



Piaggio & C. S.p.A.

Report on remuneration policy and compensation paid

**prepared pursuant to art. 123-ter of Italian Legislative Decree 58/1998 and art.
84-quater of Consob Regulation 11971/1999**

2 March 2021

REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

This report on remuneration policy and compensation paid ("**Remuneration Report**" or "**Report**") has been prepared pursuant to Article 123-*ter* Legislative Decree no. 58 of 24 February 1998 ("**TUF**") – as most recently amended by Legislative Decree 49/2019 ("**L.D. 49/2019**"), implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (the so-called *Shareholders' Rights Directive II*), amending Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies with regard to the encouragement of long-term shareholder engagement (the "**SHRD**" or the "**Directive**") – and art. 84-*quater* of the CONSOB regulations adopted by resolution no. 11971 of 14 May 1999 ("**Issuers' Regulations**"). It has been prepared in accordance with Annex 3A, Schedule 7-*bis* of the Issuers' Regulations, as most recently amended to implement the SHRD.

The Remuneration Report is divided into the following sections:

- Section I – in compliance with Articles 123-*ter* of the Consolidated Law on Finance and 9-*bis* of the Directive – illustrates the Company's policy on the remuneration of members of the Board of Directors, general managers and key managers and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the members of the Company's Board of Statutory Auditors, as well as the procedures used for the adoption, revision and implementation of this policy, including the measures designed to avoid or manage any conflicts of interest;
- Section II contains the individual remuneration for directors, statutory auditors and senior managers and in aggregate form for key managers:
 - it provides an adequate, clear and understandable representation of each of the items that make up the remuneration, including benefits in the event of termination of office or termination of employment (if any), highlighting their compliance with the Company's remuneration policy for the year in question and the ways in which remuneration contributes to the Company's long-term results;
 - it illustrates in detail the remuneration paid in the reporting year for whatever reason and in whatever form by the Company and its subsidiaries or associates.

Moreover, Section II contains information on the equity investments held, in the issuer and its subsidiaries, by members of the administration and control bodies, senior managers and other key managers, as well as their not-legally-separated spouses and children (minors), directly or via subsidiaries, trusts or intermediaries, in accordance with the provisions of art. 84-*quater* of the Consob Regulation on Issuers.

SECTION I

This section of the Remuneration Report describes the essential features of the Remuneration Policy adopted by the Company (hereinafter the “**Remuneration Policy**”), which defines the principles and guidelines to which the Piaggio Group adheres in determining and monitoring the application of remuneration practices for board directors, senior managers and key managers, and, without prejudice to art. 2402 Civil Code, of the members of the Board of Statutory auditors.

The Remuneration Policy, already adopted by the Board of Directors on 23 February 2012 on the proposal of the Remuneration Committee, was last amended by the Board of Directors on 2 March 2021, on the valid proposal of the Remuneration Committee in order to incorporate the adjustments made by Consob to the Issuers' Regulations (see Article 84-*quater* and Annex 3*Abis*, Schedule 7-bis) in implementation of the SHRD with Resolution no. 21623 of 10 December 2020.

The Remuneration Policy defines the goals pursued and the principles that underlie the determination of remuneration for governance bodies, general managers and key managers, as further explained in the subsequent paragraph 2.

The Remuneration Policy has also been prepared in light of the recommendations set out in the **Self-Regulatory Code**, as well as in the new edition of the Corporate Governance Code for Listed Companies approved in January 2020 by the Corporate Governance Committee (the “**Corporate Governance Code**” or “**CG Code**”).

The Remuneration Policy has a duration of one year.

As required by Consob Regulation no. 17221 of 12 March 2010 concerning transactions with related parties (the “**Regulation on Related Parties**”), as transposed in the internal procedure adopted by the Company (“**RPT Procedure**”) (and available on the group *website* at www.piaggiogroup.com in the *Governance* section), approval of the Remuneration Policy by the Shareholders' Meeting exempts the Company from applying the above procedure for related party transactions in resolutions concerning the remuneration of directors and key managers, provided that these are consistent with the Remuneration Policy:

- (i) the company has adopted a remuneration policy approved by the Shareholders' Meeting;
- (ii) a committee made up exclusively of non-executive directors or board members, the majority of whom are independent, was involved in defining the remuneration policy;
- (iii) the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary evaluations.

Furthermore, pursuant to Article 13, paragraph 1, of the Regulation on Related Parties, the RPT Procedure does not apply to shareholders' resolutions that are pursuant to Article 2389, paragraph 1, of the Italian Civil Code, regarding remuneration due to the members of the Board of Directors and the executive committee, or to the resolutions concerning the remuneration of directors assigned special duties which falls within the total amount previously determined by the Shareholders' Meeting, pursuant to Article 2389, paragraph 3, second sentence of the Civil Code.

It should be noted that the Remuneration Policy referred to in Section II of the Report, prepared in FY 2020, was approved by a majority of 79.43% of the votes cast by the shareholders attending the Shareholders' Meeting of 22 April 2020, who did not express any opinion on the Remuneration Policy, either at the Shareholders' Meeting or subsequently. This Remuneration Policy is therefore substantially in line with that previously approved by the Shareholders' Meeting of 22 April 2020.

1. Parties involved in the preparation, approval and auditing (where applicable) of the Remuneration Policy

The main parties and bodies involved in the preparation, approval and auditing of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors.

1.1 Board of Directors

The Board of Directors:

- constitutes among its members the Remuneration Committee;
- in coherence with the Remuneration Policy, establishes the remuneration of directors vested with special offices, following the opinion of the Board of Statutory Auditors and at the proposal of the Remuneration Committee;
- establishes, at the proposal of the Remuneration Committee, the Remuneration Policy, and its auditing where applicable;
- prepares the Remuneration Report, pursuant to Article 123-ter of the Consolidated Law on Finance and Article 84-quater of the Consob Regulation on Issuers, submits it to the Shareholders' Meeting for approval pursuant to Article 123-ter, paragraph 3-bis, of the Consolidated Law on Finance and ensures its implementation;
- prepares remuneration plans based on shares or other securities for directors, employees and co-workers, including key managers, submits these for approval by the Shareholders' Meeting pursuant to Article 114-bis of the Consolidated Law on Finance and ensures implementation.

1.2 Remuneration Committee

The Remuneration Committee of the Company, which is a Board Directors' committee, in accordance with the Corporate Governance Code, consists of non-executive, independent directors.

The Remuneration Committee has the following tasks:

- to make proposals to the Board of Directors regarding the remuneration of the Chief Executive Officer and directors with special offices, monitoring the application of the decisions made;
- to make general recommendations to the Board of Directors regarding the remuneration of key managers in the Piaggio Group, taking into account information and indications given by the Chief Executive Officer, periodically checking the criteria adopted for the remuneration of said executives.
- to propose the adoption and review of the Remuneration Policy for Directors and key managers;
- to support the Board of Directors in preparing and implementing any remuneration plans based on shares or other financial instruments.

The Remuneration Policy has therefore been outlined and approved by the Board of Directors at the proposal of the Remuneration Committee.

As mentioned above, competence for the implementation of the Remuneration Policy lies with the Board of Directors, with the power to delegate it to the Chairman and Chief Executive Officer of the Company, subject to the involvement of the Remuneration Committee in the cases provided for by the Policy, it being understood that any decision relating and/or pertaining to the implementation of the Remuneration Policy concerning one of the above mentioned subjects will remain the exclusive competence of the Board.

The Remuneration Committee appointed by the Board on 16 April 2018 consists of three independent non-executive directors - Giuseppe Tesauro, acting as Chairman, Andrea Formica and Graziano Gianmichele Visentin. All Committee members have experience in finance and remuneration policies considered suitable by the Board at the time of appointment.

Pursuant to Recommendation 26 of the Corporate Governance Code, in order to manage any conflicts of interest, no Director participates in meetings of the Remuneration Committee in which proposals are formulated to the Board of Directors regarding his/her remuneration.

The Directors abstain from voting when the Board of Directors passes resolutions concerning their own remuneration, without prejudice to the rules on related party transactions set out in the RPT Procedure (where applicable).

The Remuneration Committee meets annually and whenever it is necessary to resolve on remuneration.

1.3 General Shareholders' Meeting

With regard to remuneration, the General Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors and of the Board of Statutory Auditors pursuant to art. 2364, paragraph 1, no. 3 of the Italian Civil Code;
- expresses (i) a binding vote on Section I of the Remuneration Report prepared by the Board of Directors (upon proposal of the Remuneration Committee) at the frequency required by the duration of the Remuneration Policy (i.e. on an annual basis) and in any case on the occasion of amendments to the said Policy¹ and (ii) a non-binding vote on Section II of the Report on an annual basis;
- makes resolutions on any remuneration plans based on shares or other financial instruments intended for directors, employees and co-workers, including key managers, pursuant to art. 114-*bis* of the Consolidated Law on Finance.

If the Shareholders' Meeting does not approve the Remuneration Policy, the Company will be required to pay remuneration in accordance with the most recent Remuneration Policy approved by the Shareholders' Meeting or, failing that, in accordance with current practice. At the next Shareholders' Meeting to approve the financial statements, the Company shall submit a new Remuneration Policy to the Shareholders' Meeting for a vote.

Temporary deviation from the Remuneration Policy approved by the Shareholders' Meeting is permitted only in exceptional circumstances, i.e. when the deviation from the

¹Shareholders' votes are required upon amendments to the Remuneration Policy that are not merely formal or editorial clarifications.

Remuneration Policy is necessary for the pursuit of the long-term interests and sustainability of the Company as a whole, or to ensure its ability to stay in the market. On this point, see paragraph 6 below.

If the Shareholders' Meeting does not approve the Remuneration Policy, the Company will be required to pay remuneration in accordance with the most recent Remuneration Policy approved by the Shareholders' Meeting or, failing that, in accordance with current practice. At the next Shareholders' Meeting to approve the financial statements, the Company shall submit a new Remuneration Policy to the Shareholders' Meeting for a vote.

1.4 Board of Statutory Auditors

The Board of Statutory Auditors expresses its opinion on proposals for the remuneration of executive directors and, more generally, of directors holding particular offices, verifying the consistency of said proposals with the Remuneration Policy.

2. Illustration of the objectives and general guidelines of the Remuneration Policy and description of policies regarding fixed and variable remuneration components

The Remuneration Policy is set by taking into account the remuneration and working conditions of its employees. In particular, the Remuneration Policy sets out the tools and approaches, applied to the entire corporate population, that are designed to attract, motivate and retain people with the professional qualities necessary to contribute to growth strategy and the strengthening of the long-term interests and sustainability of the Company, in line with the best market practices. With specific regard to the remuneration of the Executive Directors, the type of work performed and expected by the Company from the aforementioned persons, together with their intrinsic irreplaceability, means that their work is not comparable with the work performance of other Group employees.

The Company's Remuneration Policy and, in particular, the policy on variable components of remuneration, contributes to the Company's strategy and to the pursuit of its long-term interests and sustainability. This contribution is provided through the greater and more informed involvement of shareholders, who are called to express their binding vote on the Remuneration Policy, which describes each of the items comprising the remuneration of Directors and other key managers, and therefore has a different and more comprehensive content than resolutions relating to remuneration as referred to in art. 2364, 2389 and 2402 Civil Code. The remuneration of directors, senior managers and key managers, where identified, is defined so as to ensure an overall remuneration structure that is able to acknowledge the professional value of those involved and allow an appropriate balance between fixed and variable components, with the aim of creating sustainable value in the medium and long term and ensuring a direct link between remuneration and specific performance objectives.

In particular, the guidelines inspiring the Remuneration Policy are based on the following criteria:

- (i) the fixed component and variable component take into account the strategic objectives and associated business risks taken by the Company;
- (ii) the variable component has an upper limit;

- (iii) the fixed component is sufficient to remunerate the services of the person concerned should the variable component not be paid due to failure in achieving the assigned objectives;
- (iv) the performance objectives are:
 - priority, i.e. directly related to the medium to long term strategy of the Company;
 - specific, i.e. clear and concrete in terms of expected results;
 - measurable, i.e. assessed with clear and predefined indicators;
 - realistic, i.e. deemed achievable although challenging and ambitious;
 - defined over time, i.e. referred to a specific time dimension.

The Shareholders' Meeting resolves on the total amount of remuneration due to the Board of Directors. The remuneration of directors vested with special offices is set by the Board of Directors, following the opinion of the Board of Statutory Auditors and at the proposal of the Remuneration Committee.

The variable component will be paid only on achieving the expected result. The amount of the incentive to be paid to each person involved is determined based on the achievement of results effectively pursued. In this regard, it is worth mentioning that, at this point, the Company believes that it is unnecessary to introduce “clawback” clauses for the variable component of the compensation, since it believes that the Company's interest is protected in any case by the applicable provisions in the event of violations of laws or regulations.

In the event that the Company carries out particularly exceptional and strategically important transactions in terms of the impact on Company results, the Board of Directors, at the proposal of the Remuneration Committee, has the power to allocate, at its discretion, specific *bonuses* to executive directors and key managers, without prejudice to the procedure on transactions with related parties set out in the RPT Procedure, where applicable.

The Company may provide incentive and loyalty plans based on shares or other financial instruments, aimed at directors, employees and co-workers, including key managers, pursuant to art. 114-*bis* of the Consolidated Law on Finance, without prejudice to the procedure on transactions with related parties set out in the RPT Procedure, where applicable.

There are no deferred remuneration payment systems.

As incentive plans based on financial instruments were not in place at the date of this Report, there are no clauses for keeping the financial instruments in the portfolio after their acquisition.

The Remuneration Policy does not foresee stipulation with directors and key managers of agreements that regulate *a priori* the payment of indemnities and/or the assignment or other benefits (monetary and non-monetary) in the event of termination of office or relating to the possible early termination of the relationship by the Company or the person concerned. If it becomes necessary to sign such agreements, the safeguards relating to transactions with related parties set out in the RPT Procedure (where applicable) will apply and the Remuneration Committee must be consulted. In defining the Remuneration Policy, the Company has not used remuneration policies implemented by other companies as a reference and has not sought the cooperation of independent experts.

3. Remuneration of directors

Within the Board of Directors it is possible to distinguish between:

- (i) Non-executive directors: Directors.
- (ii) Executive directors:
 - the Chairman and Chief Executive Officer, Roberto Colaninno;
 - the Board Director with powers Michele Colaninno.

Non-executive directors

All non-executive directors are paid a fixed annual remuneration, as approved by the General Shareholders' Meeting.

Directors participating in the Internal Control and Risk Management Committee and the Remuneration Committee, both composed of all independent directors as required by the Corporate Governance Code, are paid an additional fixed amount in consideration of the additional commitment required.

The Deputy Chairman receives additional remuneration compared to the office of director.

Independent directors do not receive specific remuneration, except for those who are called upon to participate in the committees listed above. Independent Directors do not receive variable compensation and are not recipients of compensation plans based on financial instruments.

In addition, expenses incurred by directors for performance of their duties are reimbursed by the Company.

Non-executive directors benefit from “Directors and Officers” insurance coverage for liability concerning acts committed in the exercise of their functions, except in cases of malice and gross negligence.

The Remuneration Policy does not provide for the payment of non-monetary benefits to Executive Directors.

Executive directors

The remuneration of executive directors is composed as follows:

- i) a fixed annual component, determined to a significant extent, consistent with the position and commitment required and, in any case, such as to be sufficient to remunerate services rendered should the variable component not be paid due to failure in achieving the objectives of *referred to below*;
- ii) a variable component related to the objectives identified by the Strategic Plans and annual budget approved by the Company and, in line with the objective of creating value for shareholders over the medium to long term and with a correct risk management policy. The amount of the variable component, which in any case has a maximum limit (as specified *below*), is determined and paid annually by the Board of Directors with reference to objectives and results at individual and/or consolidated Group level, identified by the Board of Directors, on the proposal of the Committee and having heard the opinion of the Board of Statutory Auditors, in relation to the annual budget or the

results of the previous year, chosen from EBITDA, for a quota not exceeding 50%, the net financial position for a quota not exceeding 40% and sustainability for 10%. The amount of the incentive to be paid to each person involved is determined on the basis of the number of objectives and results pursued, as well as the degree of their achievement, all as verified by the Board of Directors, after consulting the Committee; for the variable component to become payable, there is a minimum number of objectives to be achieved, and there is a calculation system in place to take account of negative deviation from allotted objectives and results.

The variable is therefore paid on an annual basis with reference to long-medium term objectives defined in the three-year Strategic Plan and the annual budget.

At present, the Board of Directors has only approved the payment of the variable part of remuneration for the Chairman and Chief Executive Officer.

The variable component can reach up to a maximum of 30% of the amount established for fixed remuneration.

Executive directors benefit from "Directors and Officers" insurance coverage for liability concerning acts committed in the exercise of their functions, except in cases of malice and gross negligence.

The Remuneration Policy does not provide for the payment of fringe benefits to Executive Directors.

Considering the structure of the remuneration of the Chairman and Chief Executive Officer (and positions held by said), the Company did not deem it necessary - at the time - to introduce so-called "clawback" clauses on the variable remuneration component, considering that the interest of the Company was nevertheless protected by the provisions applicable in case of violations of the law or the regulations.

4. Remuneration of general managers and key managers

The remuneration of key managers (where identified) is determined in accordance with the general principles set out in paragraph 2., and comprises:

- (i) a fixed annual component, determined to a significant extent, consistent with the position and commitment required and, in any case, such as to be sufficient to remunerate services rendered should the variable component not be paid due to failure in achieving the objectives of *referred to below*;
- (ii) a variable annual component payable on achievement of predetermined corporate objectives (so-called MBO), linked to expected results based on the Strategic Plan approved by the Company. The variable component is equal to a predetermined percentage of the gross fixed annual remuneration, generally at least 50 % of the latter;
- (iii) fringe benefits such as allocation of Company vehicles, housing contributions and membership of pension and insurance plans that reflect normal pension and social security protection, as provided by the applicable National Collective Employment

Contract. The Remuneration Policy does not provide for the payment of other fringe benefits.

Key managers (where identified) are reimbursed for expenses incurred for the performance of their duties and benefit from “Directors and Officers” insurance coverage for liability concerning acts committed in the exercise of their functions, except in cases of malice and gross negligence, in addition to the general protection provided by the applicable National Collective Employment Contract.

At the date of this Report, no key managers have been identified within the Issuer's organisation chart.

5. Remuneration of the members of the control body

Pursuant to Article 2402 of the Italian Civil Code, the remuneration of the members of the Board of Statutory Auditors is determined by the Shareholders' Meeting at the time of appointment for their entire period of office.

6. Elements of the Remuneration Policy which may be waived in exceptional circumstances.

In exceptional circumstances the Company may waive the elements of the Remuneration Policy as described below.

It should be noted that "exceptional circumstances" are those situations in which a departure from the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market, such as but not limited to:

(i) the occurrence, at a national or international level, of extraordinary and unforeseeable events concerning the Company and/or the sectors and/or markets in which it operates, which significantly affect the Company's results, including the occurrence of significant negative effects not of a solely economic or financial nature, such as those resulting from the Covid-19 health emergency;

(ii) substantial changes in the organisation of the business, both of an objective nature (such as major corporate transactions, mergers, disposals, etc.), and of a subjective nature, such as changes in the top management and the appointment of persons (other than directors and statutory auditors) considered to be key executives that are relevant for the purposes of this Policy;

(iii) significant changes in the scope of the company's activity during the term of the Policy, such as the sale of a company/business unit on whose activity the performance objectives of the Policy were based, or the acquisition of a significant business not considered when preparing the Policy.

In any case, it is understood that any exceptions to the Policy will be subject to the prior examination of the Committee and to the application of the rules of the RPT Procedure.

Notwithstanding the above, the waiver may concern: (i) the modulation of the performance objectives to which variable remuneration is linked and the frequency with which they are set; (ii) a review of the criteria used to assess the objectives; (iii) a change in the ratio between fixed and variable components of remuneration; (iv) the award of one-off monetary bonuses; (v) the payment of special indemnities, in order to take into account the above-mentioned exceptional circumstances and only to the extent that this is conducive to the pursuit of the above-mentioned interests.

SECTION II

This section contains the individual remuneration for directors, statutory auditors and general managers and in aggregate form for key managers:

- in the first paragraph, (i) it provides an adequate, clear and understandable representation of each of the items that make up the remuneration, including benefits in the event of termination of office or termination of employment (if any), highlighting their compliance with the Company's remuneration policy approved in the previous year and the ways in which remuneration contributes to the Company's long-term results; (ii) it illustrates how the Company took into account the vote cast the previous year by the Shareholders' Meeting on Section Two of the Remuneration Report;
- in the second paragraph, it explains in detail the remuneration paid in the reporting year (i.e. 2020, hereinafter the "**Reporting Year**") for whatever reason and in whatever form by the Company and by its subsidiaries or associates, highlighting any components of said remuneration related to activities carried out in previous years and also remuneration payable in one or more subsequent periods for activity carried out in the reporting period, possibly indicating an estimated value for components not objectively quantifiable in the reporting year;
- in the third paragraph, it indicates, with the criteria laid down in Attachment 3A, Schedule 7-ter of the Consob Regulation on Issuers, investments held, in the Issuer and its subsidiaries, by members of the Controlling Bodies, by the general manager and by other key managers (where identified), as well as their not-legally-separated spouses and children (minors), directly or through subsidiaries, trust companies, or through an intermediary, according to the Shareholders' Register, communications received and other information acquired from the members of Controlling Bodies themselves, from the general manager and from key managers (where identified).

It should be noted that the independent auditors PricewaterhouseCoopers S.p.A. has verified – in compliance with the provisions of art. 123-ter, paragraph 8-bis, of the Consolidated Law on Finance – that the Board of Directors of Piaggio has prepared this Section of the Remuneration Report.

1. Remuneration for members of the Board of Directors and Statutory Auditors, to general managers and key managers

The Shareholders' Meeting of 16 April 2018 set the gross annual compensation for each member of the Board of Directors at Euro 40,000 for the entire term of office and until otherwise resolved by the Shareholders' Meeting, excluding from this amount the remuneration of directors holding special offices *pursuant* to Article 2389, paragraph 3, of the Italian Civil Code and compensation for any special assignments.

An additional remuneration of Euro 10,000 was paid to the directors called to participate in the Internal Control and Risk Management Committee and to the Remuneration Committee, as decided by the Board of Directors on 16 April 2018, in consideration of the greater commitment required. The Chairman of the Internal Control and Risk Management Committee receives remuneration of Euro 20,000.

The remuneration of the Chairman and Chief Executive Officer and Deputy Chairman was approved by the Board of Directors on 16 April 2018, having obtained the opinion of the Board of Statutory Auditors and following the proposal of the Remuneration Committee.

The remuneration of the Chairman and Chief Executive Officer, as provided for by the Remuneration Policy, consists of a gross annual fixed component of Euro 1,250,000 (plus Euro 40,000 annual gross for the office of director) and a variable component. The amount of the variable component payable (which can reach up to a maximum of 30% of the amount established for the fixed remuneration) is determined by the Board of Directors, at the proposal of the Remuneration Committee.

For the financial year, the Remuneration Committee met to formulate the proposal to be presented to the Board of Directors, and thus determined that the variable component of the remuneration of the Chairman and Chief Executive Officer for the financial year would be Euro 375,000, equal to 30% of the fixed component. This variable component was confirmed by the resolution of the Board of Directors on 2 March 2021.

The aforementioned percentage of the fixed component was calculated by taking into consideration internal elements affecting the Company's business – such as turnover, EBITDA, net financial position – achieved against the difficult and challenging context that was a feature of FY 2020 due to the ongoing pandemic, as well as on the basis of external objective evidence, made up, first and foremost, by the stock market performance achieved by Piaggio from 1 June 2020 until 26 February 2021, compared with the average performance of the main benchmark indexes.

Such performance is naturally the result of industrial and commercial policies which have seen the Company offer the market – in this ‘annus horribilis’ – a series of innovative models that have pleased customers and contributed to the achievement of the said results. The fixed and variable components represent 77.48% and 22.52%, respectively, of total remuneration, calculated as the percentage of the sum of fixed and variable remuneration, respectively.

The Deputy Chairman of the Company receives remuneration of Euro 100,000 in addition to Euro 40,000 per year for being a Director.

The Board of Directors, after consulting with the Board of Statutory Auditors and as proposed by the Remuneration Committee, also decided on granting the Director with powers Michele Colaninno – an additional compensation totalling of Euro 250,000 per year

on top of the Euro 40,000 received for being a director, of which: (i) Euro 100,000 per year for powers to be exercised within the scope of the Group's activities; (ii) Euro 150,000 per year for powers granted in the context of product and marketing strategies.

Please note that at the date of this Remuneration Report, the Board of Directors has not identified the key managers.

No agreements have been stipulated with the directors that regulate economic aspects (indemnities and/or other benefits) *ex ante* in the event of termination of office or with regard to any form of termination of the employment relationship at the initiative of the Company or the interested party.

There are no agreements assigning or maintaining non-monetary benefits for persons who have ceased to hold office or to enter into consultancy contracts for a period after the termination of the relationship.

There are no agreements providing for compensation for non-competition commitments.

There are no *ex post* correction mechanisms for the variable remuneration component.

On 16 April 2018, the Company's Ordinary Shareholders' Meeting resolved to set the remuneration for Statutory Auditors at Euro 40,000 gross per year for each statutory auditor, and Euro 75,000 gross per year for the Chairman of the Board of Statutory Auditors. The statutory auditor Giovanni Barbara, as member of the Supervisory Board, receives further annual remuneration of Euro 25,000.

The following is comparative information, for financial years 2019 and 2020, of the annual change in:

- (i) the total remuneration of each of the individuals for whom the information in this Section of the Report is provided by name;
- (ii) the Company's results;
- (iii) average gross annual remuneration, computed on the basis of full-time employees, of employees other than those whose remuneration is shown by name in this section of the Report.

	2019	2020
Total remuneration of persons for whom information is provided by name		
Roberto Colaninno	Euro 1,665,000	Euro 1,665,000
Matteo Colaninno	Euro 140,000	Euro 140,000
Michele Colaninno	Euro 290,000	Euro 290,000
Federica Savasi	Euro 40,000	Euro 40,000
Andrea Formica	Euro 60,000	Euro 60,000
Giuseppe Tesauro	Euro 60,000	Euro 60,000
Graziano Gianmichele Visentin	Euro 70,000	Euro 70,000
Maria Chiara Carrozza	Euro 40,000	Euro 40,000
Patrizia Albano	Euro 40,000	Euro 40,000
Piera Vitali	Euro 75,000	Euro 75,000
Giovanni Barbara	Euro 65,000	Euro 65,000

Daniele Girelli	Euro 40.000	Euro 40.000
Company results		
NFP	429.7 m€	423.6 m€
<u>Average gross annual remuneration of full-time employees other than persons whose remuneration is shown by name</u>		
Average remuneration for full-time employees	Euro 35,899	Euro 36,330

* * *

For the sake of completeness, it should be noted that the remuneration paid during the Reporting Year is consistent, in its amount and in its constituent items, with the Remuneration Policy defined by the Company and last approved by the Shareholders' Meeting on 22 April 2020. The aforementioned Shareholders' Meeting also voted in favour of Section II of the Report, with a non-binding resolution approved by a majority of 93.87% of those attending the vote. Therefore the Company believes that it has adequately represented the views that make up the remuneration of the relevant persons indicated in this Section II, in accordance with the requirements of applicable regulations.

2. Details of remuneration paid in the Reporting Year

Fixed remuneration: are shown separately, possibly in a footnote and on an accrual basis: (i) remuneration approved by the Shareholders meeting for the period, even if not paid; (ii) attendance fees; (iii) lump-sum expense reimbursement; (iv) remuneration received for performing special duties, pursuant to article 2389, paragraph 3 of the Italian Civil Code (for example, Chairman, Deputy Chairman); (v) fixed remuneration from employment gross of tax and social security charges borne by the employee, excluding mandatory collective insurance social security charges borne by the Company and the termination benefit provision. The other components of remuneration from employment (bonuses, other remuneration, fringe benefits, etc.) are indicated in the corresponding columns, specifying in the notes the part paid for the office of director and that for employment.

Remuneration for participation in committees this is indicated on an accrual basis and may be indicated at an aggregate level. An indication is provided in the notes of the committees to which the director belongs and, in the event of participation in several committees, the remuneration received for each.

Bonuses and other incentives: remuneration accrued (*vested*), even if not yet paid, during the year for targets achieved in the same year, based on monetary incentive plans, is included. The amount is shown on an accruals basis even if the approval of the financial statements has not yet taken place and including the part of the bonus that may be deferred. Under no circumstances are *stock-options* assigned or exercised or other remuneration in financial instruments included.

Profit sharing the amount accruing is indicated, even if approval of the financial statements and distribution of profits have not yet taken place.

Fringe benefits the value of *fringe benefits* (according to a criterion of tax liability), including any insurance policies and supplementary retirement funds, is indicated

Other remuneration any additional remuneration arising from other services provided is shown separately on an accrual basis. Information on any loans, advance payments and guarantees granted by the Company or its subsidiaries to Executive Directors and to the Chairman of the Board, in the case in which, taking into account the particular conditions (other than those of the market or applicable in a standardised form to categories of persons), they represent a form of indirect remuneration, is included in the notes.

Fair Value of *equity* remuneration the *fair value* at the grant date of remuneration accruing in the year for incentive plans based on financial instruments, estimated according to international accounting standards, is indicated².

Termination of office or employment indemnity the indemnity accrued, even if not yet paid, in favour of Directors for termination of office during the reporting year, with reference to the financial year in which termination of office actually took place, are indicated. The estimated value of any fringe benefits, the amount of any consulting contracts and indemnity related to any non-competition clauses is also indicated. The amount of the indemnity related to non-competition clauses is indicated only once when the office is terminated, specifying in the first part of the second section of the report the duration of the non-competition clause and the actual payment date.

Note that the table below includes all the those who held office as a member of the governance and control bodies or as a Senior Manager or Key Manager at any time over the year, including for only a fraction of the year.

² This item does not refer to the entire allocation of *equity* remuneration made during the year, but only to the part recognised in the financial statements, in accordance with the accounting standards that require the vesting period of the rights themselves, spreading the related cost over said period, to be taken into account.

Table 1 - Remuneration paid to members of the Board of Directors, general managers and key managers.

Full name	Position	Period in which the office was held	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity remuneration	Termination of office or employment indemnity
Roberto Colaninno	Chairman/CEO	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	1,290,000			Share of profits			1,665,000		
						Bonuses and other incentives						
(I) Remuneration in the company preparing accounts				1,290,000		375,000				1,665,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				1,290,000						1,665,000		
Matteo Colaninno	Deputy Chairman	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	140,000			Share of profits			140,000		
						Bonuses and other incentives						
(I) Remuneration in the company preparing accounts				140,000						140,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				140,000						140,000		
Michele Colaninno	Director with powers	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	290,000			Share of profits			290,000		
						Bonuses and other incentives						
(I) Remuneration in the company preparing accounts				290,000						290,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				290,000						290,000		
Federica Savasi	Director	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	40,000			Share of profits			40,000		
						Bonuses and other incentives						
(I) Remuneration in the company preparing accounts				40,000						40,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000						40,000		

Andrea Formica	Director	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	40,000	10,000 (Member RC)				60,000		
					10,000 (CRC member)	Bonuses and other incentives	Share of profits				
(I) Remuneration in the company preparing accounts				40,000	20,000				60,000		
(II) Remuneration from subsidiaries and associates											
(III) Total				40,000	20,000				60,000		
Giuseppe Tesauro	Director	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	40,000	10,000 (Chairman RC)				60,000		
					10,000 (CRC member)	Bonuses and other incentives	Share of profits				
(I) Remuneration in the company preparing accounts				40,000	20,000				60,000		
(II) Remuneration from subsidiaries and associates											
(III) Total				40,000	20,000				60,000		
Graziano Gianmichele Visentin	Director	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	40,000	20,000 (Chairman CRC)				70,000		
					10,000 (Member RC)	Bonuses and other incentives	Share of profits				
(I) Remuneration in the company preparing accounts				40,000	30,000				70,000		
(II) Remuneration from subsidiaries and associates											
(III) Total				40,000	30,000				70,000		
Maria Chiara Carrozza	Director	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	40,000					40,000		
						Bonuses and other incentives	Share of profits				
(I) Remuneration in the company preparing accounts				40,000					40,000		
(II) Remuneration from subsidiaries and associates											
(III) Total				40,000					40,000		
Patrizia Albano	Director	01/01/20 - 31/12/20	Approval of 2020 Financial Statements	40,000					40,000		
						Bonuses and other incentives	Share of profits				
(I) Remuneration in the company preparing accounts				40,000					40,000		

(II) Remuneration from subsidiaries and associates										
(III) Total	40,000						40,000			

Table 2 – Remuneration paid to members of the Board of Statutory Auditors.

Full name	Position	Period in which the office was held	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity remuneration	Termination of office or employment indemnity
						Bonuses and other incentives	Share of profits					
Piera Vitali	Chairman	01/01/2020-31/12/2020	Approval of 2020 Financial Statements	75,000						75,000		
						Bonuses and other incentives	Share of profits					
(I) Remuneration in the company preparing accounts				75,000					75,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				75,000					75,000			
Giovanni Barbara	Statutory Auditor	01/01/2020-31/12/2020	Approval of 2020 Financial Statements	40,000	25,000 (Member of the Supervisory Board)					65,000		
						Bonuses and other incentives	Share of profits					
(I) Remuneration in the company preparing accounts				40,000	25,000				65,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000	25,000				65,000			
Daniele Girelli	Statutory Auditor	01/01/2020-31/12/2020	Approval of 2020 Financial Statements	40,000						40,000		
						Bonuses and other incentives	Share of profits					
(I) Remuneration in the company preparing accounts				40,000					40,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000					40,000			
Gianmarco Losi	Alternate Auditor		Approval of 2020 Financial Statements	-						-		
						Bonuses and other incentives	Share of profits					
(I) Remuneration in the company preparing accounts				-					-			
(II) Remuneration from subsidiaries and associates												
(III) Total				-					-			
Fabrizio Piercarlo Bonelli	Alternate Auditor		Approval of 2020 Financial Statements	-						-		
						Bonuses and other incentives	Share of profits					
(I) Remuneration in the company preparing accounts				-					-			

(II) Remuneration from subsidiaries and associates									
(III) Total	-						-		

Table 3B. Bonus monetary compensation for members of the board of directors, general managers and other key managers

Below is the disclosure with particular reference to monetary *bonuses* paid to members of the Board of Directors, as provided for in Schedule 7-bis of Attachment 3A to the Consob Regulation on Issuers no. 11971/99.

"Column 2A" shows the *bonus* for the year accrued for the objectives achieved during the year and paid or payable because it is not subject to further conditions (upfront compensation).

"Column 2B" shows the *bonus* linked to objectives to be achieved during the year but which cannot be paid out because it is subject to additional conditions (deferred *bonus*).

"Column 3A" shows the sum of *bonuses* deferred in previous years still to be paid at the beginning of the financial year and no longer payable due to failure to meet the conditions to which they are subject.

"Column 3B" shows the sum of *bonuses* deferred in previous years still to be paid at the beginning of the year and paid out during the year or payable.

"Column 3C" shows the sum of *bonuses* deferred in previous years still to be paid at the beginning of the year and further deferred.

The sum of the amounts indicated in columns 3A, 3B and 3C corresponds to the sum of the amounts indicated in columns 2B and 3C for the previous financial year. The column "Other Bonuses" shows *bonuses* for the year not explicitly included in specific plans defined in advance.

(A)	(B)	(1)	(2)			(3)			(4)
Full name	Position	Stock Option Plan	Bonus 2020			Bonuses from previous years			Other bonuses
Roberto Colaninno	Chairman of Piaggio & C. S.p.A.		(A) Payable/Paid	(B) Deferred	(C) Deferral period	(A) No longer payable	(B) Payable/Paid	(C) Further deferred	
(I) Remuneration in the company preparing accounts	Piaggio & C. S.p.A. BoD Resolution 02/03/2021		375,000						
(II) Remuneration from subsidiaries and associates									
(III) Total			375,000						

3. Investments of members of the administrative and control bodies, general managers and key managers (Scheme no. 7)-ter of Annex 3A to the Consob Regulation on Issuers)

The members of the administrative and control bodies do not hold investments in the Company or in its subsidiaries.