



Piaggio & C. S.p.A.

Explanatory Memorandum

**Appointment of the Board of Statutory Auditors and its Chairman; determination of fees.
Related and consequent resolutions.**

Dear Shareholders:

With the approval of the financial statements as at 31 December 2017, the term of office of your company's Board of Statutory Auditors, appointed by the ordinary Shareholders' Meeting of 13 April 2015, will expire; It is therefore necessary to appoint a new controlling body and a new Chair in accordance with the applicable legislative and corporate provisions.

In this regard, we wish to remind you, in particular, of the following:

Composition of the Board of Statutory Auditors

Pursuant to art. 24.1 of the Articles of Association, the Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors, in compliance with the gender balance pursuant to art. 147-ter, paragraph 1-ter, of Legislative Decree 58/1998 (the "**Consolidated Law on Finance**").

Statutory Auditors remain in office for three financial years, expiring on the date of the Shareholders' Meeting called to approve the financial statements relating to the last financial year of their office. They and can be re-elected.

The Statutory Auditors must possess the requisites prescribed by law, the Articles of Association and other applicable legal provisions, also concerning the limit to the number of positions held. Pursuant to Article 1, paragraph 3, of Ministerial Decree No. 162 issued by the Ministry of Justice on 30 March 2000, subjects (legal, economic, financial and technical-scientific) and sectors of activity shall be considered as being closely related to the business carried out by the Company if they are connected with or relate to the Company's activity and its business purpose.

Without prejudice to the legal obligations regarding professionalism and gender balance, Shareholders are invited to propose candidates that adequately take into account the diversity requirements in the composition of the Board in terms of age and educational and professional career, in order to guarantee the appropriate skills to ensure the correct performance of its functions.

It should also be noted that, since the Board of Statutory Auditors represents the "*Internal Control and Audit Committee*" pursuant to art. 19 of Legislative Decree 39/2010 (as amended by Legislative Decree 135/2016), Board members must be, as a whole, competent in the sector in which the Company operates.

Board of Statutory Auditors appointment mechanism based on the list vote

Pursuant to art. 24.2 of the Articles of Association, the Board of Statutory Auditors is appointed in accordance with the current rules in force concerning the balance between genders, based on the lists submitted by Shareholders in which candidates are listed with a sequential number. The list is made up of two sections: one for the candidates to be appointed as Statutory auditors, the other one for the candidates to be appointed as Alternate auditors.

Lists that have an overall number of candidates greater than or equal to three must be composed of candidates belonging to both genders, in such a way that at least one third (in any case rounded upwards) of candidates for the position of Statutory Auditor and at least one third (in any case rounded upwards) of candidates for the position of Alternate Auditor belong to the less represented gender of said list.

Each shareholder, shareholders who have entered into a significant shareholder agreement pursuant to art. 122 of the Consolidated Law on Finance, as well as the Parent Company, its subsidiaries and

joint ventures pursuant to art. 93 of the Consolidated Law on Finance, cannot present or take part in presenting more than one list, either by proxy or through trust companies, nor can they vote on different lists. The endorsements and votes cast in breach of such prohibition shall not be assigned to any list.

We also remind you that Shareholders submitting a "minority list" should consult the recommendations issued by Consob with notice no. DEM/9017893 of 26 February 2009.

Shareholders are entitled to present lists only if, alone or with other Shareholders, they hold shares with voting rights representing at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting, or a different percentage that may be fixed by the law or other regulations. It should be noted that, with resolution no. 20273 of 24 January 2018, Consob set the relative share capital ownership threshold required to submit lists for election of the Board of Statutory Auditors of the Company at 2.5%.

The lists must be presented along with:

- a) information concerning the identity of the Shareholders' who presented the lists indicating the overall shareholding percentage held;
- b) a declaration by Shareholders other than those who, even jointly, hold a controlling or relative majority stake, attesting that there are no relationships with the latter as set out by law or other applicable regulations;
- c) comprehensive information on the candidates' personal information, as well as a declaration issued by the same candidates attesting, under their own responsibility, that (i) there are no grounds for ineligibility or incompatibility, (ii) they possess the requisites prescribed by the law, (iii) they accept their candidacy, and lastly the list of management and control positions held in other companies.

Lists submitted by Shareholders must be filed at the registered office, in Pontedera (PI), Viale Rinaldo Piaggio 25, at least twenty-five days before the date set for the Shareholders' Meeting on first call, i.e. by 22 March 2018. Filing of lists for appointment of the Board of Statutory Auditors may also be made by fax on 0587.21.90.25 or using the certified e-mail address piaggiogroup.corporate.governance@legalmail.it, pursuant to art. 144-*sexies*, paragraph 4-*ter*, of Consob Regulation no. 11971/1999. In the case of submission of lists by fax/certified e-mail, a certified copy of a valid identity document of the submitters must also be sent.

In the event that, at the end of the deadline for filing the lists as indicated above (22 March 2018), only one list has been filed, or only lists have been filed by Shareholders among which there are significant relationships pursuant to legal and regulatory provisions in force at the time, lists may be filed by 26 March 2018 at 12.00pm ("**Reopening of the Deadline**"), as the deadline established by art. 144-*sexies*, paragraph 5, of Consob Regulation no. 11971/1999 coincides with a public holiday; in the event of Reopening of the Deadline, the minimum threshold for filing lists is reduced by half (i.e. 1.25% of the share capital).

Ownership of the shareholding required, for the purposes of submitting the list, is attested by the qualified accounting intermediary sending to the Company the notice provided for by art. 23 of the Regulation concerning centrally managed services, payment, guarantee systems and the related management companies adopted by the Bank of Italy and Consob on 22 February 2008, as subsequently amended, also after having filed the list, provided that this takes place at least twenty

one days before the date set for the Shareholders' Meeting on first call, i.e. 6:00pm on 26 March 2018. In the event of Reopening of the Deadline, the aforementioned notice must be sent to the Company by 6.00pm on 26 March 2018. Please note that ownership of the shareholding is determined for the shares that are recorded in the name of the Shareholder on the date on which the lists are filed with the Company.

Lists that fail to comply with the aforesaid legal provisions shall be deemed as not having been submitted.

The lists shall also be subject to other types of advertisement provided for by current applicable law and other regulations. In particular, at least twenty one days before the date of the Shareholders' Meeting (i.e. by 26 March 2018) the lists will be made available to the public at the registered office, on the Company's website and via other regulated forms required by Consob.

Without prejudice to any other ground of ineligibility or forfeiture of right, no candidates may be included in the lists who do not possess the requisites prescribed by legal regulations, the Articles of Association or other provisions applicable to their respective positions.

Each person entitled to vote may vote for one list only.

Procedures for appointment of the Board of Statutory Auditors

The procedure for election of Statutory Auditors is as follows:

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

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

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

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

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

Finally, we remind you that the ordinary Shareholders' Meeting will also be required to decide the remuneration for the members of the controlling body.

Milan, 28 February 2018

For the Board of Directors
Chairman and Chief Executive Officer
(Roberto Colaninno)