

Report of the Board of Statutory Auditors to the General Shareholders' Meeting

Piaggio & C. S.p.a.

Registered and administrative office: viale Rinaldo Piaggio, Pontedera (PI)

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REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING AS PER ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/98 (THE "T.U.F.") AND ARTICLE 2429 OF THE ITALIAN CIVIL CODE

To the Shareholders,

Over the course of the financial year ended 31 December 2013 the Board of Statutory Auditors of Piaggio & C. S.p.A. (the "**Company**") carried out its statutory duties, also taking into account the CONSOB circulars on company checks and the activities of the Board of Statutory Auditors, and the *Principi di comportamento del Collegio Sindacale di società quotate nei mercati regolamentati* [Principles of Conduct for the Board of Statutory Auditors of Companies listed on Regulated Markets] recommended by the *Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri* [National Council of Professional Accountants].

During the financial year ended 31 December 2013, the Board of Statutory Auditors therefore checked (i) that the law and the memorandum of association were observed, (ii) that the principles of sound management were respected, (iii) that those aspects of the Company's organisational structure that fall within its remit, as well as the internal audit system and the administrative and accounting system, were adequate, and that this last could be relied upon to give a true picture of operational items, (iv) how the rules on corporate governance specified in the *Codice di Autodisciplina del Comitato per la Corporate Governance delle società quotate* [Code of Practice for the Self-Regulation of the Committee of Corporate Governance of Listed Companies], adopted by the Company, were actually implemented, and (v) that the instructions issued to subsidiaries as per article 114(2) of the T.U.F. were adequate.

Moreover, the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee pursuant to article 19 of Legislative Decree no. 39 of 27 January 2010, also checked (i) the financial reporting process, (ii) the efficacy of the internal control, internal audit, and risk

management systems, (iii) the legal audit of the annual accounts and consolidated annual accounts, and (iv) the independence of the external audit firm, with particular regard to the provision of non-audit services to the audited entity.

In particular, the Board reports as follows:

1. The Board verified that the operations having the greatest impact on the Company's profits, cash flow and assets – which it learnt about by attending meetings of the Board of Directors and shareholders, and by talking to top management – were in compliance with the law and memorandum of association.
2. The Board did not discover, during the financial year 2013, any atypical and/or unusual inter-company, third-party or related-party transactions.

The ordinary inter-company and related-party transactions, described in the Directors' Report and in the notes to the financial statements, to which we refer you as appropriate, appear to be fair and in the interests of the Company.

3. With regard to the transactions indicated in point 2 above, the Board considers the information provided in the Directors' Report and in the notes to the financial statements to be adequate.
4. The reports on the financial statements and consolidated financial statements by the audit firm PricewaterhouseCoopers S.p.A. (the "Audit Firm"), issued on 2 April 2014 pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January 2010, are unqualified and/or do not include any emphasis of matter paragraphs; and they certify that the financial statements and consolidated financial statements have been drawn up clearly and in compliance with the rules governing their preparation and give a true and fair view of the assets and liabilities, financial position, profitability and cash flow of the Company and Group in the financial year ending 31 December 2013. These reports also certify that the Directors' Report, which includes the information indicated in paragraph 1 c), d), f), l), m) and paragraph 2 b) of article 123 of the T.U.F., and the ownership structure of the Company are consistent with the financial statements and consolidated financial statements.

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee pursuant to article 19 of Legislative Decree no. 39 of 27 January 2010, also examined the report by the Audit Firm on the fundamental points that emerged during its audit of the financial statements

and consolidated financial statements as at 31 December 2013. This report states that, in terms of the financial reporting process, there are no shortcomings in the internal control system important enough to be brought to the attention of the Internal Control and Audit Committee.

The Board of Statutory Auditors also examined the attestation that the Audit Firm issued, pursuant to article 17 of Legislative Decree no. 39 of 27 January 2010, on 2 April 2014, in which (i) it declared that it was independent and that there were no grounds for incompatibility pursuant to articles 10 and 17 of Legislative Decree no. 39/2010 and its implementing measures, (ii) it declared the non-audit services provided to the Company, also by its own network.

5. During the shareholders' meeting of 15 April 2013, shareholder Mr Fabris submitted the following complaint to the Board of Statutory Auditors, pursuant to article 2408 of the Italian Civil Code (as recorded in the minutes of the meeting):

"With regard to the individual responsible for collecting proxies, I received the following reply: 'The Company has appointed as its representative Mr Meneghini of Milan, with whom the company has a regular arrangement that also includes services relating to the collection of proxies, for which Mr Meneghini receives no fee.' I believe that it is serious that this fact was kept from those who were intending to grant proxies or who granted proxies to Mr Meneghini, since the form indicates that:

"Mr Pier Francesco Meneghini, in his capacity as Appointed Representative, declares that neither he nor any of his substitutes have any conflicts of interest within the meaning of article 135-decies of Legislative Decree no. 58/1998 in relation to any of the shareholders' resolutions".

I therefore ask the Board of Statutory Auditors (unfortunately I must submit this as an official complaint, since nobody will give me an answer if I just ask) whether, pursuant to article 2408 of the Italian Civil Code, this could be considered as reprehensible.

With reference to this complaint, the Board noted that Mr Fabris received the following reply during the same shareholders' meeting of 15 April 2013: *"Mr Pier Francesco Meneghini does not have any conflicts of interest within the meaning of article 135-decies or article 135-undecies of Legislative Decree no. 58/1998 (which relates more to the matter at hand, i.e. to the representative appointed by the Company) in relation to any of the proposed resolutions on the agenda".*

The Board also checked that Mr Meneghini had no conflicts of interest pursuant to article 135 *decies* and article 135 *undecies* of Legislative Decree no. 58/199, as confirmed by a declaration from Mr Meneghini himself, which was filed in the company's records.

In view of the foregoing, in reply to Mr Fabris's complaint, the Board believes that there is nothing reprehensible about the above.

During the financial year 2013 the Board received no other complaints as per article 2408 of the Italian Civil Code, and has not done so to date.

6. The Board is not aware of any other incidents which it should report here.

7-8. During the financial year 2013, the Company paid the Audit Firm fees of €356,206 for its audit services, while the Company's subsidiaries paid, for audit services, fees of €8,900 to the Audit Firm, and €391,680 to the PricewaterhouseCoopers Network

During the same year:

- the Audit Firm received fees of €21,000 from the Company, for assignments additional to its audit work (mainly the audit of the Corporate Social Responsibility Report), while the PricewaterhouseCoopers Network received fees of €33,000 from the Company for assignments additional to its audit work (certification services);
- the Company's subsidiaries paid fees of €42,416 to the Network, for other services provided in addition to audit work (certification services).

In light of the above, and the Audit Firm's attestation of independence and denial of any grounds of incompatibility, the Board of Statutory Auditors believes that no critical aspects have emerged with regard to the independence of the Audit Firm.

9. During the financial year 2013, the Board of Statutory Auditors issued statutory opinions and delivered statements upon request (statement of costs incurred for overheads and company staff as part of the financed "MUSS" (Sustainable and Safe Urban and Suburban Mobility) project.

The Board of Statutory Auditors, in compliance with the Code of Practice, also verified:

a) that the criteria and procedures adopted by the Board of Directors when vetting the independence of its members had been correctly applied, in accordance with the criteria established by law and the Code of Practice;

b) that its own members – already vetted before their appointment – still met the independence requirements in accordance with the criteria established by law and the Code of Practice.

With regard to the independence of the statutory auditors, the Board of Directors, notwithstanding the opinion of the Board of Statutory Auditors on its own composition, had resolved, in the interests of the Company, to disapply criterion 3.C.1(e) of the Code of Practice (also referred to in criterion 8.C.1.) in relation to all the statutory auditors of the Board of Statutory Auditors and the alternate auditor Mauro Girelli, looking at the substance rather than the form and considering the fact that the members of the Board are highly qualified and experienced and have over time proved invaluable for the Issuer. In view of this, the Board of Directors, during the meeting of 20 March 2014, confirmed that all the statutory auditors satisfied the independence requirements laid down by article 148(3) of the T.U.F. and article 3 of the Code of Practice.

The individual members of the Board of Statutory Auditors also declared that they have not exceeded the limits on assignments set out in article 148-bis(1) of the T.U.F. The members of the Board of Statutory Auditors have agreed that, in the event of operations in which they could have a personal interest or an interest on behalf of third parties, these must be reported to the Board of Directors and the other members of the Board of Statutory Auditors.

10. Over the course of 2013, the Company's Board of Directors met four times, the Internal Control and Audit Committee six times and the Remuneration Committee just once. No meetings of the Appointments Committee were held. In the same year the Board of Statutory Auditors met eight times; it also attended all the meetings of the Board of Directors and shareholders held during the year.

The Board of Statutory Auditors, represented by its Chairman or one of the Statutory Auditors, also attended meetings of the Internal Control and Audit Committee.

11. The Board of Statutory Auditors, to the extent of its remit, gathered information and checked that the principles of sound management were observed and that the Company's administrative structure was adequate for the purposes of complying with these principles.

In particular, as regards the decision-making processes of the Board of Directors, the Board checked that the management decisions taken by the directors complied with the law and articles of association, and that their resolutions were not contrary to the interests of the Company.

The Board of Statutory Auditors therefore believes that the principles of sound management have been observed.

12. The Board of Statutory Auditors checked the Company's organisational structure and believes, in light of these checks and to the extent of its own responsibility, that the structure as a whole is adequate.

13. The Board of Statutory Auditors checked the Company's system of internal control by liaising and coordinating with the Internal Control and Audit Committee, with the Internal Audit manager, with the Managing Director in his capacity as the director appointed to oversee that the internal audit and risk management system is functioning, and with the Supervisory Body.

In its capacity as the Internal Control and Audit Committee pursuant to article 19 of Legislative Decree no. 39 of 27 January 2010, the Board also acknowledged the Audit Firm's attestation that there were no shortcomings in the internal audit system, and liaised and continually exchanged information with the Audit Firm and the Control and Risk Committee. Moreover, the Board of Statutory Auditors monitored the Company's transactions with related parties, verifying the functioning and correct application of the Procedure for Transactions with Related Parties, approved by the Board of Directors following the issue of CONSOB Regulation no. 17221 of 12 March 2010.

Lastly, the Board of Statutory Auditors attended the meetings of the Supervisory Board during the financial year. Once again, it should be pointed out that the flow of information between the Board of Statutory Auditors and the Supervisory Board was also guaranteed by the fact that the Chairman of the Board of Statutory Auditors is a statutory member of the Supervisory Board.

In light of these checks, and the evaluations of the adequacy, efficiency, and effective functioning of the internal audit system, expressed by the Control and Risk Committee and the Board of Directors, the Board of Statutory Auditors believes, to the extent of its own responsibility, that the system as a whole is adequate.

14. The Board of Statutory Auditors checked – by collecting information from the *Dirigente Preposto* [manager in charge of preparing the Company's financial reports] and the relevant department managers, examining company documentation, and analysing the results of the Audit Firm's work – the Company's administrative and accounting system and how reliable it is in giving a true picture of operational items.

In particular, the Board reports that the *Dirigente Preposto* completed, with the support of Internal Audit, an evaluation of the adequacy and actual implementation of the administrative and accounting procedures indicated in article 154-*bis* of the T.U.F., for the Company and its strategically important subsidiaries; this allowed the Company to attest that its accounts give a true and fair view of the assets and liabilities, profitability and financial position of itself and the consolidated companies.

In light of these checks and the Board of Directors' evaluation of the adequacy of the Company's organisational, administrative and accounting arrangements, the Board of Statutory Auditors believes, to the extent of its own responsibility, that the system is essentially adequate and reliable for the purposes of correctly representing the operational items.

15. The Board checked that the instructions issued by the Company to its subsidiaries as per article 114(2) of the T.U.F. were adequate, and that there was a proper flow of information between them, and it believes that the Company is able to fulfil the communication obligations laid down by law.

16. During the financial year, the Board of Statutory Auditors met managers from the Audit Firm in order to exchange relevant data and information with them in accordance with article 150(3) of the T.U.F.

At these meetings the Audit Firm did not report any facts or anomalies important enough to be indicated in this report.

During the financial year, the Board of Statutory Auditors met with the supervisory body of the subsidiary Aprilia Racing S.r.l. in order to exchange information pursuant to article 151(2) of the T.U.F.

The fact that the auditor Alessandro Lai is also the Chairman of the Board of Statutory Auditors of the parent company IMMSI S.p.A. also facilitated the exchange of information with the parent company's Board of Statutory Auditors.

17. The Company abided by the Code of Practice for the Self-Regulation of Listed Companies, approved by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A.

The system of corporate governance adopted by the Company is detailed in the Report on Corporate Governance and Ownership Structures for 2013, approved by the Board of Directors on 20 March 2014.

18. In the course of its supervisory activities and checks during the year, the Board of Statutory Auditors did not come across any reprehensible conduct, omissions or irregularities significant enough to be mentioned in this report.

19. The Board of Statutory Auditors remarks that, as far as it is aware, there has been no deviation from the law in preparing the consolidated financial statements and separate financial statements.

The Board, also in view of the results of the work carried out by the body responsible for accounting control, has found no reason – as far as its own remit goes – not to approve the financial statements as at 31 December 2013 as drafted and approved by the Board of Directors at its meeting of 20 March 2014, and agrees with the Board of Directors about the proposed coverage of the year's loss of €1,649,156.15 by allocating it to the revenue reserve "Profits (losses) carried forward".

3 April 2014

The Board of Statutory Auditors

Mr. Giovanni Barbara

[Signature of Giovanni Barbara]