sup>3</sup> )	2011	6,306,359	429,212	163,531	22,905	-	-	6,922,007
	2010	6,827,347	467,430	187,162	39,189	-	-	7,521,128
	Change 2011 - 2010	-7.6%	-8.2%	-12.6%	-41.6%	-	-	-8.0%
	2009	7,011,986	454,297	158,779	37,031	-	-	7,662,093
LPG (tons)	2011	-	-	-	-	30.3	12	42.3
	2010	-	-	-	-	25	8	33
	Change 2011 - 2010	-	-	-	-	21.3%	50.0%	28.3%
	2009	-	-	-	-	18	-	18
Diesel fuel (litres)*	2011	921	-	-	5,030	2,241,240	732,545	2,979,736
	2010	615	-	-	-	1,871,155	524,164	2,395,934
	Change 2011 - 2010	49.8%	-	-	N.A.	19.8%	39.8%	24.4%
	2009	200	-	-	-	1,768,228	271,118	2,039,546

Please be noted that the 2010 data already published on diesel fuel and LPG consumption at Vinh Phuc have been modified with the final data that became available following the publishing of the 2010 CSR.

\* Light Diesel Oil and High Speed Diesel are assimilated to diesel fuel.

Piaggio Group energy consumption

Data have been calculated using the standard conversion factors identified by GRI G3 guidelines (one gallon of diesel = 0.138 GJ; 1,000 m<sup>3</sup> of natural gas = 39.01 GJ; 1 Kwh = 0.0036 GJ). For LPG, a standard conversion factor of one kilogram of LPG = 46.1 MJ was used.



A comparison of the 2010 and 2011 data shows that energy consumption at all Italian sites decreased. This was partly due to smaller production volumes and partly to an optimised use of facilities, although it would appear that the management measures that can be introduced to this end have reached their limit.

The Baramati and Vinh Phuc sites registered, in turn, an increase in consumption due to increased production, which at the Indian site was the result of the construction of the new engines production facility in 2010 and of production at full regimen in 2011.

### 6.4 Reducing emissions of CO<sub>2</sub> and other pollutants

Greenhouse gases (mainly CO<sub>2</sub>) and Volatile Organic Compounds (VOC<sub>s</sub>), released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators.

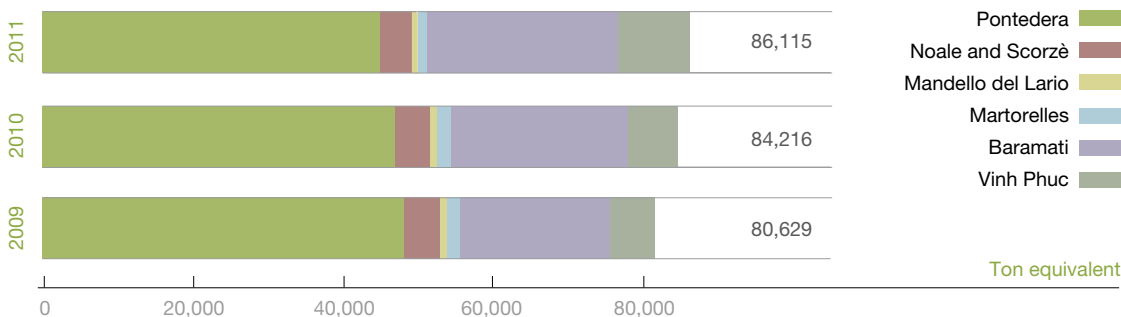
Structural works performed in 2008-2009, as already described in the 2010 report, namely the replacement of the two main boilers at the Pontedera site in 2008 (reducing the potential from 70 MW to 31 MW) and the refurbishment of the two central heating units and compressor rooms at the Mandello del Lario site, have led to an appreciable reduction in energy consumption in 2011 as well.

Ton equivalent	CO <sub>2</sub> from sources	Direct and indirect CO <sub>2</sub> emissions						Total
		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	
2011	Direct*	12,312	837	319	58	5,995	2,089	21,609
	Indirect**	32,940	3,129	587	1,164	19,345	7,341	64,506
2010	Direct*	13,295	910	364	77	5,009	1,455	21,110
	Indirect**	33,567	3,597	628	1,663	18,443	5,208	63,106
Change 2011-2010	Direct*	-7.4%	-8.0%	-12.4%	-24.8%	19.7%	43.6%	2.4%
	Indirect**	-1.9%	-13.0%	-6.6%	-30.0%	4.9%	41.0%	2.2%
2009	Direct*	13,653	895	309	73	4,716	714	20,360
	Indirect**	34,619	3,673	712	1,782	15,125	4,358	60,269

Direct and indirect CO<sub>2</sub> emissions of Piaggio Group production sites

\* CO<sub>2</sub> emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG.

\*\* CO<sub>2</sub> emissions deriving from the consumption of electricity.



Conversion criteria from the “Emission Trading” directive (Directive 2003/87/EC) were used to estimate greenhouse gases, diesel fuel, fuel oil and methane. The conversion factor in the literature (3.2 tCO<sub>2</sub>/toe<sup>13</sup>) was used instead to calculate the CO<sub>2</sub> deriving from electricity.

With reference to CO<sub>2</sub> 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<sub>2</sub> indicated in the Directive.

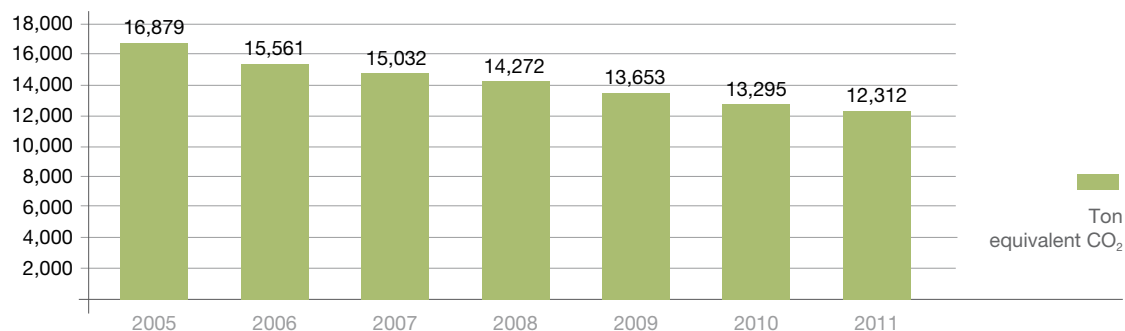
CO<sub>2</sub> emissions are almost entirely due to the combustion of methane and only marginally to the combustion of diesel fuel in back-up power generators.

The monitoring and reporting of CO<sub>2</sub> emissions from the plant are governed by a specific Group procedure, which is periodically audited in-company and annually audited by a certification body.

13\_ENEA report on relations with regions:  
<http://enerweb.casaccia.enea.it>

A table summarising CO<sub>2</sub> emissions from Piaggio's plant at Pontedera for the year 2005 onwards is provided below. Amounts have been certified by a verification body accredited by the National Competent Authority (NCA).

CO<sub>2</sub> emissions of the Pontedera production site



CO<sub>2</sub> emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG.

Other significant emissions of Piaggio Group production sites\*

Ton		Other significant emissions					Total	
		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati		Vinh Phuc
	2011	141	-	-	10.8	444	2.9	598.7
	2010	122	-	-	17.5	466	82.6	688.1
VOCs	Change 2011-2010	15.6%	-	-	-38.1%	-4.7%	-96.5%	-13.0%
	2009	161	-	-	42	372	36	610
Ozone-depleting substances	2011	-	-	-	-	610	13.6	623.6
No <sub>x</sub>	2011	-	-	-	-	-	-	-
SO <sub>x</sub>	2011	-	-	-	-	-	0.4	0.4

\* Reported data are also based on processing using estimates.

Although emissions of VOC<sub>s</sub> have decreased considerably in the last few years, the use of technologies with less impact on atmospheric pollution and on water resources is being evaluated. In particular, feasibility studies are currently underway on the automation of the painting line and its combination with a recirculation system for reducing airborne VOCs.

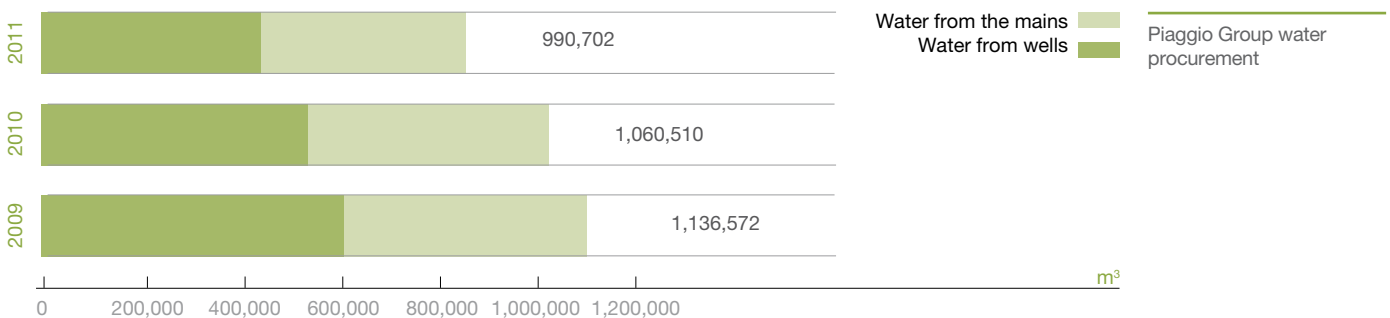
### 6.5 Conserving water resources

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

m <sup>3</sup>		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	Total
2011	Water from wells	435,121	6,199	24,101	15,624	-	-	481,045
	Water from the mains	62,416	11,219	1,047	2,017	349,289	83,670	509,658
	<b>Total</b>	<b>497,537</b>	<b>17,417</b>	<b>25,148</b>	<b>17,641</b>	<b>349,289</b>	<b>83,670</b>	<b>990,702</b>
2010	Water from wells	466,785	13,378	73,634	7,499	-	-	561,296
	Water from the mains	66,415	7,318	1,705	3,584	357,918	62,274	499,214
	<b>Total</b>	<b>533,200</b>	<b>20,696</b>	<b>75,339</b>	<b>11,083</b>	<b>357,918</b>	<b>62,274</b>	<b>1,060,510</b>
Change 2011-2010	<b>Total</b>	<b>-6.7%</b>	<b>-15.8%</b>	<b>-66.6%</b>	<b>59.2%</b>	<b>-2.4%</b>	<b>34.4%</b>	<b>-6.6%</b>
2009	Water from wells	537,778	3,540	85,402	7,204	-	-	633,924
	Water from the mains	73,561	10,267	2,569	4,928	370,890	40,433	502,648
	<b>Total</b>	<b>611,339</b>	<b>13,807</b>	<b>87,971</b>	<b>12,132</b>	<b>370,890</b>	<b>40,433</b>	<b>1,136,572</b>

Water procurement of Piaggio Group production sites

The gradual reduction in water consumption at all sites is general, even though structural work in the past and an optimised consumption make it difficult to decrease consumption even further.



As regards waste water, environmental respect is ensured with processes to treat and purify waste water. At Pontedera, Piaggio is taking steps to separate a part of the sewers at the plant, so that waste water from the painting and oil recovery plants will be directly conveyed to the purification plant. Although the public authorities still have to indicate the specific delivery point, Piaggio has launched the project, building 500 metres of sewers. Works are scheduled for completion as soon as the authorities identify the purification plant to treat the waste.

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

- › **Pontedera:** all industrial and most non-industrial waste water is conveyed to a chemical/physical purification plant outside the site. After biological treatment, the waste is discharged into an open channel. A small part, from toilet facilities of the two site areas, is directly conveyed to the public sewer system;

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

As regards water recycling and reuse, only the Baramati and Vinh Phuc site reuse part of the water procured. In particular, in 2011 the Indian production site recycled and reused about 150,000 m<sup>3</sup> of water, namely 43% of the total water procured, while at the Vietnamese site said amount stood at 210 m<sup>3</sup> of water, equal to 0.25% of the total water procured by the production site, thereby accounting for almost 33% of the Group's water procurement.

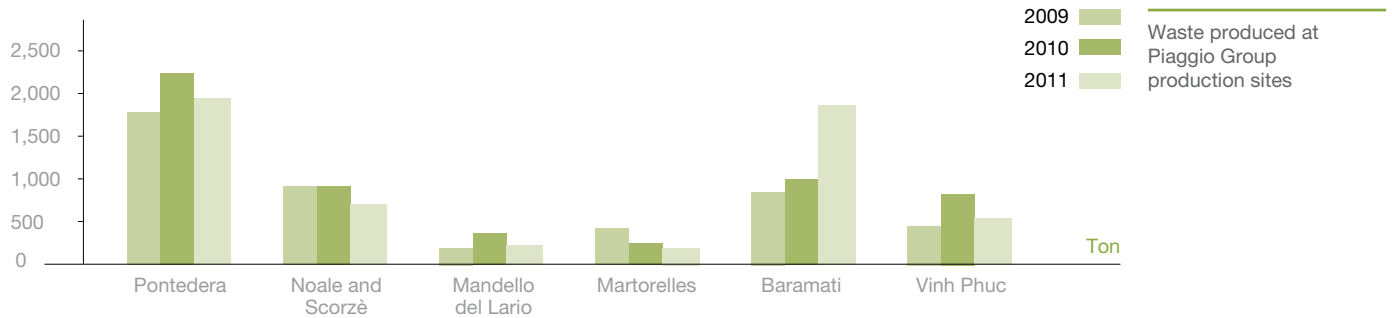
## 6.6 Waste handling and recovering

Where possible, the Piaggio Group tries to recover rather than dispose of waste and, reconditioning and reuse have been a common practice at all sites for several years now. The Company is also committed to using environmentally compatible processes and technologies that can reduce the production of waste. Moreover, it has a priority objective of further increasing its recovered waste/disposed of waste ratio. Sites with an environmental management system have specific procedures in place to facilitate waste disposal and recovery, thus avoiding operations that are harmful for the environment or that may affect activities. At all other sites, general indications are based on the above mentioned procedures and modified to take into consideration applicable local regulations.

Waste produced at Piaggio Group production sites

Waste produced* (Ton)		Pontedera	Noale and Scorzè	Mandello del Lario	Martorelles	Baramati	Vinh Phuc	Total
2011	Total waste	1,961	706	233	195	1,884	550	5,528
	Hazardous	14.0%	3.1%	4.3%	17.3%	25.7%	35.1%	18.4%
	For recycling	87.3%	85.7%	97.9%	54.9%	34.4%	64.9%	66.1%
2010	Total waste	2,259	924	361	248	1,008	832	5,633
	Hazardous	17.9%	3.6%	2.8%	6.8%	49.6%	40.6%	23.1%
	For recycling	84.0%	91.5%	99.6%	60.4%	59.4%	33.0%	73.3%
Change 2011-2010	Total waste	-13.2%	-23.6%	-35.3%	-21.3%	86.8%	-33.9%	-1.9%
	Hazardous	-31.9%	-34.8%	0.6%	99.4%	-3.3%	-42.9%	-21.9%
	For recycling	-9.9%	-28.5%	-36.4%	-28.5%	8.0%	29.9%	-11.4%
2009	Total waste	1,787	925	200	418	866	448	4,643
	Hazardous	16.0%	5.1%	3.4%	11.1%	17.3%	63.5%	17.7%
	For recycling	85.1%	84.3%	97.0%	75.9%	56.5%	49.1%	75.8%

\* Reported data are also based on processing using estimates. The classification of hazardous and non-hazardous waste differs significantly under the different laws applicable in different countries.



We report that in 2011, as in 2010, no spills or polluting events of significance occurred at any of Piaggio's production sites.

### 6.7 Biodiversity

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

### 6.8 Environmental spending and investments

The Group's commitment to environmental sustainability is further proven by the EUR 745,000 invested in the environment by Italian production sites in 2011. These investments regarded mainly projects aimed to prevent and monitor environmental aspects, impacts and risks.

	2011
<i>(figures in Euro)</i>	
Waste disposal, waste treatment and environmental restoration costs	389,000
Costs for prevention and environmental management	356,000
<b>Total</b>	<b>745,000</b>

Environmental spending and investments in Italy

### 6.9 Logistics

In 2011 the procedures for the logistic management of two-wheeler vehicles were reviewed; a new distribution model was implemented and the contracts with leading operators in the logistics sector were renegotiated.

The services were defined on the basis of a model that takes advantage of the synergies existing between the different distribution centres in Europe and identifies opportunities for optimisation while focussing on service quality.

**To minimise transfer necessities** the new model envisages that vehicles are stored in the distribution centre near the production plant and that the import of products manufactured overseas is managed at a central level.

**To optimise distribution** the new model contemplates targeted management of departures and routes.





The goal is to cut the number of trucks used by 1/3 and hence CO<sub>2</sub> emissions.

The new procedure also regulates:

- › the packaging collection service to manage the pick-up of packaging from dealers and its disposal according to local regulations in force,
- › the vehicles and equipment used by logistics operators certified by Piaggio, in accordance with the relevant quality standards,
- › disposal and waste sorting of waste material (e.g., due to decontainerisation) and packaging substitution,
- › replacement of vehicles for internal shuttling with others equipped with systems to cut CO<sub>2</sub> emissions,
- › printing only of documents strictly needed (-25%).



# 07 THE VALUE OF PEOPLE AT PIAGGIO

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## 07. The value of people at Piaggio

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

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

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

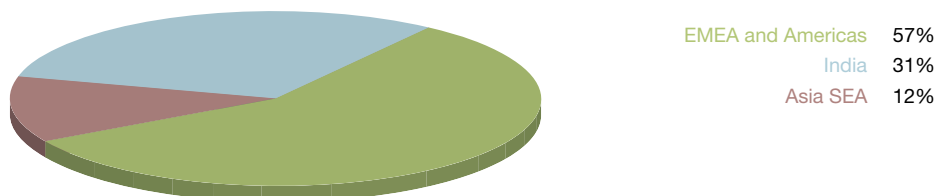
### 7.1 Workforce

In 2011 the Group's overall workforce grew by 1.2% compared to the previous year. This is mainly due to the opening of the new production site in Vietnam.

Company employees by geographical segment as of 31 December

Employee/staff numbers	2011	2010	2009
EMEA and Americas	4,356	4,647	4,730
<i>of which Italy</i>	<i>3,871</i>	<i>4,138</i>	<i>4,131</i>
India	2,331	2,400	2,126
Asia SEA	932	482	444
<b>Total</b>	<b>7,619</b>	<b>7,529</b>	<b>7,300</b>

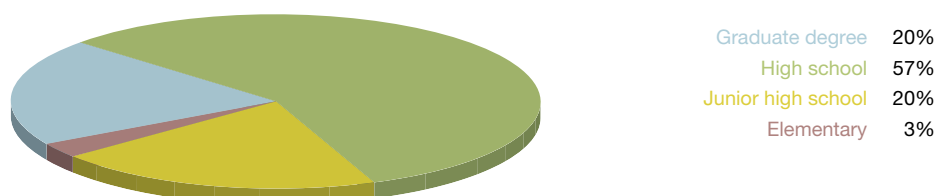
Company workforce by geographical segment as of 31 December 2011



Company employees by professional category as of 31 December

Employee/staff numbers	2011	2010	2009
Senior Management	97	107	109
Middle Management	515	487	441
White collars	2,127	2,076	2,063
Blue collars	4,880	4,859	4,687
<b>Total</b>	<b>7,619</b>	<b>7,529</b>	<b>7,300</b>

Company employees by education level as of 31 December 2011



Figures on the number of employees at the end of the year are not indicative of the average number of staff, as data are affected by seasonal contract workers hired with fixed-term contracts. In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

Employee/staff numbers	2011	2010	2009
Senior Management	100	109	111
Middle Management	504	465	433
White collars	2,100	2,088	2,039
Blue collars	5,033	4,939	4,565
<b>Total</b>	<b>7,737</b>	<b>7,601</b>	<b>7,148</b>

Average number of  
Company employees by  
professional category

The average number of employees is therefore historically higher than the average number at the end of the year, with the same scope of consolidation.

In 2011 the incoming and outgoing turnover rates in Italy amounted to 2.06% and 10.73% respectively.

	Staff as of 31 December 2011	Incoming							Total	Turnover
		Men	Women	<31	31-40	41-50	>50			
Senior Management	75	2	-	-	-	2	-	2	2.67%	
Middle Management	212	7	2	-	4	3	2	9	4.25%	
White collars	1,042	49	15	32	16	12	4	64	6.14%	
Blue collars	2,510	4	-	3	-	-	1	4	0.16%	
<b>Total</b>	<b>3,839</b>	<b>62</b>	<b>17</b>	<b>35</b>	<b>20</b>	<b>17</b>	<b>7</b>	<b>79</b>	<b>2.06%</b>	
Leavers										
Senior Management	75	9	1	-	-	2	8	10	13.33%	
Middle Management	212	21	2	-	1	9	13	23	10.85%	
White collars	1,042	79	30	9	26	24	50	109	10.46%	
Blue collars	2,510	224	46	3	3	7	257	270	10.76%	
<b>Total</b>	<b>3,839</b>	<b>333</b>	<b>79</b>	<b>12</b>	<b>30</b>	<b>42</b>	<b>328</b>	<b>412</b>	<b>10.73%</b>	

Company employee  
turnover in Italy as of 31  
December 2011\*

\* Figures for the blue collars  
category does not include  
fixed-term contracts and  
special "work-entry" contracts.

## 7.2 Personnel management policies

The central importance of human resources and the development of core competencies for the growth of our business represent the underlying foundations of our relationship with our employees, shaping company policy for the placement, development, training and rewarding of staff. In 2011 the policies were reviewed and updated.

### Recruitment and internal mobility

The Group seeks to attract and retain in the company people with the best skills for our business. It also encourages internal mobility across roles, situations and functions in order to make the most of the competencies available and speed up the development of individual capacities and potential.

### Reviews

Importance is placed on using transparent criteria and methods used for reviewing employees. Such reviews focus on:

- › performance,
- › managerial and professional competencies,
- › potential

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

### Career development

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

### Training

To promote the growth of core competencies, training is provided for all roles, levels of responsibility, professional groups and individuals who are motivated to improving their own professional value in keeping with the growth of business and the corporate culture.

### Rewards

The Group rewards people and their work on the basis of competitive, fair and merit-based criteria that are transparent, and able to motivate and retain the human resources that contribute the most to achieving the company's results.

### Communication and engagement

A "two-way" communication channel is always open between the company and its people, through which:

- › important information and messages are announced in order for people to understand and implement company strategies;
- › people can voice their thoughts, enabling the company to gauge the internal climate and keep employee satisfaction and motivation high.

### Diversity and equal opportunity

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

### Industrial relations

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

### Competitive organisation

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

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

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

### Measures of Piaggio Vietnam to improve the work environment

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

- › annual organisation of events for employees such as "Vespa day", Women's day, the Summer Festival, and a year-end party. In 2011, on the occasion of the 100,000th vehicle manufactured, it organised a party to thank the entire staff for the work done;
- › training and activities to develop technical, professional and management skills;
- › support to blue collars by offering life insurance and coupons for shopping in periods of high inflation;
- › a free shuttle service from home to the plant and back and an allowance for travel time.

The construction of a recreational centre for employees at the production site is also under consideration.

### 7.3 Diversity and equal opportunity

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

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

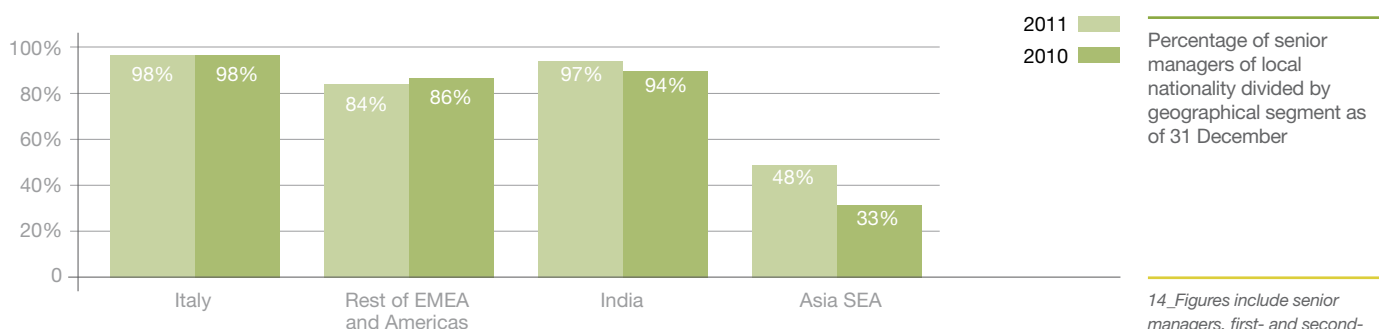
The company seeks to spread its culture and values throughout the world with a view to creating the conditions for promoting an international spirit and a truly multinational organisation in which all employees can benefit from equal opportunities.

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

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

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

Piaggio has not adopted specific procedures for the recruitment and placement of local residents where operations are located, focusing instead on the characteristics and experience of candidates and the requirements of the role to be filled. The Group does, however, ensure the development of staff from local communities, as illustrated in the following table<sup>14</sup>.



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

<sup>14</sup> 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 whose nationality is that of the country where they operate.

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.

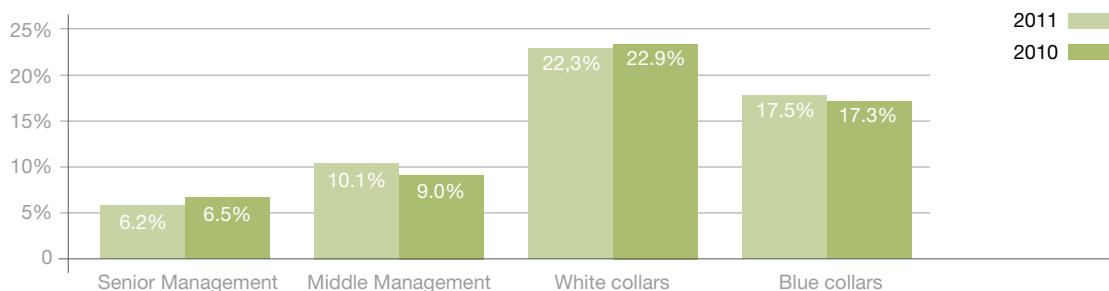
#### 7.3.1 Female employees

Female employees at Piaggio play a fundamental role at all levels of the organisational structure. They account for a significant percentage of white collars (over 22%) and blue collars (almost 18%), and a lower percentage of higher-ranking positions.

Company employees by gender and geographical segment as of 31 December

Employee/staff numbers	2011		2010		2009	
	Men	Women	Men	Women	Men	Women
EMEA and Americas	3,146	1,210	3,393	1,254	3,530	1,200
<i>of which Italy</i>	2,778	1,093	2,992	1,146	3,050	1,081
India	2,311	20	2,383	17	2,104	22
Asia SEA	776	156	385	97	360	84
<b>Total</b>	<b>6,233</b>	<b>1,386</b>	<b>6,161</b>	<b>1,368</b>	<b>5,994</b>	<b>1,306</b>

Percentage of women out of the total staff as of 31 December



Company employees by contract type, gender and geographical segment as of 31 December 2011

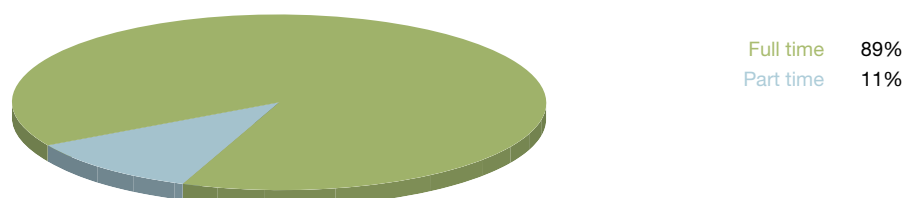
Employee/staff numbers	Fixed-term contract			Open-ended contract		
	Men	Women	Total	Men	Women	Total
EMEA and Americas	87	15	102	3,059	1,195	4,254
<i>of which Italy</i>	81	14	95	2,697	1,079	3,776
India	1,085	0	1,085	1,226	20	1,246
Asia SEA	613	119	732	163	37	200
<b>Total</b>	<b>1,785</b>	<b>134</b>	<b>1,919</b>	<b>4,448</b>	<b>1,252</b>	<b>5,700</b>

Pari opportunità sono offerte ai dipendenti di ambo i sessi, con iniziative concrete per agevolare la gestione del rapporto tra vita familiare e vita professionale, quali l'introduzione di tipologie contrattuali diverse da quella full-time.

Popolazione aziendale per tipologia professionale, genere e area geografica al 31 dicembre 2011

Employee/staff numbers	Full time			Part time		
	Men	Women	Total	Men	Women	Total
EMEA and Americas	3,028	880	3,908	118	330	448
<i>of which Italy</i>	2,660	770	3,430	118	323	441
India	2,311	20	2,331	0	0	0
Asia SEA	775	156	931	1	0	1
<b>Total</b>	<b>6,114</b>	<b>1,056</b>	<b>7,170</b>	<b>119</b>	<b>330</b>	<b>449</b>

Part-time employment in Italy as of 31 December 2011



Piaggio's aim over the next few years is to increase its number of female employees and make their working conditions easier. To this end, alternatives to full time work have been in use for several years in Italy and are becoming increasingly popular with employees. In 2011, 441 employees were working an alternative to full-time hours in Italy. In particular, 7.5% of the workforce was employed with a part-time contract, and 3.9% on a job-share contract. The promotion of part-time and job share contracts in Piaggio has undoubtedly helped working mothers who want to spend more time bringing up their children or on family commitments.

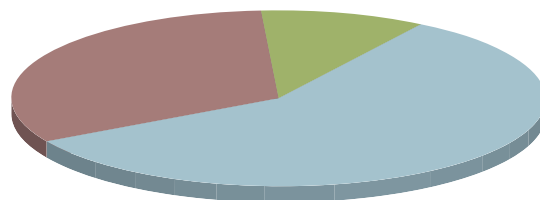


### 7.3.2 Young employees

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

Employee/staff numbers		Up to 30	31-40	41-50	>50	Total
2011	Senior Management	0	13	40	44	97
	Middle Management	2	193	209	111	515
	White collars	510	801	526	290	2,127
	Blue collars	2,045	1,061	987	787	4,880
	<b>Total</b>	<b>2,557</b>	<b>2,068</b>	<b>1,762</b>	<b>1,232</b>	<b>7,619</b>
2010	Senior Management		12	48	47	107
	Middle Management	2	172	197	116	487
	White collars	496	796	469	315	2,076
	Blue collars	1,672	1,326	927	934	4,859
	<b>Total</b>	<b>2,170</b>	<b>2,306</b>	<b>1,641</b>	<b>1,412</b>	<b>7,529</b>
2009	Senior Management		17	48	44	109
	Middle Management	3	149	182	107	441
	White collars	471	806	464	322	2,063
	Blue collars	1,633	1,256	912	886	4,687
	<b>Total</b>	<b>2,107</b>	<b>2,228</b>	<b>1,606</b>	<b>1,359</b>	<b>7,300</b>

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



EMEA and Americas 10%  
 India 58%  
 Asia SEA 32%

Company employees up to age 30 divided by geographical segment as of 31 December 2011

### 7.3.3 People with disabilities

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

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

Employee/staff numbers	2011	2010	2009
Middle Management	2	2	2
White collars	10	11	12
Blue collars	136	154	157
<b>Total</b>	<b>148</b>	<b>167</b>	<b>171</b>
<b>Percentage out of total employees</b>	<b>3.8%</b>	<b>4.0%</b>	<b>4.1%</b>

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

In 2011, 148 people with disabilities and from legally protected categories were employed at sites in Italy. The details in the table above show that the percentage of diversely-abled employees compared to the total number of employees stands at 3.8%.

### 7.4 Developing human capital

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

#### The Group's managerial competencies model

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

This model is touchstone of reference for the entire Group for the development of the company culture and the growth of our people. In 2011 the dissemination of management competencies among white collars and middle management was completed at a Group level.

The Group's managerial competencies model



#### The Group's professional competencies model

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

In 2010 Piaggio conducted an in-depth review of the system, identifying professional competencies, roles and career paths.

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

In 2011 the new professional system was adopted as the basis for the assessment and ongoing development of professional skills among the Group's entire staff of white collars and middle management.

Moreover, group-wide recognition of professional technical skills was completed and the first development and training plans were set up to improve any reported gaps.

### Reviews

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

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

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

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

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

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

In both cases, performance reviews affect development paths and career opportunities, as well as rewards (see section 7.4.2).

In 2011 the Evaluation Management System was implemented at a Group level. It is a standard IT-based evaluation process (SAP HR e Success Factors) for white collars and middle management that allows real-time management of all evaluations in order to further develop human resources.

Geographical segment	Italy	Rest of EMEA and Americas	India	Asia SEA
Senior Management	100%	100%	100%	100%
Middle Management	100%	100%	100%	100%
White collars	100%	100%	100%	100%
Blue collars	0%	0%	100%	100%

Percentage of employees who received performance and career development reviews in 2011<sup>15</sup>

*15\_This indicator was defined by taking into account all employees who worked at least six months during the year and who did not leave the company earlier than a year from the review.*

Potential is systematically assessed in young talent, managers and people earmarked to cover top management positions in the Group. Specific assessment tools are used for each profile reviewed, involving sophisticated assessment techniques (such as in-basket exercises, aptitude tests, role playing and interviews) conducted by external consultants so as to ensure the greatest objectiveness.

### Development paths

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

- › development plans, which identify the action to be taken for the growth of the employee;
- › job rotation and participation in strategic or international projects;
- › management and professional training (see section 7.4.1)
- › Piaggio Way - the talent management programme (see section 7.4.3)

In 2011 development measures were consolidated in order to underpin the Company's internationalisation especially by increasing the number of assignments and job rotations in the Group's Asian companies.

### Career paths

For our highest value human assets, management and professional career paths are designed in order to cover key roles and ensure that strategic and technological know-how is kept and developed in the Group at the international level. Therefore, in 2011 instruments for the monitoring and management of succession plans were consolidated for key positions in the Group.

#### 7.4.1 Training

Training addresses all roles, levels of responsibility, professional groups and individuals who are motivated to improving their own professional value in keeping with the Company's development and its evolving corporate culture.

The priority objective of Piaggio is to continually update individual and organisational skills and bring them in line with a changing business and Company strategies and to fully disseminate behaviour focused on competitive excellence (see section 7.4).

Management training focuses on management techniques, managerial skills and/or company strategy. Such training is planned on a yearly basis so as to:

- › develop and boost the capacity of young new-recruits to deal with critical innovation and organisational change;
- › provide Group managers with the tools and methods to manage the results and organisational resources necessary to effectively interpret their role based on the Company's vision and business needs;
- › values talented resources with specific initiatives for their professional advancement.

In 2011 a Piaggio catalogue of management courses was developed; it offered a framework for the training offer for the different professional levels of the company and was the foundation for delivering training over the year.

Professional training focuses on boosting the technical and specialist skills required for specific roles, with the aim of harmoniously consolidating the competencies identified by the Piaggio model for each professional group in the company. Professional training is planned annually on the basis of a review of the competencies found in the company and an analysis of training needs, conducted together with individual company functions.

Piaggio also values the sharing of its know-how by organising training events managed by internal trainers, with a view to encouraging the exchange of the advanced methods and knowledge developed within company, so as to promote continuing improvement.

2011 saw a consolidation of training activities. A total of 51,964 hours of training were delivered by the Group to the entire workforce, amounting to about one day of training per employee. Alongside training in the classroom, on-the-job training is also provided, especially in production areas.

In Italy a total of 35,487 hours of training was provided in 2011. This figure is in line with the 2010 figures divided by segment / area.

Thematic area	2011**	2010
Managerial training*	16,937	25,546
Technical – professional training	19,333	17,968
Linguistic training	10,360	14,145
Safety and environmental training	5,334	7,268
<b>Total</b>	<b>51,964</b>	<b>64,927</b>

Hours of training by training area \*\*

\* The figure on management training includes 260 hours training on the Model as per Legislative Decree no. 231/2001

\*\* The figure does not take into account on-the-job training.

Professional category	2011*	2010
Senior Management	2,255	783
Middle Management	8,645	3,591
White collars	33,260	46,279
Blue collars	7,445	14,163
Project workers	360	111
<b>Total</b>	<b>51,964</b>	<b>64,927</b>
<b>Total per-capita</b>	<b>6.8</b>	<b>8.6</b>

Total hours of training by professional category

\* The figure does not take into account on-the-job training.



### 7.4.2 Reward policies

Reward policies aim to reward people and their work on the basis of competitive, fair and merit-based criteria that are transparent and used in review processes (see section 7.4).

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

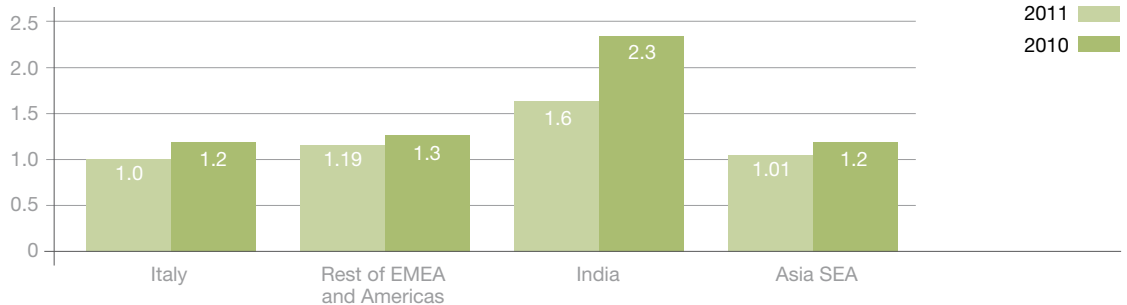
#### Salary packages

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

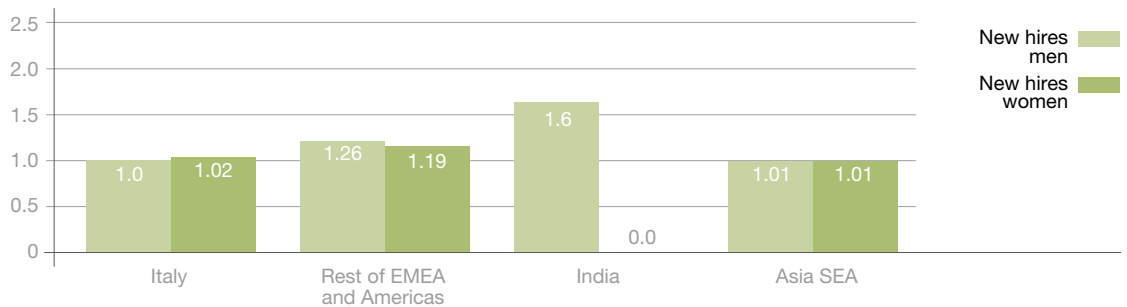
- › comparing salaries with market benchmarks, considering the market positioning of the company as a whole and the weight carried by individual organisational roles. Comparisons are conducted using internationally-recognised methods, with the support of specialist consultants;
- › setting out guidelines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

Ratio of standard minimum wages for new recruits to the local minimum wage <sup>16</sup>

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

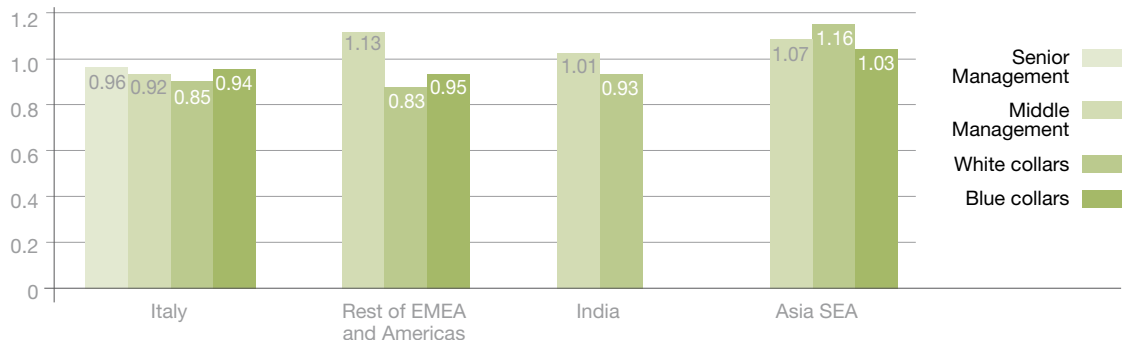


Ratio of standard minimum wages for new recruits to the local minimum wage broken down by gender



Ratio of average basic salaries for women to average basic salaries for men of the same professional category <sup>17</sup>

17\_Figures for Asia-Pacific do not include expatriate staff, which are included in figures for Italy. Categories not reported in individual geographic segments do not have any women employees.



#### Objective-based incentive systems

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

- › MBO for executives
- › Performance Management for managers

in which the size of the reward is based on the achievement of a set of quantitative and qualitative objectives.

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

#### Benefit

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

- › company car;
- › private health insurance.

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

#### 7.4.3 Talent Management: the Piaggio Way programme

The Piaggio Way talent management programme was launched in 2010 and it is one of the development tools adopted by the Group to ensure the growth of key internal resources. The objective of the programme is to identify people in the Group that show high potential, great motivation in their work, and the courage to try new approaches.

In 2011 the programme was extended to all Group units across the world and saw broad participation by Asian and Indian talents.

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

- › high selection bar to be included and to remain in the programme;
- › overriding focus on managerial competencies, performance and potential;
- › fast-lane approach to developing management skills and internationalisation.
- › Talented people placed on the programme fall into two categories:
  - › Young Talent: young people with high potential, who have been with the company for more than one year;
  - › Managerial Talent: young managers with financial and operating responsibility.

They are given fast-lane access to development, involving:

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

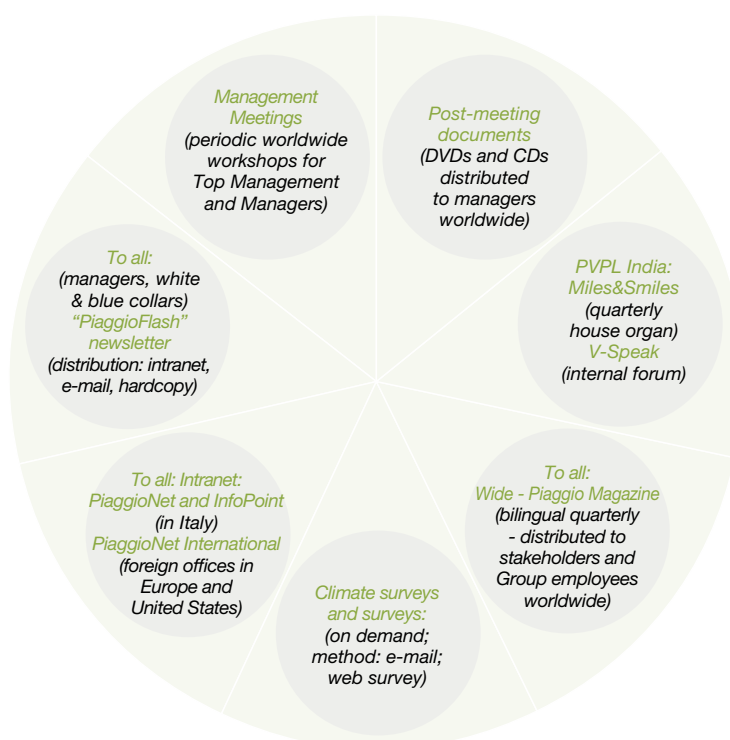
To remain on the programme participants undergo a structured annual Talent Review conducted with the involvement of Piaggio top management.

### 7.5 Personnel dialogue and involvement

Piaggio's communication and dialogue policy aims to create a two-way dialogue between the Company and people to convey and make clear to everyone messages and information that are fundamental for understanding the Company's direction and objectives, and for listening to people. The goal is to establish and improve employee motivation over time, so that everyone channels their energies in the same direction as that of the Company.

In this framework which integrates different social and cultural contexts, numerous two-way, top-down and bottom-up communication tools are used.

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



Two-way communication tools include:

- › “PiaggioNet” Intranet: the portal provides information, such as an on-line daily newspaper with company news and current affairs, including reports sent in by Italian and international staff, and services for employees, including, for instance, managing working hours and transfers, organisational instructions and user manuals, a staff market, vehicle and merchandise prices, institutional and product press releases, photo gallery of product ranges and events, a daily press review, etc. In 2011, the Group's Intranet portal published over 500 news items on its home page, and had over 50,000 hits.
- › Piaggio InfoPoint: web points in the Piaggio Group's production sites in Italy, which may be accessed by blue collars using their Company badge, to log on and the Intranet and use its services (reading news, checking labelling, a staff market, vehicle and merchandise prices, institutional and product press releases, sending messages to Company contacts via Web Mail, etc.).
- › PiaggioNet International the most recent development of the Company Intranet, with contents and news published in Italian and English, for employees of the Group's European and US sites as well as its Asian sites.
- › Web Mail service: a Company messaging system to promote bottom-up communication among employees and Top Management. All Piaggio employees may send messages to Function Managers



and receive replies in their personal web inbox.

- › V-Speak: an in-house forum dedicated to the Indian employees of the PVPL subsidiary, designed to encourage open, transparent communication within the organisation. The forum gives people the chance to learn more about the organisation, express new ideas, and share experiences and best practices.

Top-down communication tools include:

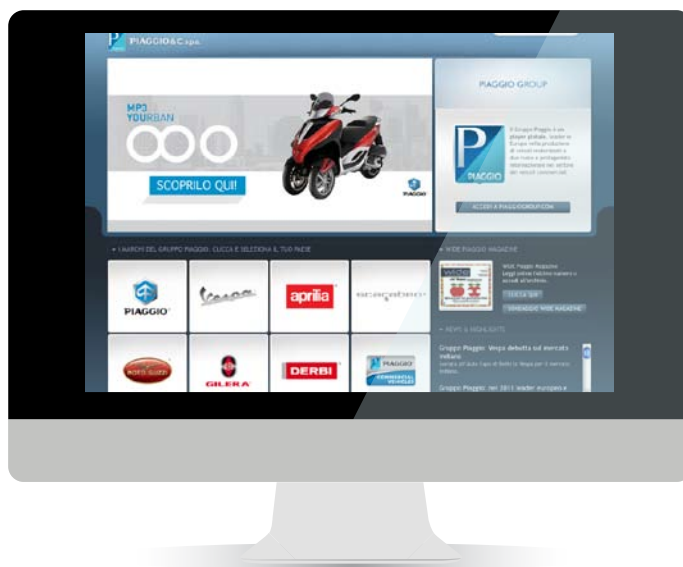
- › Wide Piaggio Magazine: a bilingual in-house magazine published quarterly and distributed worldwide to employees in all Group plants and external stakeholders (institutions, media, importers, dealers, etc). In 2011 circulation increased compared to the year before, reaching over 84,000 copies distributed in 40 countries with an average of 21 thousand copies for each issue.
- › PiaggioFlash: a periodic newsletter distributed in all of the Piaggio Group's Italian production plants (in hardcopy and softcopy via e-mail and on the intranet), providing information on promotions (vehicles and merchandising) reserved to employees and company events. In 2011 9 press releases were published.
- › Miles & Smiles: an internal, quarterly magazine for employees at the Piaggio Group's Indian plant, providing information on company activities and giving visibility to people and teams.
- › Management meeting: periodic top management workshops with the management team on the general trend of the Group and its main strategies and guidelines. After each workshop a "communication kit" (video and documentation) is prepared and distributed to the heads of functions (in Italy and worldwide), to assist them in deployment meetings with their teams.



Dialogue and bottom-up communication:

WIDE Survey online: in July 2011 an online survey on Wide Piaggio Magazine was launched. It was published on the Group's web sites (www.piaggio.com and www.piaggiogroup.com) in two languages, Italian and English. The questionnaire asked readers to express their opinion on the magazine: approval of the format and layout, columns considered most interesting, topics they would like to be dealt with more, what they did not like about the magazine, whether they were interested in subscribing to the hardcopy version of the magazine (which is available in electronic format on the Group's web sites where it can be read and downloaded online). The survey was also announced in the magazine, inviting readers to participate in the

online survey. The results of the questionnaires that were filled out were collected in periodic reports and carefully assessed to improve the magazine. The survey will continue in 2012.



## 7.6 Health and safety

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

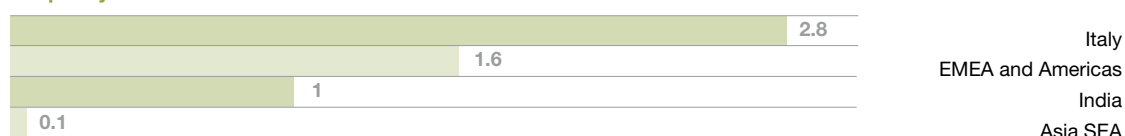
- › *continual developments for a safer working environment*: all aspects concerning the safety of the work environment and equipment and tools needed to carry out daily activities are considered, starting from defining new activities or revising existing ones;
- › *safer behaviour*: all workers are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

### Accident Frequency Index Trend in 2011<sup>18 e 19</sup>

18\_The accident frequency index, calculated as defined by the UNI standard, indicates the number of accidents occurring per million hours worked, using the formula (number of cases/hours worked)\* 100,000.

19\_The figure relating to the Rest of EMEA and Americas refers only to the Rest of EMEA. Please be noted that in 2011 there were no accidents in the Americas area.

### Frequency Index



In 2011 the accident frequency index in Italy was equal to 2.8, a result more or less in line with those of recent years, though slightly worse. The analysis of the results will help define the initiatives that must be implemented in 2012 to consolidate this trend.

The table below shows the accident frequency index between 2009 and 2011 at European production sites.

### Accident Frequency Index in Italy

Production sites	2011	2010	2009
Pontedera	3.0	2.4	2.6
Noale and Scorzè	1.7	0.9	1.3
Mandello del Lario	3.1	3.5	1.2

Based on the data on the causes, nature, location and severity of the injury that are entered in the dedicated form on the company intranet network, it is possible to stratify the information in order to launch activities that can lead to improvements aimed at reducing the frequency and severity of injuries.

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

The Group has set high health and safety standards also for its Piaggio Vietnam and PVPL in India and appointed local Safety Managers, who, in cooperation with the main headquarters for Group operating procedures, ensure ongoing oversight in order to raise collective awareness on the issue.

The Occupational Health and Safety Management System that has been implemented at Piaggio includes a rather large body of documents that comprises the relevant Manual outlining the policies

issued by the Management, which are implemented in the Management Procedures (covering the entire company organisation), in the Operating Procedures (which regard only some company structures) and Work Instructions that illustrate how every single operation is to be carried out correctly.

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

One example is the electronic “risk condition reporting” available on the company intranet network, which allows company managers to report any risk conditions, thus starting up a system which allocates problems, evaluates remedial actions proposed and monitors their effectiveness, in order to guarantee the complete and thorough management of occupational safety improvement actions as well as of “near misses”, which are a key element in preventing dangerous situations that can lead to serious injuries from occurring.

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

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

One major activity that was started some time ago and completed in 2011 was the development of a technical management system that makes it possible to limit the risk of “thermal stress” by implementing the following four points:

*Measurement* – installation of 7 microclimate stations in the productions units,

*Calculation* – a central unit displays in real time the WBGT index, thus making it possible to compare it to the benchmark (TLV) for each production unit according to UNI EN 27243:96;

*Adoption* – granting of “extra breaks” when the monitoring system detects that the trend is approaching said benchmarks;

*Information* – to workers on both the calculation parameters and operating procedures; information is also provided on contingent situations and the relevant organisational measures that are decided. The Workers’ Safety Representatives can access the data logged every hour.

This procedure has been acknowledged as a “Good Practice in workplace risk prevention” within the framework of a competition called by the Prefecture of Pisa and organised together with the provincial authorities, the Municipality of Pisa, the Provincial Employment Office, INAIL (Italian Workers’ Compensation Authority), INPS (National Social Security Institute), ASL5 (Local Health Unit #5), CNR (National Research Council), Fire Department, Chamber of Commerce, the CGIL-CISL-UIL trade unions, Unione Industriale (Manufacturers’ Association), Confartigianato (Craftsmen’s Association), CNA (Italian National Federation of Craftsmen and SMEs) and other professional associations.

### 7.6.1 Health and safety certification

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

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

In November and December 2010, the audits by the certification company were carried out and successfully completed to renew the OHSAS 18001:2007 - Occupational Health and Safety Management System - certificates up to December 2013 for the Pontedera, Noale and Scorzé production sites and to obtain it also for Mandello del Lario.

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

### 7.6.2 Information and Training

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

In 2011, in order to provide information and raise staff awareness on accident prevention and occupational health and safety, about 6,300 hours of training (including on-the-job training) were delivered in Italy, as opposed to 6,200 hours in 2010.

Continuing its objective of disseminating knowledge and operating procedures, the Group and Community Intranet platform - "Safety at work" - on health and safety, has been further developed and updated since 2008. It provides ample information on the generic or specific risks of the metal and steel working industry in order to provide all workers with a basic knowledge of these, the consequences that can arise from repeated exposure, on the main solutions to avoid the occurrence of hazardous situations in terms of injuries and occupational diseases.

In this framework the Company brochure on occupational safety and environmental protection plays an important role. The brochure refers to relevant laws and persons with responsibility and competencies

within the framework of the Company's policy on the prevention and protection of the health and safety of workers. It illustrates the basics of the management system in force that will be further explained during every employee's career as their positions change within the company organisation.



The need for workers to correctly and continuously use personal protective equipment in order to reduce residual risks that may occur during their work is widely disseminated and acknowledged.

### 7.6.3 Safeguarding health

Health is promoted through two main areas of action: free testing and information campaigns on healthy lifestyles.

Generally, each Group site has a health unit for prevention, surveillance and first aid, manned by specialist medical and paramedical staff.

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

As regards healthcare services, the following are guaranteed:

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

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

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

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

In 2011, occupational medicine activities involved more than 2,100 check-ups (preventive, routine and non-routine), as well as specific tests and clinical chemistry and biological tests. Some 150 people received flu vaccinations, while 7,000 people received healthcare services.

### 7.6.4 Workplace ergonomics

During 2011, Piaggio continued its “Workplace ergonomics” activities.

It worked with specialists in the ergonomics of posture and movement to develop its project on the “objective evaluation of the specific risk of biomechanical overload of the upper limbs” and on training technical positions.

In 2011 the analysis of about 70% of all work stations at the Pontedera production site was completed. When necessary, it identified the remedies needed to reduce risk to acceptable levels. At the same time these activities were also extended to other Italian sites according to the same operating procedures.

The analysis of all work stations at the different sites is expected to be completed in 2012 as well as the preliminary objective evaluation of risk of new production activities and of any changes to the current process.

Piaggio has also worked with the local health authorities for the Pontedera site to develop the project aimed at estimating the extent of pathologies of the upper limbs and reintegrating persons with WMSDs (work-related musculoskeletal disorders) assigning them work stations that have been suitably adapted or involve less risk.

With regard to the “objective evaluation of risk of the manual handling of loads”, Piaggio started an extensive diagnosis activity on duties/work stations in 2011. It follows the example of what has already been done for the issue of repeated movements in order to complete this activity as well in 2012. In this field, training activities aimed at all technical and management figures who have an impact on this aspect have continued in the meantime.

Such action bears witness to the progress made in the improvement programme, with the aim of preventing the occurrence of repetitive stress disorders in the upper limbs and spinal column.

### 7.7 Industrial relations

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

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

Collective bargaining is applied at all European production sites at both a national and company level, thus covering 100% of staff. In 2011, ongoing dialogue continued between the Group and workers’ representatives at a Company level, to find common solutions to the effects on workers of measures taken to meet market needs. A number of trade union agreements were signed to manage complex situations requiring the use of social shock absorbers provided for by law.

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

Trade unionisation in Italy

	2011			2010			2009		
	Pontedera	Noale and Scorzé	Mandello del Lario	Pontedera	Noale and Scorzé	Mandello del Lario	Pontedera	Noale and Scorzé	Mandello del Lario
FIOM	348	177	41	435	188	42	438	212	51
UILM	307	1	2	328	1	2	316	1	3
FIM	313	126	28	319	123	28	257	124	29
UGL	126	0	0	81	0	0	68	0	0
CGIL/CISL/UIL	2	0	0	2	0	0	4	0	0
<b>Total number</b>	<b>1,096</b>	<b>304</b>	<b>71</b>	<b>1,165</b>	<b>312</b>	<b>72</b>	<b>1,083</b>	<b>339</b>	<b>83</b>
	<b>37.5%</b>	<b>45.5%</b>	<b>66.4%</b>	<b>37.5%</b>	<b>42.7%</b>	<b>64.8%</b>	<b>35.4%</b>	<b>39.6%</b>	<b>62.4%</b>

In Spain, trade unions are present in both Nacional Motor and the Spanish branch Piaggio & C. S.p.A., with representatives elected directly by employees. The trade unions represented in the companies are: UGT, CCOO, CGT, UTIM. Trade union members account for 38% of employees at Nacional Motor, and 13% at the Piaggio branch.

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

In Piaggio Vietnam an executive committee of the company trade union has been elected by the employees of each production unit. Trade union representatives at the company level are supervised by the provincial trade union of Vinh Phuc province. 11 trade union representatives are active, selected during meetings at a provincial level and elected by company employees. At present, no collective company agreement is in place and the Executive Committee of Trade Unions has not undertaken any bargaining procedures.

In India, trade union representatives consist of a mixed board of company employees and non-employees. The union organisation is hierarchically structured and partially consists of company employees. There is a total of sixteen representatives, nine of which (factory delegates) were elected by employees and seven were appointed directly by the external organisation. An enterprise bargaining agreement signed in April 2008 is in place.

Piaggio uses open-ended contracts as its reference model. Considering the difficult situation faced by global markets throughout 2011, the trade union agreements allow the Company to resort to different types of employment contracts provided for in the contractual provisions so as to reconcile employment stability with flexible production management.

Within the framework of an open and constructive dialogue with trade unions, the Group carries out reviews on a periodic basis during the year. In particular, these regard scheduled work loads and production schedules, so as to evaluate the need for different types of employment contracts, as mentioned above, as well as different working hours schemes.

In 2011, considering the ongoing market squeeze, the dialogue also focused on the social safety net measures needed to adapt the production structure to the trend in markets and sales volumes and to optimise technical structures and staffing. This required the application of the solidarity contract at the Noale and Scorzè production sites as well as the start of the downsizing of the workforce at the Noale and Pontedera production sites. Dialogue with the trade unions made it possible to find solutions agreed on by all parties, with trade union agreements signed.

In July 2011 the Spanish company Nacional Motor and the Piaggio Branch at Martorelles (Barcelona) signed a plan with representatives of the Spanish government to restructure various activities at these sites.

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

In particular:

- › In the case of the ordinary wage guarantee fund, where events are such that the reduction or suspension of operations cannot be postponed, the employer is required to notify trade union representatives of the expected duration of the reduction or suspension and the number of employees affected. If operations are to be reduced by more than sixteen hours, at the request of the employer or the trade unions, a joint review is to be held to discuss the return to normal operating hours and the criteria for distributing work hours. The request is to be made within three days from the notification announcing the reduction/suspension of operations, while the review is to be held and completed within five days from the date of the request. For all other events, trade union representatives are to be informed of the decision to reduce/suspend operations in advance, the reasons why the wage guarantee scheme needs to be used, the expected duration of the measure and the number of workers affected. At the request of either one of the parties, a joint review is to be held to discuss the protection of workers' interests in

relation to the business crisis, and is to be completed within twenty-five days from the request for the joint review.

- › In the case of the extraordinary wage guarantee fund, the employer is required to notify trade union representatives and the main provincial trade union organisations for the category of the activation of the procedure, informing them of the reasons for the reduction or suspension of operations, the expected duration of the measure, and the number of workers affected. Within three days a joint review is to be held, which may or may not lead to an agreement being made. Where no agreement is found or there are irregularities in the negotiation process, the procedure for accessing the wage guarantee fund cannot proceed. For companies with more than fifty employees, the negotiation process is to be concluded within twenty-five days.
- › For collective dismissal indemnities, written notice of collective dismissal is required to be sent to trade union representatives and trade associations. Copy of the written notice is also required to be sent to the Provincial Employment Office (or to the regional office if production units in more than one province are affected, or to the Ministry of Labour if more than one region is affected). The notice is required to state the reasons for collective dismissal, the number of both redundant and non-redundant workers and their job profiles, the time-frame for collective dismissal, measures envisaged for minimising the social consequences, and the method for calculating any non-statutory indemnities envisaged by collective bargaining agreements. Within seven days of the notice, trade union representatives and trade unions may request a joint review to discuss alternatives to collective dismissal and social safety measures for reskilling the workers. The review process is to be concluded within forty-five days. The employer must inform the Provincial Employment Office, or relevant office as indicated above, of the outcome of the process. Where no agreement is made with the trade unions, the Provincial Employment Office will summon the parties for a new review, which is to be concluded within thirty days.
- › As concerns so-called 'solidarity contracts', the law requires that an enterprise bargaining agreement be made with trade unions belonging to the main trade union federations at the national level in order for the social safety net to be activated.

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

Based on supplementary agreements signed with the Trade Union organisations, employees at the Company's Italian sites are given a productivity bonus based on three indicators. Two of these - productivity and profitability - are common to all Italian sites. The third refers to the defect rate for the Pontedera site, and the level of customer satisfaction for other production sites (the Noale, Scorzè and Mandello del Lario plants). The purpose is to gradually harmonise industrial relations within the Group, whilst complying with local contexts.

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

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

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

In 2011, as in 2010, an agreement was made by the Company and the Union of Valdera Councils, which covers fifteen municipalities and thirty-five nurseries. Under the agreement, employees that enrol children under the age of three years in an accredited nursery will be entitled to a monthly contribution of EUR 160.00 or EUR 120.00 (depending on whether the child is enrolled for more or less than four hours a day) towards the fees charged by the nursery.

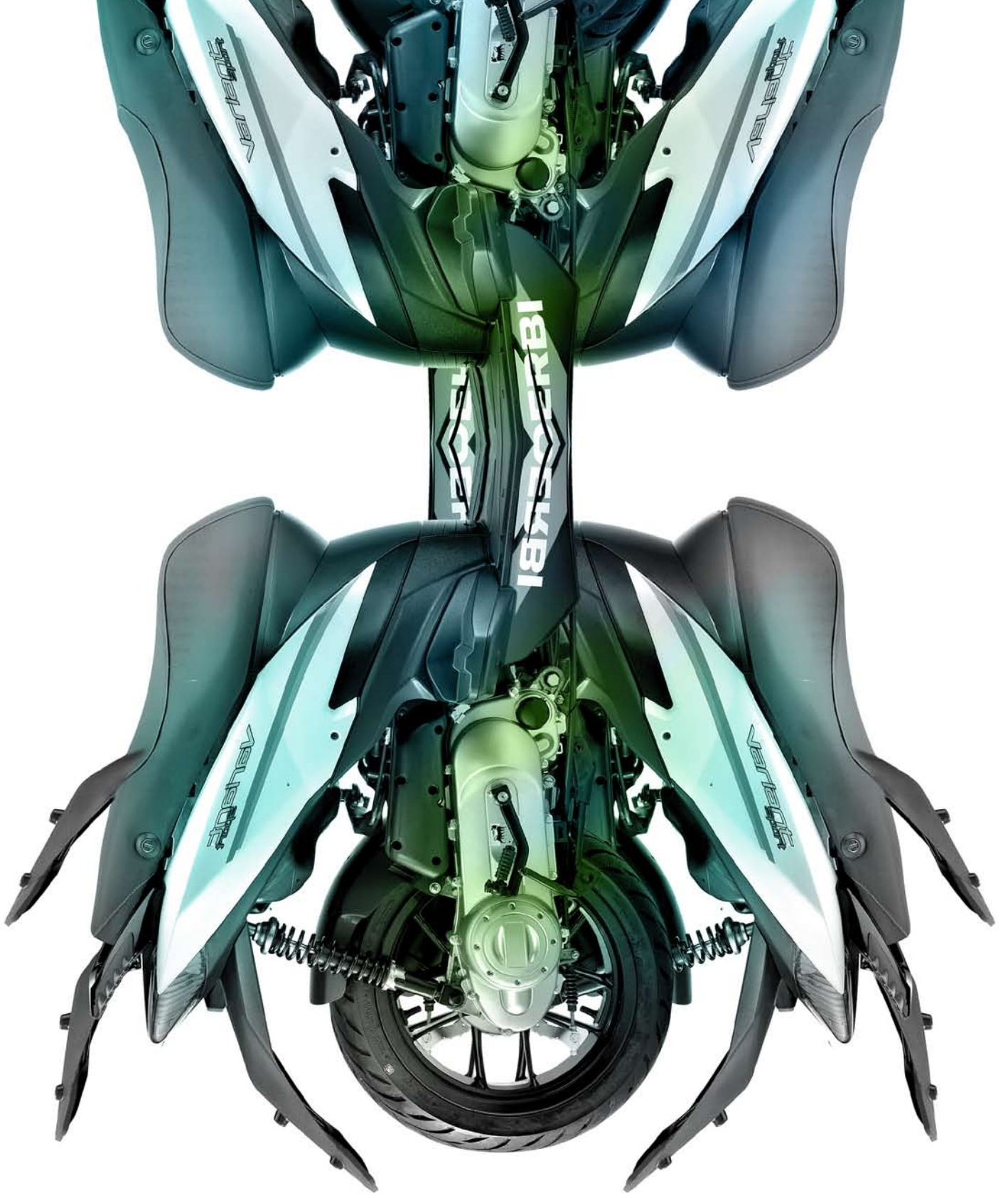


The Company is 100% committed to the environment and to occupational health and safety, placing the highest priority on prevention. It acknowledges that this objective requires the development and dissemination of a safety culture based on the sharing of and compliance with regulations, which is achieved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

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

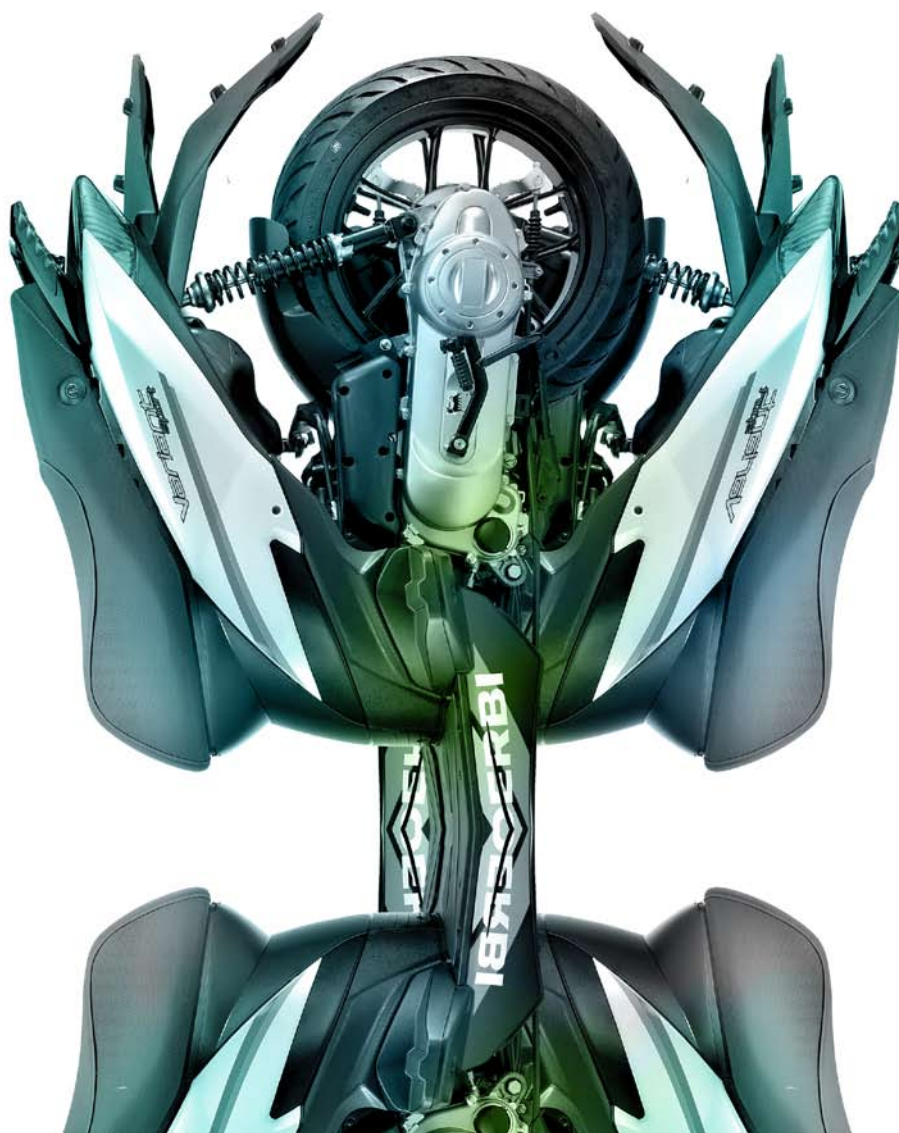
In India and Vietnam, local laws do not require the appointment of a specific company trade union or territorial representative for negotiating safety issues. For these production sites, no formal agreements covering occupational health and safety are in place with trade unions.





## 08 CUSTOMERS AND DEALERS

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## 08. Customers and dealers

### 8.1 Dealers

The dealer network in the Group's corporate social responsibility policy represents a key lever for building an enduring relationship based on trust with customers in all our main markets. Dealers are therefore the primary interface for customer engagement and management, alongside the Group's Customer Service.

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

That partnership hinges on a series of tools designed to manage and develop our relationship with our dealers, represented by a web-based platform for dealer training, information and engagement, and a Dealer Support Service for managing technical and sales issues faced by the network.

#### Dealer Web Site

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

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

The tools are normally associated with specific events, such as dealer conventions and engagement panels, to ensure that dealer activities and initiatives translate into customer management methods able to build customer loyalty and develop dealers' reputation on the market.

#### Dealer Support Service

The Dealer Support Service provides daily assistance to ensure the optimal management of after-sales service – from delivery of the vehicle to management of assistance services and product warranties. The service is the most important channel for managing our relationship with the network, and is based on a series of specialist thematic platforms dedicated to: logistics, product and accessory sales and service. The support service is delivered through a Help desk available for all major European markets: Italy, France, Spain, Germany, Great Britain, Benelux, USA, Vietnam and Indonesia.

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

Moreover, in 2011 a web platform was completed to back up in an "operative" way the network (front end) and sales divisions (back end).

### 8.2 Customers

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

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

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

### Customer Experience

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

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

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

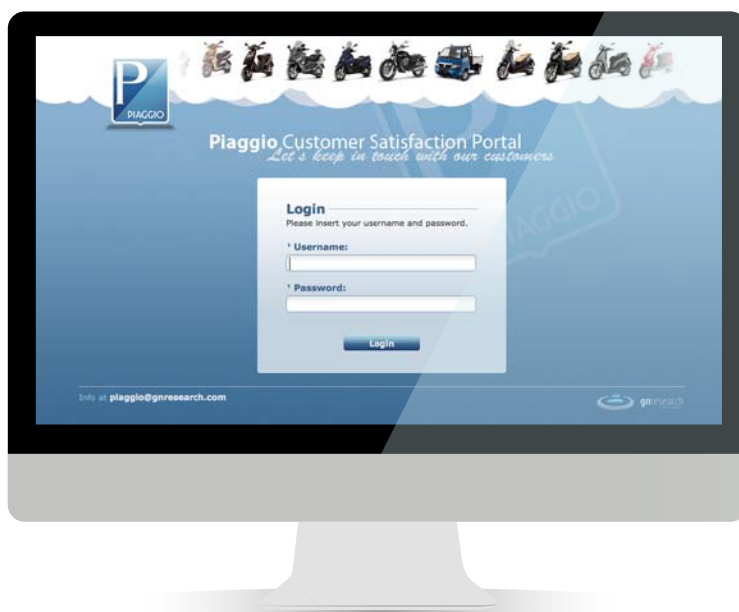
A dedicated customer engagement tool is up and running throughout the world in the form of a special Customer Experience portal, which enables customer opinions and feedback to be monitored in real time.

In 2011 about 50,000 customers, 8,000 of whom in Vietnam and 200 in Indonesia, actively participated on the engagement platforms on the first vehicles sold.

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

By way of example, here are some of the results achieved in 2011:

- › the launch of the fuel-injection engine in 2011 in Vietnam has led to a 25% increase in product recommendation and loyalty levels compared to the previous version.
- › As regards products for European markets, there was a 5% increase in recommendation and loyalty levels compared to previous product ranges.



Home page of Customer Experience portal

All the information on customer experience are shown and managed on a “*Let’s keep in touch with our customers*” platform developed in 2010 and available today in all the markets that are being monitored. The platform shared with commercial Front-End players (in-house and external) offers real-time monitoring of the perceived value of innovations adopted not only at a product level, but also in services in which our partners play a leading role.

In particular, the improvements implemented in 2011 by the commercial and servicing network have led to a 10% improvement in the perceived level of service quality (sales and after-sales) compared to the year before.

Thanks to a comparison with international best practices, the set of customer experience indicators (KPI) was consolidated in 2011. The Group’s monitoring system ranks among the most advanced customer experience monitoring systems.

In 2012 integration with WEB sentiment monitoring systems will be implemented in order to have a comprehensive understanding of Customer Insight.

These indicators are instead measured on a monthly and quarterly basis in the case of new products or products which are strategic to the Group, to evaluate market feedback more quickly.

Types of indicators used by Piaggio to monitor customer satisfaction

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

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

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

### Customer service

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

The Group’s Contact Center Project operates in a multichannel environment, by contact and customer targets, and also has a virtual on-line space on the SAP CRM platform or on SaleForce.com for all main European markets, i.e. Italy, France, Spain, Germany, and Great Britain, as well as for the USA and Vietnam. The service is in the start-up phase in the Benelux and Indonesia.

In 2011 some 85,000 contacts were managed in Europe and 4,000 in the rest of the world. Problems found in products or services accounted for 18% of calls for assistance.

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

In 2011 the CRM platform was launched in Indonesia, and a web-based customer care service was launched in India. The CRM platform is in the start-up phase in the Netherlands, Belgium and Luxembourg.

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

In view of the start of sales of two-wheeler vehicles in 2012 in India, a CRM platform integrated with the Dealers network for these customers is currently being designed.

As regards the Indian Commercial Vehicles market, 2011 saw the continuation of the caring initiatives made available to the network to ensure customer satisfaction. In particular:

- › The “75 Minute Service”, a customer service guaranteeing customers routine maintenance in less than seventy-five minutes and a free vehicle wash. The initiative has been highly successful with customers and dealers, and has doubled productivity and considerably improved average maintenance times;
- › A mobile two-wheeler call-out service, as with roads are so narrow and congested with traffic, a two-wheeler can reach call-out destinations more easily;
- › Training courses for customers on routine vehicle maintenance;
- › Happy calls, to monitor customer satisfaction of services;
- › Customer loyalty schemes based on services for families and social events.

### 8.3 Vespa World Club

The Vespa Club dates back to rallies and meetings organised by groups of Vespa owners who were initially a part of other motorcycling clubs in some Italian towns and cities, but soon became clubs in their own right. Between 1947 and 1949 these clubs began to host gymkhanas, trials, parades and rallies (including the first events for women).

Initiatives then spread abroad, to Europe and overseas countries, where the Vespa had gone on sale.

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

In particular the Vespa World Club:

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

In 2011, the Vespa Club concentrated on organising a number of events:

- **Sports: Vespa Rally European Championship.** In 2011 it covered five stages, one of which abroad in Austria (with over 100 riders from Italy, Belgium, Germany and Austria competing in the

entire championship and growing interest among very young riders in this type of two-wheeler competition).

- **Vespa 1000-kilometre race.** 40 years after the last edition, a long-distance competition was organised. The event was a great success for the number of riders (200) and for the organisation (a pool of five Vespa Clubs: Vespa Club Mantua, Vespa Club Pavia, Vespa Club Pinerolo, Vespa Club Brescia, Vespa Club Alessandria).
- › **Tourism:** there were two prestigious rallies this year:
  - the **Vespa World Days**, held for the first time in a Scandinavian country, in Gjøvik (Norway), could boast over 1,000 Vespas registered and several “wild card” entries came to experience the thrill of an official Vespa World Club rally.
  - **Vesplitalia 150°**, event held in the prestigious setting of the city centre of Turin on the occasion of the celebrations for the 150th anniversary of Italian Unification. About 3,000 Vespa owners animated the 3-day event in Turin.
- › **Vintage Vespa Registry:** the objective of the Vintage Vespa Registry is the safeguard of the technical, historical and cultural heritage linked to the Vespa and the dissemination of knowledge of the methods to preserve vintage Vespas that made the history of two-wheelers all over the world. This year the rally of vintage Vespas built before 1982 was held in Parma. It was a great success that bears witness once again to Piaggio’s undying appeal.
- › The Vespa World Days 2011 also marked the return of the tourist trophy called **Vespa Trophy**. Now in its second edition, it brought together European dealers and fan clubs to encourage interaction between local dealers and Vespa enthusiasts. Besides creating flags and dedicated stickers, “Goodbye Parties” were held by local dealers for Vespa owners who signed up for the trophy. A total of 2000 Piaggio dealers (in 18 countries) took part in the initiative, each becoming, in honour of the Vespa, a “check point” for Vespa enthusiasts to collect as many stamps as possible and win the Vespa Trophy 2011.

The Vespa World Club also sponsored a **Safe Riding Course for young people** in La Spezia. It was organised by Golfo dei Poeti Vespa Club with the cooperation of the local Piaggio dealers.

#### Vespa World Days 2011: over 1000 in Gjøvik

After Fatima in Portugal last year, Zell am See in Austria in 2009, Cefalù in Sicily in 2008 and San Marino in 2007, the Vespa World Days reached the Far North, in Gjøvik in Norway, where, even on this occasion, thousands of enthusiasts came together to celebrate the world’s most famous scooter.

The 4-day rally in Norway saw the participation of over 1000 Vespa owners belonging to 150 Vespa Clubs from over 20 different countries. They all came together to celebrate the values of friendship, adventure and passion for the scooter that is a worldwide symbol of “Made in Italy” manufacturing.

At the end of the long Vespa parade in the forests of Oppland, the Vespa Oldtimer Acrobatic Show was held in the square in front of the large mall in Gjøvik. The show saw Vespa drivers from Munich perform acrobatics, including fire stunts and jumps, riding a unique vintage Vespa, in tribute to the Piaggio test riders who in the 1950s and 1960s would go out and perform stunts and acrobatics to promote the Vespa.

The second Vespa Trophy, the tourist trophy launched at the Vespa World Days in Fatima, also met with great success, involving a huge number of Piaggio dealers throughout Europe. Departing the event in Norway, Vespa enthusiasts said goodbye with the promise of “See you again in London” for Vespa World Days 2012.



## 8.4 Moto Guzzi World Club

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

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

In 2011 the Moto Guzzi World Club focused on organising a Moto Guzzi trophy (completely safe time trials of vintage motorbikes and races) and meetings of the various national and international Moto Guzzi Clubs and on setting up a Club Village during the Guzzi World Days, in cooperation with the Municipality of Mandello del Lario. It consisted in a series of tents made available to Italian and foreign clubs.

### Guzzi World Days: a timeless success



*The Chairman*

20/09/2011

Dear Mr. Mayor,

I would like to sincerely thank you for the precious contribution you have made, in your institutional capacity, to the extraordinary success of the Guzzi World Days.

In particular, it was a great honour and a pleasure to attend the dedication ceremony of the statue in memory of Carlo Guzzi. I will never forget the warmth, emotion and pride of an entire community that coalesced with enthusiasm around the history, values and future of its brand and symbol.

The event that we have had the fortune to experience - together with thousands of citizens of Mandello and Guzzi enthusiasts - was a tangible demonstration of the strong bond that unites Moto Guzzi to this territory. I personally consider this bond as a priceless piece of industrial, cultural and social heritage and I will continue to devote myself, together with my staff, to make the Eagle of Mandello del Lario fly higher and higher in the skies of world motorcycling and in the heart of its enthusiasts.

My most sincere regards,  
 Roberto Colaninno

Mr. Riccardo Mariani  
 Mayor  
 Mandello del Lario

On September 16th to 18th, Mandello del Lario was the venue of the Guzzi World Days that celebrated the 90th anniversary of the birth of one of the world's most favourite brands.

The record turnout of visitors in this small town in the Province of Lecco gave proof that the "Brand of the Eagle", established in 1921 by Emanuele Vittorio Parodi, his son Giorgio and his friend Carlo Guzzi, still continues to appeal to motorcyclists all over the world through its most iconic vintage vehicles (the legendary Galletto, the extraordinary Eight-Cylinder and the two-cylinder V7 Specials, the California and the Le Mans) and through its new 2011 models (the California 90 commemorative model, the Stelvio 1200 8V and NTX, the Norge 1200 8V and the little "special" V7 Racer).



MOTO GUZZI



90  
GMG  
2011





Mandello del Lario, 21.09.2011

Dear  
Mr. Roberto Colaninno  
Chairman of the  
Piaggio&C. s.p.a. Group

I would like to sincerely thank you for your letter. It was a great pleasure for me to receive it.

I am truly convinced that the Guzzi World Days were a great and unanimously exciting occasion of warm and joyous sharing and hospitality on the part of the Mandello community.

This event was open to the world because Guzzi - as we call it - is a symbol that transcends not only geographical, but also cultural and social boundaries.

The unveiling of the monument to Carlo Guzzi has indelibly sealed the deep, even symbiotic, bond between Mandello and the company of the "Eagle brand" and between both and the rest of the world. The atmosphere of intense popular excitement that characterised the event will always be one of the most beautiful moments during my mandate as Mayor.

Your most welcome presence, together with Mr. Matteo Colaninno, at the unveiling was extremely appreciated by my fellow-townsmen and myself and your words too were welcomed by all as an impassioned and strong commitment to make Moto Guzzi continue to be not only the place of memory par excellence of our community, but also the place of its drive and growth towards the future.

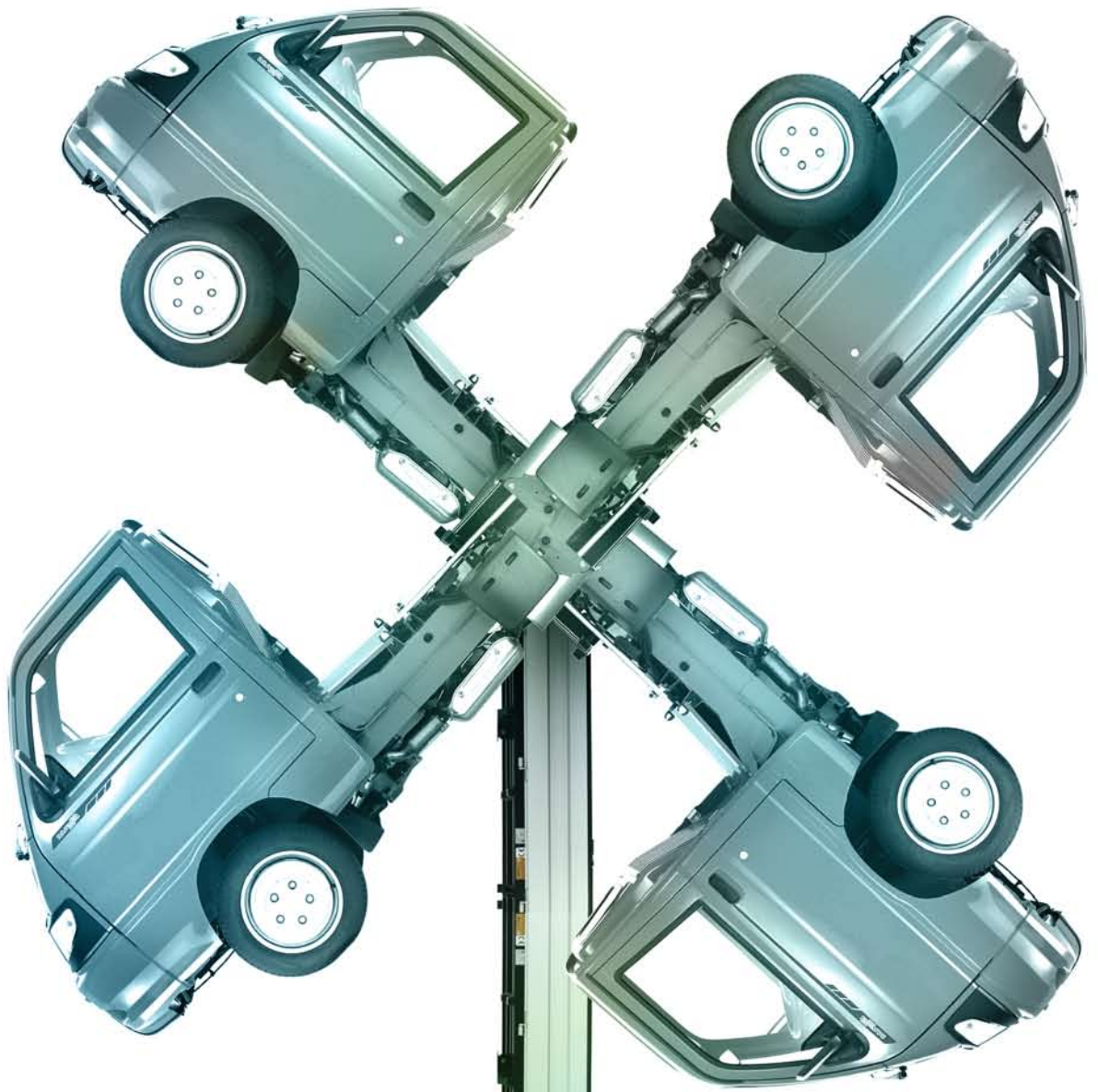
Best regards,

Riccardo Mariani

The Guzzi kermis was held along a circuit at the renovated Mandello del Lario production site where visitors had the chance of seeing breathtaking places like the monumental wind tunnel dating from 1950, the production lines and the Moto Guzzi Museum, which boasts a collection of over 150 models covering the standard, racing and prototype production.

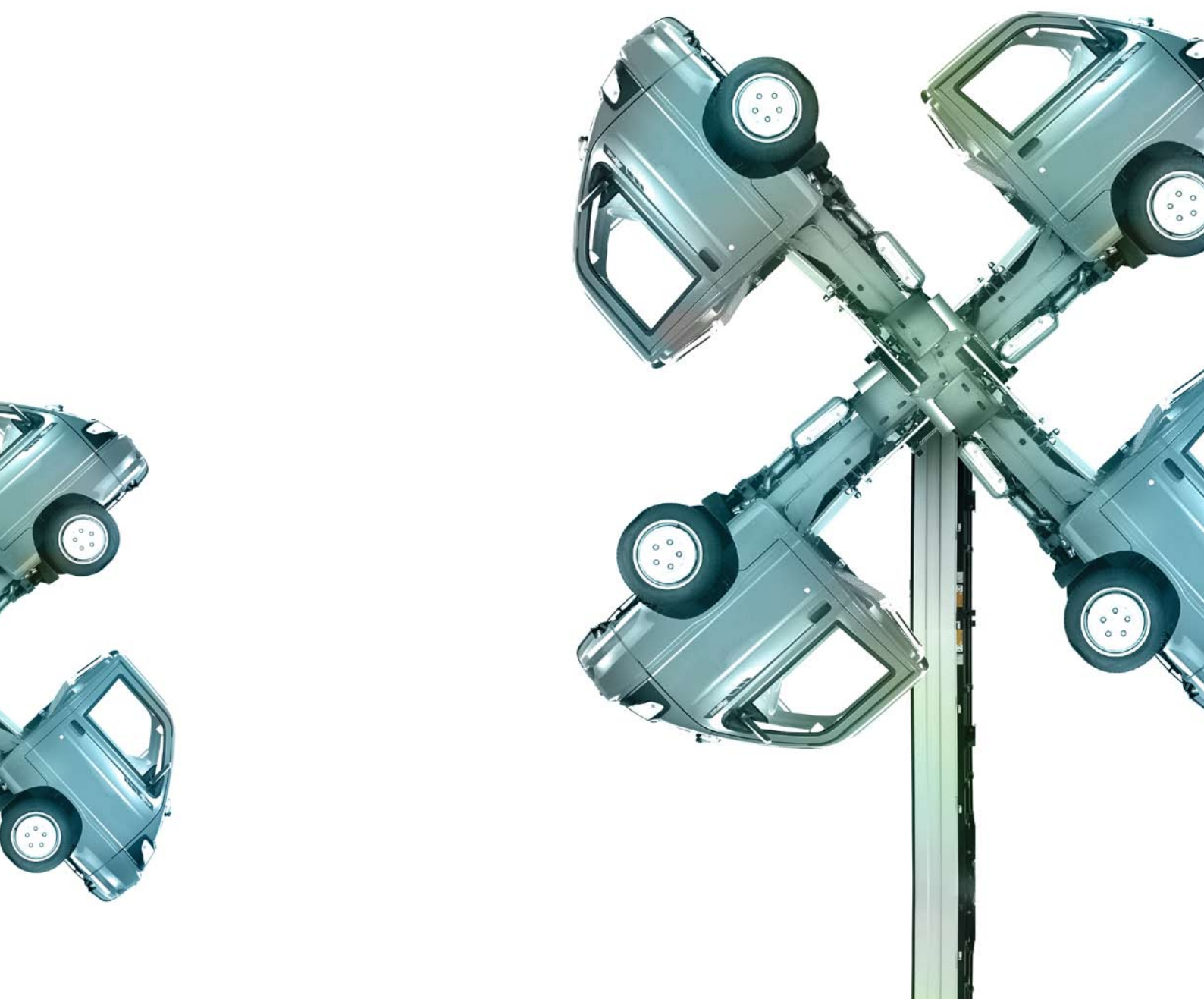
The Guzzi World Days offered collective events such as the award ceremonies for Guzzi owners and Clubs, the extraordinary vintage motorcycles parade and the large Moto Guzzi Rock Live concert. They were also an opportunity for many Guzzi enthusiasts to try out the latest novelties of the Moto Guzzi range.

The event's great success was also underscored by the presence of the President and CEO of the Piaggio Group, Roberto Colaninno, who attended the opening of the event.



# 09 SUPPLIERS

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## 09. Suppliers

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

The Piaggio Group is convinced that responsibility is a commitment which goes beyond the boundaries of the Company and must positively involve everyone in the Company-supplier chain.

This is why suppliers worldwide that wish to do business with Piaggio have to sign the general conditions of supply of the Piaggio Group which include the “Code of Ethics and Guidelines for doing business”. Audits are periodically carried out on the Group’s Asian suppliers to determine whether they actually comply with the Piaggio Code of Ethics.

Over the years, Piaggio has taken the path of joint growth with its suppliers through a dedicated Vendor Assessment function and the launch and implementation of tools to manage relations between customers and suppliers, among which:

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

### 9.1 Vendor Assessment

At Piaggio the unit called Vendor Assessment has the strategic goal of establishing a long-lasting and mutually satisfactory cooperation network with highly qualified partners. Another goal of the unit is to monitor the economic, financial and organisational reliability of strategic suppliers, optimise procurement processes, and ensure uniform and improved efficiencies at a Group level, and assess procurement performance.

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

New supplier qualification is an interfunctional process based on specific regulations which lead to the inclusion of a potential supplier in the Suppliers List for the goods’ category for which it has applied; After an initial documentary prequalification stage, a multidisciplinary, supplier qualification team is involved, with specific positions giving a technical and economic/financial rating on goods’ categories.

Supplier monitoring takes place during two annual vendor rating sessions. These examine performance based on the quality of business relations, technical/scientific cooperation, compliance with delivery plans and the quality of supplied products. This provides a reference framework for procurement strategies and actions concerning suppliers.

The process ends with the scoring of each supplier with a “Global Supplier Rating indicator”, which is obtained based on the evaluations by the competent company units, with the Supplier’s reliability in economic and financial terms (for Direct Materials, the units concerned are Purchasing, R&D, Quality, Manufacturing and Spare Parts).

At present, the Global Supplier Rating indicator has been assigned to most Group suppliers of European production sites only. In 2009 supplier ratings covered approximately 80% of expenditure on purchasing, while in 2010 over 90% of budget and final expenditure was covered by the rating system. In 2011 the percentage of coverage of 2010 was consolidated.

In 2011 the vendor qualification process and the supplier rating instrument were implemented at the subsidiaries in Vietnam and India.

The assessment process in both Vietnam and India envisages a local assessment with regard to the initial documentary prequalification stage and the technical assessment stage, while there is a Corporate assessment at a central level with regard to the economic and financial reliability analysis.

The Multi-Country Rating Project is expected to end in 2012. Besides rating the financial solidity of suppliers and their business, the project involves a qualitative assessment of the supplier (whether Italian or foreign), focusing on the reliability of the supplier's ownership/shareholder structure and the traceability of companies based in so-called "tax havens" in operational or administrative transactions. The rating system aims to overcome the timing gap between the availability of updated financial information and the need for timely assessments, in order to reduce any possible risks that may interrupt the Group's production cycle.

Moreover, in 2012, according to what was already implemented in Italy in the second half of 2011, a mapping of Piaggio Vietnam's strategic suppliers will be carried out.

Plans have been made to fit CSR information into supplier ratings in the future, such as whether suppliers have a code of ethics and release CSR Reports.

Dialogue and interaction with suppliers is continually improved in terms of quality and tools used. The Group monitors the financial position and performance of its suppliers on a preventive and continual basis, as well as the quality of supplies to the Company, using ad hoc assessment questionnaires.

The results of this activities is submitted to the Suppliers Committee (which includes the heads of the Materials and Components Purchasing, Tools and Services Purchasing, and Vendor Assessment units, and the heads of Finance Management, Product Development and Technologies Management and Production and Manufacturing Technologies Management) during the periodic meetings to find possible corrective actions and measures to improve performance, if any criticalities arise.

## *9.2 Piaggio-DNV project for strategic supplier development*

The project is based on a broad partnership between Piaggio, its suppliers and the internationally renowned certification Company DNV, and aims to develop synergies and create added value both for Piaggio and its suppliers.

The project established a fully-fledged partnership with our most "critical" suppliers, in order to assess their conditions and understand their actual capacity for growth and for improving their performance. In practical terms, each supplier will be assisted so that all improvement measures to increase the quality of processes and products intended for Piaggio can be improved. DNV activities have offered an excellent opportunity for suppliers to develop, with both strategic and financial benefits, by:

- › consolidating business relations with Piaggio, through greater cooperation and reciprocal trust;
- › improving the efficiency of processes, with a consequent reduction in costs;
- › capitalising on expertise and improvements made, to the benefit of processes and products intended for other customers in addition to Piaggio.

The project's first stage, which started in October 2008 and ended in 2011, was divided into seven main phases:

- I. analysing documents, defining focus and responsibility areas; the objective is to identify critical elements of suppliers' products and processes in order to define investigation areas and priorities;
- II. defining the protocol and evaluating check lists, based on collected documents;
- III. defining activities in the field (planning actions agreed on with each supplier; evaluations are held at the supplier's site and at sub-suppliers', if involved);
- IV. issuing a report. At the end of the evaluation, DNV presents a summary of results to the supplier.

This will be followed up by an evaluation report identifying the strengths, weaknesses and anomalies of processes and products supplied to Piaggio. If criticalities concerning protocol requirements are detected, the supplier may be requested to define corrective actions and improvement plans;

- V. reviewing proposed corrective actions;
- VI. follow-up activities to check the progress of corrective actions;
- VII. consolidating results, verification, analyses and statistics. Collected data and information are entered in a database available to Piaggio.

In all, 55 suppliers were selected in Europe and in a global sourcing area, representing around 40% of total supply volumes purchased by Piaggio, Aprilia and Moto Guzzi.

Participation was significant. Suppliers realised the importance of improving the quality of production processes, not only in relation to Piaggio, but as a fundamental step towards increasing the competitive edge of their companies.

This activity will continue with the same contents and rules in 2012, involving once again those suppliers that in the first project did not achieve the expected results in terms of the improvement of manufacturing processes aimed at the quality of the supplied products. Moreover, a total of 20 new suppliers will be involved in the first phase and another 22 during the second phase.

### *9.3 Suppliers Portal*

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

In particular, the Portal aims to:

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

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

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

The Suppliers Portal is active in Italy, India and Vietnam. As for the Indian subsidiary, the system was launched in December 2010 and to date 95 suppliers have been registered on the portal. The target for 2012 is to reach 150 suppliers. As regards the Vietnamese subsidiary, to date the project comprises 52 suppliers and is expected to reach 80 suppliers by the end of 2012.



## 9.4 Supplier cooperation programmes

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

### Project to re-use recycled materials

The project saw the participation of five suppliers of body parts for vehicles manufactured in the two-wheeler plant in Pontedera and allowed for the adoption in mass production of recycled plastic materials (domestic containers, bins, etc.) to replace polypropylene in a series of body parts of the Vespa and MP3. In 2012 this activity will be extended to ABS as well and in the future to polyethylene.

### Reach project

The project, which came about in 2009, will test for any environmentally harmful substances in items supplied to Piaggio by component manufacturers worldwide. In 2011 the Company completed the activities started in 2010 and implemented the "Piaggio Green Supplier Platform" project in order to manage the certification of Piaggio suppliers/items both during supplier qualification and during the first supply stage. The system is currently in the start-up stage.

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

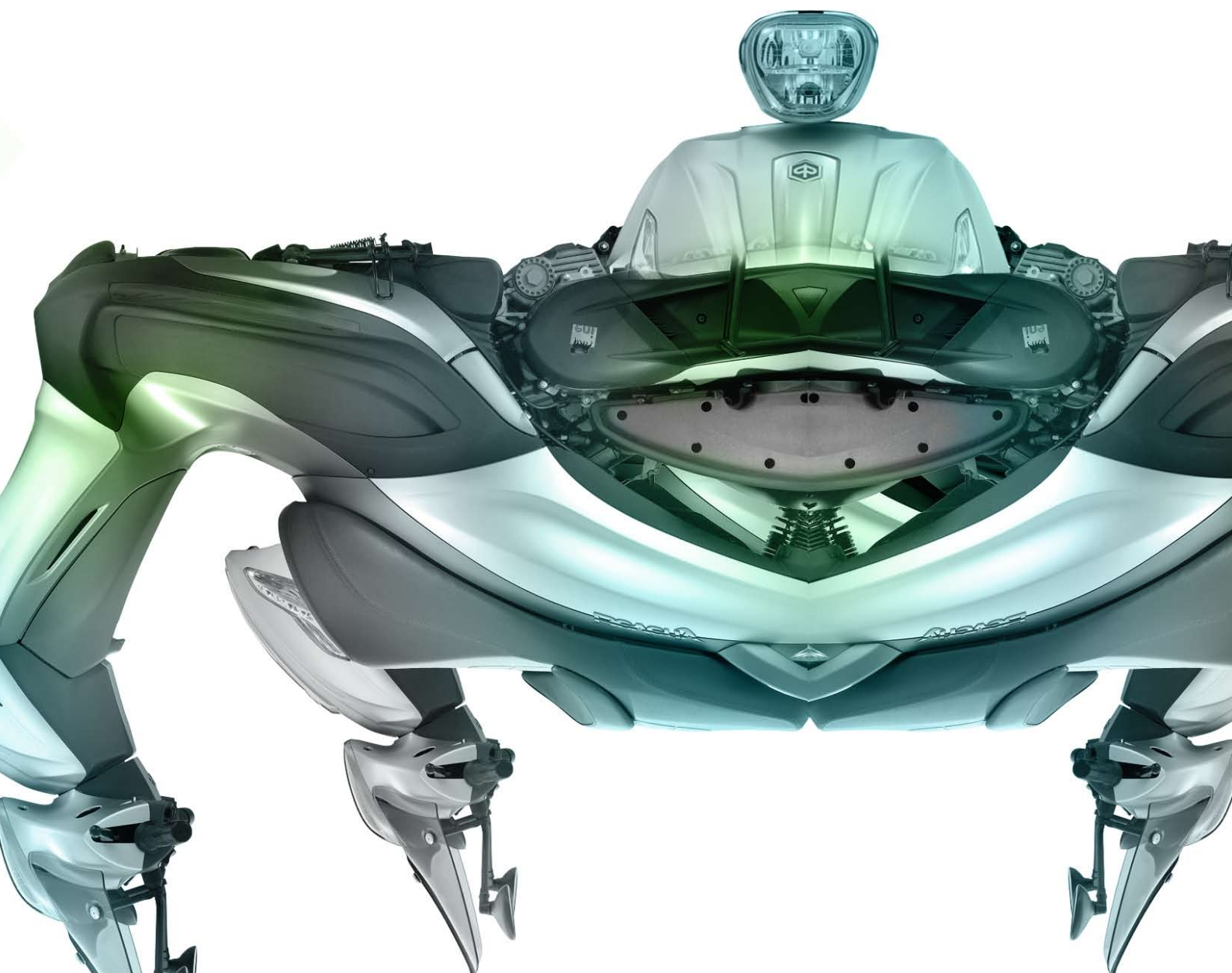
### Packaging project

Great attention has been placed on the packaging used by each Group supplier so that it does not contain elements, which are potentially hazardous to packaging operators and to their health.

In 2011 reviewing was completed of the packaging procedures followed by the Group's overseas suppliers (China, India, Taiwan and Vietnam), with a view to amending them to comply with Piaggio needs/requirements and European regulations in force.

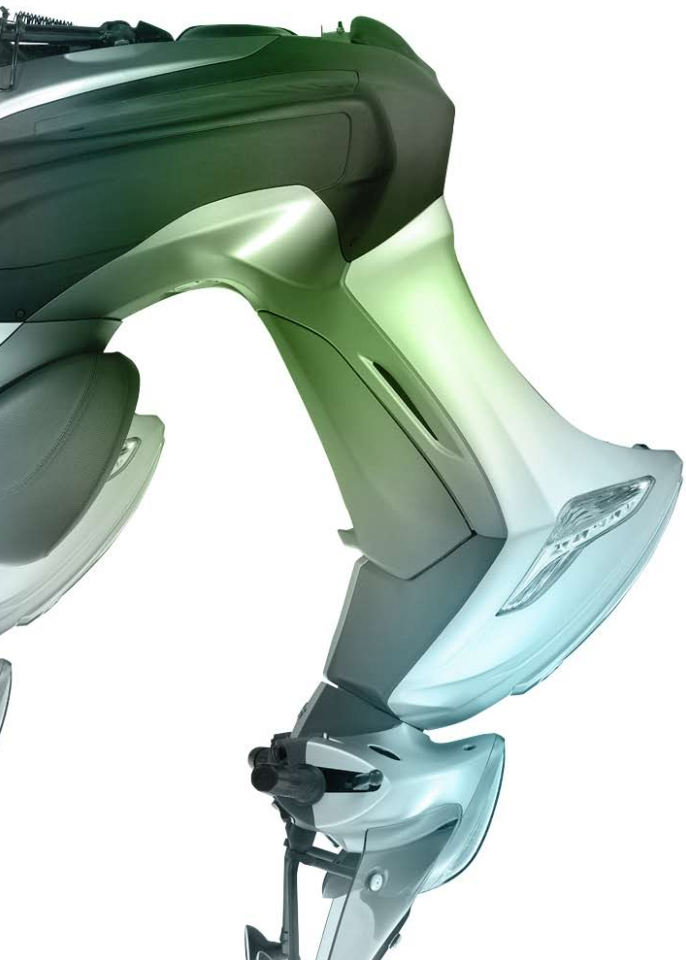
As regards the packaging used by European suppliers, the updated packaging procedure that is to be formally accepted by suppliers during qualification has been included in the format of the vendor sheet by SRM.

With regard to the packaging used in current standard supply, the reviewing activity will continue over the whole of 2012.



# 10 RELATIONS WITH THE MEDIA, THE PUBLIC ADMINISTRATION SECTOR AND INTEGRATION WITH COMMUNITIES

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## ***10. Relations with the media, the Public Administration sector and integration with communities***

### *10.1 Relations with the media*

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

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

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

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

In 2011 the web presence of the various Group brands was restyled especially on social networks. This effort was aimed at making communication more functional to the brands' activities, as was the case, for instance, of the Guzzi World Days.

Transparency and timeliness in conveying economic and financial information are two Group imperatives. Among the other initiatives, this area comprises the institutional, economic and financial communication and meeting opportunities such as the Piaggio Group Analyst and Investor Meeting during which the Company's management illustrates the Group's strategic plans to the financial communication and to the media.

Even the other activities and events addressed to the general and specialised press – on occasions such as the launch of new products, etc. – are aimed at conveying the Group's core values with a special focus placed on respect for the environment and safe mobility.

The Piaggio Group is among the founding members of the ACEM, the Association of European Motorcycle Manufacturers, established in 1994. The association's activity consists in advancing its interests with European institutions (Commission, Council and Parliament) and in monitoring changes in regulations and the activities of its members.

One of the results of the ACEM's activities is the EU's Road Safety Action Plan. It is a programme of the European Commission whose target is to cut by half the number of road victims in Europe between 2011 and 2020. In the field of communication, the ACEM has written and distributed, among other things, a publication called "A safety plan for action" on the instruments and behaviours needed for increasing road safety.

Moreover, Piaggio is a part of the eSUM project, a partnership with European institutions, cities, universities and other manufacturers, which, among other things, has led to the creation of a manual to help cities promote urban road safety of two-wheeler vehicles.

At a national level, the Piaggio Group is a member in Italy of ANCMA (the national association of manufacturers of two- and three-wheeler and accessories and parts) which in 2011 launched a campaign called "Watch out for the motorcycle" to raise the awareness of drivers on the presence of mopeds and motorcycles in traffic.

The subsidiary Piaggio France is a member of CSIAM - Chambre Syndicale Nationale du Motorcycle - which represent the interests of the branch offices of the world's largest manufacturers. As regards the contents of its advertising campaigns, CSIAM promotes communication on driving with type-approved helmets, complete equipment and behaviours that strictly comply with the Highway Code rules. Piaggio Deutschland (member of IVM - Industrie-Verband Motorrad Deutschland) and Piaggio España (member of ANESDOR - Asociación Nacional de Empresas del Sector de Dos Ruedas) comply with Group standards and actively promote issues relating to safety and environmental protection through events and public initiatives.

Finally, in 2011, relations with the media in the domestic market were further consolidated. Relations with the media were also bolstered in Far Eastern markets also through motorcycling events in those countries.

## *10.2 Relations with the Public Administration Sector and trade associations*

The Piaggio Group's relations with the public sector are based on transparency and benchmarking, to help develop the competitive nature of the Italian two-, three- and four-wheeler industry, promote environmentally friendly mobility and disseminate technological innovation values which benefit the safety of motorcyclists, the quality of life and environmental protection.

The Group's relations with trade associations are particularly important in Italy (within the Italian Manufacturers' Association, Confindustria: in particular, with ANCMA, the national association of manufacturers of two- and three-wheeler and accessories and parts, Federmeccanica, the Italian Federation of Metalworking Industries, Unione Industriale Pisana, the Association of Manufacturers in the Pisa Area and Confindustria Venezia, the Venice Branch of Confindustria), in the European Union and the United States.

### *Assoknowledge*

Through the Assoknowledge initiative, the Piaggio Group is a founding member and participant of two technology platforms, one dedicated to electric mobility, and the other to innovation. "Technology platforms" are a transparent form of association governed by European Community rules. The purpose of the technology platforms is not to seek funding directly or prepare tenders. Rather they group together businesses and universities so as to create a single nation-wide body that can influence the European Community in its choice of issues for funding and in drawing up calls for tenders for future funding initiatives in the mobility and innovation sectors.

### *Acem*

Piaggio is one of the founder companies of ACEM, the European Association of Motorcycle Manufacturers, established in 1994. Today, in addition to the Piaggio Group, the Association brings together 12 manufacturers and 15 national associations, from 13 European countries, while over 30 brands are being represented.

The Association defends the interests of the industry and represents it in dealings with the European Commission, the European Council and the European Parliament, and also monitors industry activities. The ACEM's work focuses on four areas: mobility, safety, the environment, and competitiveness / competition.

The main purpose of the ACEM is to promote the use of powered two-wheelers for mobility, and defend the values of technological innovation, safety, and a better relationship between mobility and environmental protection. The ACEM is engaged in several initiatives on safety, among which the European Road Safety Charter, a platform that sees the participation of EU institutions, associations and enterprises (over 2000 signatories) that undertake to adopt measures aimed at improving road safety. Moreover, the manufacturers that belong to the ACEM have signed the "Commitment on

advanced braking systems” whereby they have declared that by 2015 75% of all road motorcycles will also be available in a version with advanced braking system (ABS or CBS).

#### Confindustria-ANCMA

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

The aim of Confindustria ANCMA is to promote the spread of two- and three-wheeler vehicles and quadricycles in Italy (including parts and accessories), to study solutions to the economic, technical and regulatory issues facing the sector, to assist and represent member companies in protecting general interests or those of individual sectors, and to gather and process data and information for the use of members.

In addition, the goals of ANCMA include promoting and favouring cooperation among its members and providing its representatives to support agencies, administrations, institutions, commissions at a national, Community and international level.

### 10.3 Cooperation with Schools and Universities

As explained previously in Chapter 5, the Piaggio Group works with an international network of laboratories, university research centres and private entities at the cutting-edge of their sectors of specialisation.

The Group partners Universities in organising research and development projects, and is also involved in *work placements* and degree dissertations as well as teaching and academic activities.

An important alliance is the teaching partnership with the Faculty of Engineering, Pisa University. Research and development technicians from Piaggio's "Product Development and Racing" department teach two afternoons a week on the courses "Motor vehicle Design and Testing" and "Industrial Product Development", which are exam subjects of the Specialist Degree Course in Terrestrial Vehicles. This initiative gives the two courses an industrial content, addressing both theoretical and practical aspects of the design and testing of motor vehicles. Students have a unique chance to experience at first hand the activities of a major Company such as Piaggio and its staff, structures, laboratories and test benches. Piaggio personnel have the satisfaction of being able to train the talent of tomorrow. All lessons are available on Piaggio's Intranet in the Technical section, with a view to improving knowledge sharing within the Company.

### 10.4 The Fondazione Piaggio (Foundation), Museum and Historical Archive

The Fondazione Piaggio (Foundation) is a non-profit making organisation whose task is to establish a relationship between the company and its territory by promoting the arts, design, culture, tourism and company's values.

In order to reach a broader public, starting already in 2010, it laid the foundations to increase the Museum's visibility within the framework of tourist itineraries. In 2011 this project continued through the promotion of educational tourism. For the first time a brochure that can be consulted on the Museum's website and is attached to the most important yearbook for schools across the country, Didatour, has been published thanks also to the cooperation with Unione Valdera. The educational projects included amount to 13 and cover all age groups, including some focused especially on design and communication for Italian and foreign university students. Since the online publication of the brochure and the launch of the yearbook in the month of October, several reservations have already been made for the end of this

year and the beginning of next year.

The vision of a Museum that is less and less local and increasingly a part of a regional network will lead in 2012 to the active participation of the Piaggio Foundation in the organisation of Art&Tourism, the first international trade fair dedicated to cultural tourism and art.

2011 was an especially intense year, full of events designed to offer a far-reaching quality programme to present culture in all its facets.

The most important event was the exhibition *Corradino d'Ascanio. Uomo Genio Mago Mito*, created and curated with the architect Enrico Agonigi on the occasion of the 120th anniversary of the birth and 30th anniversary of the death of this engineering genius.

The calendar of exhibitions in 2011 was very rich as well. January 2011 saw the closing of the large exhibition "*La Vespa e il Cinema*" which had a tremendous return in terms of image and drew over 7,000 visitors. The exhibition's success continued over the year thanks to other events outside the Museum: Turin hosted it within the framework of the large exhibition "*Fare gli Italiani*", Taormina at the "*I Nastri d'Argento*" event, St. Petersburg during the "The week of the Tuscany Region" organised by the Chamber of Commerce of Pisa. The latest appearance was on the occasion of a gala dinner dedicated to Audrey Hepburn. It was organised in Rome by "*Amici di Audrey*" to support UNICEF, within the framework of the exhibition *Audrey* a Roma hosted at the Ara Pacis Museum.

Starting from January the following exhibitions were held: Vinicio Modesti. *Nuove forme in lucenti smalti*, a fine art exhibition that drew large crowds; it was organised by the Modesti family with ceramic works by the late Vinicio Modesti. Then came the exhibition curated by the Piaggio Foundation that was dedicated to young artists: *Sguardi d'Artista* was an interesting comparison and contrast of black-and-white photo portraits and a unique form of sculpture characterised by very lively colours. The exhibition curated by the Municipality of Pontedera *Giuliano Ghelli La Fabbrica della fantasia* which led to a successful workshop with schools during which high school students created their own works that were put on display during the exhibition. Then came the exhibition of the Province of Pisa, *Marisa Mori*. The exhibition *Pittura Volo Futurismo* was an opportunity to rediscover the extraordinary figure of this Futurist aeropainter. Finally, Claudio Cionini with *RUST! Fabbrica-Città-Memoria*. The theme of the factory-city is expressed here in painting through a series of images of factories, tracks and industrial buildings, which, despite the apparent immobility, represent human industriousness and are a tribute to the finished product, namely the Vespa, the symbol par excellence of industrial production in our city.

As for events, the 2011 schedule was rich and designed to meet the tastes of a diverse public. Concerts: Piero Nissim for the Day of Commemoration, the opera concert *Le eroine del melodramma* by the Cavea de' Bardi Association for the European Night of Museums, the jazz concert *Shadow* by Nico Gori and the *Millenovecento* for the Pontedera White Night and then the music show *Storie di città, amori, mare* by the Movimentoinactor company, which also offered a short dance exhibition, which took inspiration from the Futurist dancer Giannina Censi. Finally, the glamour events: a marvellous fashion show at the end of the courses with photo shooting organised by the Modartech fashion school in Pontedera and the semifinals of the Miss Cinema Toscana beauty pageant that drew a large audience and great visibility for the Museum.

As for meetings, suffice it to mention the meeting of Simone Cristicchi with local schools organised by the Municipality of Pontedera; the important seminars on international cooperation organised with great care and professionalism by the deputy mayor of Pontedera, Massimiliano Sonetti; the important tax law meeting organised with the Municipality, *Le strategie del fisco per il 2011: Reddito metro, studi di settore, operazioni con l'estero*; the two conferences organised by the Piaggio Foundation *Gli archivi raccontano. Storie di cinema d'impresa* organised by the Piaggio historical archive with the cooperation of the Museimpresa network and *Tempi Moderni*, a conference on logistics organised with the cooperation of Legacoop and the participation of Italian Minister Altero Matteoli. On the occasion of the 12th European Day of Jewish Culture, the Museum hosted the presentation of the polyptych *La Famiglia del Calzolaio*

*Ebreo dello Shtetl* featuring the artist Daniel Schinasi. Then there was the presentation of the book *Macchina e macchinismo nell'arte contemporanea* by Alessandra Scappini, that closed the exhibition on Marisa Mori.

The other events that drew a large public to the Museum were: the international rally of Vespa clubs *Dal cielo alla strada. I sogni di Corradino d'Ascanio* and the 6th edition of *Creativity*, with the dense schedule of workshops on industrial design, communication, and mobility, addressed to high school and university students.

The result of this rich schedule was an increase in the number of visitors who in 2011 amounted 36,200, breaking last year's all-time record.

#### Initiatives outside the Museum

Like every year, the Museum's vintage vehicles or exhibitions with images and material from the Piaggio archive have left the Museum to be put on display on various prestigious occasions with a great visibility. The following is a list of the initiatives:

Event	Term	Vehicles	Requestor
"Fare gli italiani" Turin (OGR)	17 March - 20 November 2011	Vespa 98 II serie, Vespa GS	Comitato Italia 150
"Vespa World Days"	19 - 22 May 2011	Nr. 2 Vespa Bettinelli	Vespa World Club
"Sogni" theatre production	26 May 2011	Vespa 125 VNA2, Vespa GS	Stella Maris Foundation
"Pisa vintage" (Leopolda station)	28 - 29 May 2011	Boxer, Gilera 50 Trial, Vespa Bettinelli	Original Idea!
150th Anniv. Exhib. c/o coop Pontedera	28 - 29 May 2011	Vespa PX 150°, Vespa vacanze romane	Unicoop Florence
"Unicità d'Italia" Palazzo delle Esposizioni, Rome	30 May - 31 August 2011	Sfera 125	Valore Italia Foundation
"Disegno e design" Rotonda Della Besana, Milan	26 November 2011 - 29 January 2012	Ciao	Valore Italia Foundation
Paris Salon	23 November - 7 December 2011	Ciao, Vespa GS, Gilera Saturno Sport	Piaggio France
"Auto Expo" New Delhi	05 - 11 January 2012	Vespa 98, Vespa ET3	Piaggio India

#### Historical Archive

In 2011 the archive was once again the centre of several activities and was fundamental in organising the large exhibition dedicated to Corradino d'Ascanio.

Cooperation with Piaggio has also continued in activities of historical consulting, the selection and supply of images used at international exhibitions and in publications.



### Corradino D'Ascanio "Uomo Genio Mago Mito"

The exhibition inaugurated on 22 November was attended by the actor Luca Zingaretti who participated by reading a beautiful letter written by the screenwriter Mario Cristiani. Over 1,000 people visited the Piaggio Museum during the first week after its opening. Thanks to the Piaggio press office, the day after its inauguration, news of the exhibition was reported by major newspapers and in the following days by long and interesting features by the TG3, TG1 and TG5 TV news. The exhibition was the fruit of the intense research work done at the Piaggio Foundation and once again it was a means to share the wealth of historical materials cherished at one of the most important company archives in Italy with the general public. The d'Ascanio family made a tremendous contribution by sharing original objects, testimonies, images and videos. This effort was completed with a rich catalogue of images and documents featuring introductions to its four sections by famous figures, amongst whom the famous designer Giorgetto Giugiaro.

The exhibition also featured side events: stamp obliteration event, a show for children by the El Retablo association, a large closing show that will be held at the Era Theatre in Pontedera on the life of Corradino d'Ascanio with original music and films from the Piaggio historical archive.



### *10.5 Commitment to sport*

The Piaggio Group is engaged with the Aprilia and Derbi brands in the motor-racing world, which has always been considered a fundamental area of research for the design, development and testing of innovative technical solutions to adopt for mass production.

In 2011 the Group participated with the Aprilia brand in the Superbike World Championship confirming its leadership after the exciting victories in 2010 (rider's world championship title with Max Biaggi and the manufacturer's title). In the 2011 season Max Biaggi and the British rider Leon Camier won 2 races and had 14 podium placings riding their Aprilia RSV4 bikes.

In 2011 the young Spaniard Nico Terol won Aprilia's latest GP125 World Championship title. It is the gateway to Grand Prix motorcycle racing and all of the best riders in recent years, like Valentino Rossi, Jorge Lorenzo and Casey Stoner, started their careers on an Aprilia. Aprilia's trophy room can even boast the 2011 GP125 manufacturer's title.

Thanks to these results, Aprilia Racing has consolidated its position as the most successful European brand among the manufacturers still in racing, having notched up 38 world road racing titles, plus two Superbike titles in 2010 and the nine off-road titles (Trial and Supermotard), totalling an impressive 49 championship titles.

### *10.6 Charity activities and sponsorships*

In 2011, within the framework of its social commitment, Piaggio participated in the humanitarian expedition organised by Moto Club Alfa Centauri del Salento. It brought humanitarian aid to the Awasa children's hospital in Ethiopia, donating 7 Moto Guzzi Stelvios fully equipped for African dirt roads.

Moreover, the Group also participated in major cultural events, among which the Mantua Literature Festival and the events organised by the Vespa Club.

In 2011 Aprilia Racing participated once again in the charity auction organised by Radio DeeJay and the TV hosts "Trio Medusa" for the CESVI campaign: "Fermiamo l'AIDS sul nascere" by donating three welcome packages to follow the Italian races of the 2012 Superbike Championship. The proceeds of the auction went to the pregnant women affected with AIDS who are treated by the Saint Albert's Hospital in Zimbabwe to provide them with prenatal health care.

Other initiatives in Italy worth mentioning are:

- › Piaggio's aid to children through annual grants to municipalities and nursery schools;
- › the donation of 3 MP3s to the Carlo Poma Hospital in Mantua, which will be used by physicians and nurses of the palliative treatments unit to provide home care to cancer patients;
- › the donation of an Ape 50 to FAI for St. Francis' Forest in Assisi.
- ›

Numerous charity initiatives have also been undertaken by our Indian and Vietnamese subsidiaries. Among those pursued in 2011 by Piaggio Vehicles Private Limited suffice it to mention:

- › the Pragati project involving 10 schools near the Baramati production site; they have received modern technological instruments and infrastructures to support young people through distance learning;
- › donation of INR 1000k to the Educational Institution in Baramati as a contribution for the purchase of school materials.

Piaggio Vietnam too has proven to be very attentive to the needs of the local community of the town where the production site is based, by always positively meeting the requests for help from the local

Red Cross. In particular, in 2011 it donated a Liberty vehicle to the Vinh Phuc Red Cross and gave 150 presents to be handed out to the poor children living in the province.

In the future Piaggio Vietnam plans on contributing, together with another organisation, to the construction of a football pitch for the children of Vinh Phuc.

Finally, over the last few years, Piaggio and the Immsi Group have supported educational and rehabilitation activities for children affected by brain damage, by making a donation to the association “Casa del Sole Onlus”<sup>20</sup> at Christmas. All employees, including staff abroad, received a Christmas card, rather than a traditional “gift”, so the initiative could be shared with all Group employees world-wide.

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<sup>20</sup> 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.

### Pragati project

Over 57% of schools in India have less than three teachers per school and there is a dramatic lack of infrastructures and innovative teaching instruments. Pragati aims to solve this problem by bringing education to the small villages near Baramati. This is being pursued by the Indian subsidiary through the supply of modern technologies that can increase attendance and reduce the number of drop-outs, while improving grades.

In particular, the project is organised into various phases:

- › selection of schools that will receive the equipment;
- › supply of materials such as Audio Visual E Learning, LCD projector and back-up generator;
- › support by the Piaggio Information Technology team to set up and manage the software.







# TABLE OF GRI-G3.1 INDICATORS

## Table of GRI-G3.1 indicators

The main contents of the 2011 Corporate Social Responsibility Report are outlined below, based on the GRI-G3.1 format: strategy and analysis, organisation profile, report parameters, governance, stakeholder involvement and economic, environmental and social performance indicators. Each indicator is briefly described and cross-referenced to a page in the 2011 Corporate Social Responsibility Report, or other available documentation, where this information is included, as well as the level of coverage, indicated as follows:

- if total
- ◐ if partial
- if the indicator is not covered

Key:  
 BEC11: Financial Statements 2011  
 RCG11: 2011 Corporate Governance Report  
 CE: Code of Ethics

GRI indicator	Description	Level of coverage	Page
<b>PROFILE</b>			
<b>1 Strategy and analysis</b>			
1.1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy	●	5
1.2	Description of key impacts, risks and opportunities	●	20-32
<b>2 Organisational profile</b>			
2.1	Name of the organisation	●	10
2.2	Primary brands, products and/or services	●	12-13
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures	●	11
2.4	Location of organisation's headquarters	●	10
2.5	Number of countries where the organisation operates and names of the countries where the organisation operates or which are significant in relation to the sustainability issues discussed in this report	●	10
2.6	Ownership structure and legal form	●	10
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	●	10-13; BEC11 p.28-34
2.8	Scale of the organisation, including: number of employees; number of activities; net turnover (for private organisations) or net revenues (for public sector organisations); total capitalisation broken down in terms of obligations/debt and equity (for the private sector); quantity of products or services provided	●	10; 15; 46-47; 78; 90
2.9	Significant changes during the reporting period regarding size or ownership structure, including: the location of, or changes in operations, including facility openings, closings, and expansions; changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations)	●	7;10-11; 16; 78
2.10	Awards received in the reporting period	●	16; 49

GRI indicator	Description	Level of coverage	Page
<b>3 Report parameters</b>			
<i>Report profile</i>			
3.1	Reporting period (e.g. fiscal/calendar year) for the information provided	●	7
3.2	Date of the most recent sustainability report	●	7
3.3	Reporting cycle (annual, biennial, etc.)	●	7
3.4	Contact point for questions regarding the corporate social responsibility report or its contents	●	152
<i>Report scope and boundary</i>			
3.5	Process for defining content including: determining materiality, prioritising topics within the report and identifying stakeholders expected to use the report	●	23 – 26
3.6	Boundary of the report (for example: countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	●	7;11
3.7	State any specific limitations on the scope or boundary of the report	●	7; 78
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	●	7;11; 16
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	●	7; 44-45; 73-74; 80-81; 84; 91; 93; 100; 104
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	7; 44; 80
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods used in the report	●	7;25-26;78-79
<i>GRI content index</i>			
3.12	Table identifying the location of the standard disclosures in the report, identifying the page numbers or web links where the following can be found: Strategies and analyses; Organisational profile; Report parameters Governance, commitments, stakeholder engagement; Disclosure of management approach, per category; Core performance indicators; Any GRI additional indicators included; Any GRI sector supplement indicators included in the report	●	141-148
<i>Assurance</i>			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s)	●	7;150-151
<b>4 Governance, commitments, stakeholder engagement</b>			
<i>Governance</i>			
4.1	Governance structure of the organisation, including committees under the highest governance body, responsible for specific tasks, such as setting strategy or organisational oversight	●	22-23;36-38; www.piaggiogroup.com/governance
4.2	Indicate whether the Chairman of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement)	●	36-37; RCG11 p.11-12;17



GRI indicator	Description	Level of coverage	Page
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organisation defines "independent" and "non-executive"	●	36-37; RCG11 p.11-12; 17-19
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	102-103; RCG11 p.48-49; www.piaggiogroup. com/governance/ assemblea
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	●	37; RCG11 p.26- 27; BEC11 p.92; www.piaggiogroup. com/governance/ management
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	36-37; 38-39; RCG11 p.17-19; 28-29 www.piaggiogroup. com/governance/ sistema-di- governance/ modellodlgs -231/2001
4.7	Process to determine the composition, qualifications and competences of the highest governance body and relevant committees, also with regard to gender and other diversity indicators.	●	36 – 37; www.piaggiogroup. com/governance/ management
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental, and social performance and the status of their implementation. Explain the degree to which these: are applied across the organisation in different regions and departments/units; relate to internationally agreed standards	●	20-22;38-39; www.piaggiogroup. com/governance/ sistema-di- governance/ modellodlgs -231/2001
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles. Include frequency with which the highest governance body assesses sustainability performance	●	20 – 23
4.10	Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	●	36-37; RCG11 p.26-27 www.piaggiogroup. com/governance/ management
<i>Commitments to external initiatives</i>			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	●	52-53;78
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	●	22; CE
4.13	Membership in national and/or international industry associations in which the organisation: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; views membership as strategic	●	130-132

GRI indicator	Description	Level of coverage	Page
<i>Stakeholder involvement</i>			
4.14	List of stakeholder groups engaged by the organisation	●	23-25
4.15	Basis for identification and selection of stakeholders with whom to engage	●	23-25
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	23-25;47-48; 102-103; 108- 110; 114; 116-117; 125- 126; 130-133
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	●	23-26
<b>ECONOMIC PERFORMANCE INDICATORS</b>			
	<i>Core</i> Management and verification policies and systems	●	42-45; 93; 100; 131-134; 136-137
<i>Economic performance</i>			
EC1	<i>Core</i> Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	●	44-45
EC2	<i>Core</i> Financial implications and other risks and opportunities for the organisation's activities due to climate change	○	
EC3	<i>Core</i> Coverage of the organisation's defined benefit plan obligations	○	
EC4	<i>Core</i> Significant financial assistance received from government	●	45
<i>Market presence</i>			
EC5	<i>Add</i> Ratio of standard salaries for new recruits to the local minimum wage in the Group's major production plants, broken down by gender	●	100
EC6	<i>Core</i> Policies, practices and proportion of spending on locally-based suppliers at significant locations of operation	○	
EC7	<i>Core</i> Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	93
<i>Indirect economic impacts</i>			
EC8	<i>Core</i> Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	●	131-134; 136-137
EC9	<i>Add</i> Understanding and describing significant indirect economic impacts, including the extent of impacts	●	132-134
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>			
	<i>Core</i> Management and verification policies and systems	●	39; 52-53; 54-55; 57-58; 61-67; 69-70; 78; 79-80; 81-82; 83-84; 85-87; 127
<i>Raw materials</i>			
EN1	<i>Core</i> Materials used by weight or volume	○	

GRI indicator	Description	Level of coverage	Page
EN2	Core Percentage of materials used that are recycled or input materials	○	61-62;69-70; 127
<i>Energy</i>			
EN3	Core Direct energy consumption by primary energy source	●	79-80
EN4	Core Indirect energy consumption by primary energy source	●	79-80
EN5	Add <i>Energy saved due to conservation and efficiency improvements</i>	●	79-80
EN6	Add <i>Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives</i>	●	52;55;57-58; 65-67
<i>Water</i>			
EN8	Core Total water withdrawal by source	●	83 – 84
EN9	Add <i>Water sources significantly affected by withdrawal of water</i>	●	83 – 84
EN10	Add <i>Percentage and total amount of water that is recycled and reused</i>	●	84
<i>Biodiversity</i>			
EN11	Core Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	85
EN12	Core Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	85
<i>Emissions, effluents and waste</i>			
EN16	Core Total direct and indirect greenhouse gas emissions by weight	●	81 – 82
EN17	Core Other relevant indirect greenhouse gas emissions by weight	○	
EN18	Add <i>Initiatives to reduce greenhouse gas emissions and reductions achieved</i>	●	81 – 82
EN19	Core Emissions of ozone-depleting substances by weight	●	82
EN20	Core NO <sub>x</sub> ,SO <sub>x</sub> and other significant air emissions by type and weight	●	82
EN21	Core Total water discharge by quality and destination	●	83 – 84
EN22	Core Total weight of waste by type and disposal method	●	84 – 85
EN23	Core Total number and volume of significant spills	●	85
EN24	Add <i>Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention and percentage of transported waste shipped internationally</i>	●	85
<i>Products and services</i>			
EN26	Core Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	52;54-55; 57-58;61; 63-66;69-70;127
EN27	Core Percentage of products sold and their packaging materials that are reclaimed by category	○	61-62;69-70; 85-87

GRI indicator		Description	Level of coverage	Page
<i>Compliance</i>				
EN28	Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	39
<i>Transport</i>				
EN29	Add	Significant environmental impacts of the transport of products and goods/ materials used for organisation activities and journeys of personnel	○	85-87
<i>General</i>				
EN30	Add	Expenses and investments in environmental protection divided by type	○	85
<b>LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS</b>				
	Core	Management and verification policies and systems	●	90; 91-94; 96-98; 100; 104-105; 108-109
<i>Employment</i>				
LA1	Core	Total workforce by employment type, employment contract and region and broken down by gender	●	93-94
LA2	Core	Total number and rate of new hires and employee turnover by age group, gender and region	○	91
LA3	Add.	Benefits are offered to full-time employees, but not to part-time and temporary employees, across the major production plants	●	101
LA15	Core	Rate of return to work and retention after parental leave, broken down by gender	○	
<i>Industrial relations</i>				
LA4	Core	Percentage of employees covered by collective bargaining agreements	●	108
LA5	Core	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	○	109-110
<i>Occupational health and safety</i>				
LA6	Add	Percentage of total workforce represented in formal joint management-workers health and safety committees that monitor and advise on occupational health and safety programmes	●	111
LA7	Core	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and gender	○	104
LA8	Core	Education, training, consulting, prevention, and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	●	106-108
LA9	Add	Health and safety topics covered in formal agreements with trade unions	●	111
<i>Training and education</i>				
LA10	Core	Average hours of training per year per employee by employee category	○	99
LA11	Add	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	96-99; 101
LA12	Add	Percentage of employees receiving regular performance and career development reviews broken down by gender	●	97

GRI indicator	Description	Level of coverage	Page
<i>Diversity and equal opportunity</i>			
LA13	Core Composition of governance bodies and breakdown of employees per category and according to gender, age group, minority group membership, and other indicators of diversity	●	36;94-95
LA14	Core Ratio of basic salary and wage of men to women by employee category and broken down by the major production plants	●	100
<b>HUMAN RIGHTS PERFORMANCE INDICATORS</b>			
	Core Management and verification policies and systems	●	22-23; 39; 108;124-125; CE
<i>Investment and procurement practices</i>			
HR1	Core Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening	●	124-125
HR2	Core Percentage of significant suppliers, contractors and other commercial partners that have undergone screening on human rights and actions taken	○	124
HR3	Core Total hours of employee training on policies and procedures relating to human rights aspects that are important for the organisation's activities and percentage of trained employees	○	
<i>Non-discrimination</i>			
HR4	Core Total number of incidents of discrimination and corrective actions taken	●	39
<i>Freedom of association and collective bargaining</i>			
HR5	Core Operations and suppliers identified that pose significant risks to the right to exercise freedom of association and collective bargaining, and actions taken to support these rights	○	108
<i>Child labour</i>			
HR6	Core Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	●	22; 124; CE
<i>Forced and compulsory labour</i>			
HR7	Core Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	●	22; 124; CE
<i>Reviews</i>			
HR10	Core Percentage and total number of operations subject to review on human rights and/or impact assessment	○	
<i>Corrective actions</i>			
HR11	Core Number of complaints reported on human rights that have been solved through formal complaint management processes	○	
<b>SOCIAL PERFORMANCE INDICATORS</b>			
	Core Management and verification policies and systems	●	22; 39; 54-55; 131-134; CE
<i>Society</i>			
SO1	Core Percentage of operations to have implemented engagement policies with local communities, impact assessments and development programmes	○	132-134

GRI indicator		Description	Level of coverage	Page
SO9	Core	Operations with real or potential negative impacts on local communities	○	
SO10	Core	Prevention and mitigation measures adopted for operations with real or potential negative impacts on local communities	○	
<i>Corruption</i>				
SO2	Core	Percentage and total number of business units analysed for risks related to corruption	●	22; 39; CE
SO3	Core	Percentage of employees trained in the organisation's anti-corruption policies and procedures	●	22; 39; CE
SO4	Core	Actions taken in response to incidents of corruption	●	22; 39; CE
<i>Public policy</i>				
SO5	Core	Public policy positions and participation in public policy development and lobbying	●	54-55; 131-132
SO6	Add	Total financial contributions and benefits granted to political parties, policy-makers and institutions broken down by country	●	22; CE
<i>Non-collusive conduct</i>				
SO7	Add	Total number of legal actions referred to unfair competition, anti-trust and monopoly practices and relative rulings	●	39
<i>Compliance</i>				
SO8	Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	39
<b>PERFORMANCE INDICATORS ON PRODUCT RESPONSIBILITY</b>				
	Core	Management and verification policies and systems	●	39; 52-53; 59-61; 69; 71; 75; 114-117; 127; 130-131; CE
<i>Customer health and safety</i>				
PR1	Core	Life cycle stages in which the health and safety impact of products and services are assessed for improvement, and percentage of significant product and service categories subject to such procedures	●	52; 59-60; 69-70; 71; 127
<i>Product and service labelling</i>				
PR3	Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	75; 130-131
PR5	Add	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	○	115-117
<i>Marketing communication</i>				
PR6	Core	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	●	130-131
PR7	Add	Total number of incidents (divided by type) of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship	●	39
<i>Customer privacy</i>				
PR8	Add	Number of substantiated claims regarding breaches of consumer privacy and losses of customer data	●	39
<i>Compliance</i>				
PR9	Core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	39

## GRI Application Level Check Statement



### Statement GRI Application Level Check

GRI hereby states that **Piaggio & C. SpA** has presented its report "Corporate Social Responsibility Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, February 20th 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI globe logo.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Piaggio & C. SpA has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on February 20th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

# Report on the limited auditing of the Corporate Social Responsibility Report

**Deloitte.**

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## REVIEW REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY REPORT

To the Shareholders  
of Piaggio & C. S.p.A.

1. We have reviewed the Corporate Social Responsibility Report of the Piaggio Group (the "Group") as of 31<sup>st</sup> December 2011. The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the Corporate Social Responsibility Report in accordance with "Sustainability Reporting Guidelines" (version G3.1) issued in 2011 by GRI – *Global Reporting Initiative*, as stated in the paragraph "methodological note". The Directors are also responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. The Directors are also responsible for the identification of stakeholders and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the Corporate Social Responsibility Report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the "International Standards Engagement 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the *International Auditing and Assurance Standards Board*. That standard requires the compliance with ethical principles ("Code of Ethics of Professional Accountants" issued by the *International Federation of Accountants*), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on a Corporate Social Responsibility Report consists of making inquiries, primary with company personnel responsible for the preparation of the information included in the Corporate Social Responsibility Report, analysing the Corporate Social Responsibility Report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
  - comparing the economic and financial information and data included in the paragraph "2011 financial and business performance" of the Corporate Social Responsibility Report with those included in the Group Consolidated Financial Statements as of 31<sup>st</sup> December 2011, on which Deloitte & Touche S.p.A. issued the auditor's report dated 12<sup>nd</sup> March 2012 (pursuant to articles 14 and 16 of Legislative Decree no. 39 of January 27<sup>th</sup>, 2010);
  - analysing how the processes underlying the generation, recording and management of quantitative data included in the Corporate Social Responsibility Report operate. In particular, we have performed the following procedures:

Bologna Bari Firenze Genova Milano Roma Torino Padova

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Codice Fiscale/Registro delle Imprese Milano n. 05059250158 - R.E.A. Milano n. 1105593  
Partita IVA: IT 05059250158

Member of Deloitte Touche Tohmatsu Limited





- interviews and discussions with delegates of Piaggio & C. S.p.A., to gather information on the information, accounting and reporting systems used in preparing the Corporate Social Responsibility Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Corporate Social Responsibility Report;
- analysis, on a sample basis, of the documentation supporting the preparation of the Corporate Social Responsibility Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Corporate Social Responsibility Report;
- analysing the compliance of the qualitative information included in the Corporate Social Responsibility Report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the sustainability strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the Director of Finance Management and the Administration and Credit Management Senior Vice President of Piaggio & C. S.p.A. on the compliance of the Corporate Social Responsibility Report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

For the data and information relating to the Corporate Social Responsibility Report of the prior year presented for comparative purposes, reference should be made to our review report dated March 23<sup>rd</sup>, 2011.

3. Based on the procedures performed, nothing has come to our attention that causes us to believe that the Corporate Social Responsibility Report of the Piaggio Group as of 31<sup>st</sup> December 2011 is not prepared, in all material respects, in accordance with the “*Sustainability Reporting Guidelines*” (version G3.1) issued in 2011 by GRI – *Global Reporting Initiative*, as set out in paragraph “methodological note”.
4. We draw attention to the relevant information referred to in the paragraph “Stakeholder Involvement” of the Corporate Social Responsibility Report of the Piaggio Group as of 31<sup>st</sup> December 2011, suggesting for the next editions of the report a continuous extension of dialogue and engagement activities with the stakeholders among the whole Group.

Milan, March 13<sup>th</sup>, 2012

DELOITTE ERS – ENTERPRISE RISK SERVICES S.r.l.

Franco Amelio  
Partner

*This report has been translated into the English language solely for the convenience of international readers.*

*We would like to thank all colleagues  
who helped in preparing this document.*

*This report is available on the Internet at:  
[www.piaggiogroup.com](http://www.piaggiogroup.com)*

*This document was published on  
15 March 2012*

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Management and Coordination

IMMSI SpA

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