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**CONSOLIDATED  
NON-FINANCIAL  
STATEMENT -  
LEGISLATIVE  
DECREE 254 OF  
30 DECEMBER 2016**

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# CONSOLIDATED NON-FINANCIAL STATEMENT - LEGISLATIVE DECREE 254 OF 30 DECEMBER 2016

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## METHODOLOGY

This Non-Financial Statement (hereinafter also “NFS” or statement) is published by Piaggio & C. S.p.A. (hereinafter “Piaggio” or the “Group”) in compliance with Legislative Decree no. 254/2016 (Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups). This Non-Financial Statement is subject to a limited assurance engagement by Deloitte & Touche S.p.A., in accordance with the criteria in ISAE 3000 Revised.

<b>REPORTING PERIOD</b>	2022 Financial year (from 1 January to 31 December 2022). Data relative to 2021 are presented for comparison.
<b>DATE OF PUBLICATION</b>	This document was published on 27 March 2023. The 2021 DNF was published on 18 March 2022.
<b>REPORTING PERIMETER</b>	<p>The scope of the information and financial data is the same as that of the Piaggio Group Consolidated Financial Statements. The scope of environmental and social information and data contained in the NFS comprises the companies consolidated on a line-by-line basis in the Consolidated Financial Statements of the Piaggio Group. It should be noted that environmental (consumption, emissions, water, waste), purchasing and health and safety data include the production plants only, since the data of the sales companies, research centres and offices in Rome and Milan are not significant on the whole and, as far as the environmental data are concerned, in some cases impossible to collect since they sometimes operate in buildings shared with third parties.</p> <p>For further details on the scope of consolidation for various topics addressed, see the table in the section “Materiality Analysis”.</p> <p>It should be noted that with regard to contributions and initiatives to support the community, information on the Piaggio Foundation – an entity not included in the Group’s scope of consolidation – is also included. This information refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation of quantitative information of the NFS.</p> <p>The report duly indicates when aggregate data derive from estimates; any restatements of data from previous years with respect to published figures, due to improvements in the collection and reporting process, are clearly indicated as such. In some cases, data could be affected by rounding off defects due to the fact that figures are represented in thousands/millions; changes and percentages are calculated based on specific data.</p>
<b>CONTENT</b>	The contents of the NFS were chosen on the basis of the materiality process according to the GRI Standards, as well as focusing on the non-financial issues referred to in Legislative Decree 254/2016.
<b>REPORTING STANDARD</b>	This Declaration, published on an annual basis, is prepared pursuant to Legislative Decree 254/2016 and in accordance with the GRI Sustainability Reporting Standards published by the Global Reporting Initiative – GRI (with application level “In Accordance”).
<b>INFORMATION PURSUANT TO REGULATION (EU) 2020/852 AND RELATED DELEGATED REGULATIONS (SO-CALLED “EU TAXONOMY”)</b>	<p>Piaggio &amp; C. S.p.A. has an obligation to include in the document, published on or after 1 January 2022, the disclosure required by the regulations in question regarding the Group’s eco-sustainable activities, in relation to which reference is made to the paragraph “European Taxonomy”.</p> <p>This disclosure for the 2022 financial year concerns the proportion, compared to the total, of the Group’s turnover, investments and operating costs (as defined by Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021) relating to activities eligible for and aligned with the Taxonomy with reference to the objectives of mitigation and adaptation to climate change, as covered by the annexes to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, as well as certain qualitative information.</p> <p>In this regard, it should be noted that the limited review of this Consolidated Non-Financial Statement carried out by the independent auditors Deloitte &amp; Touche S.p.A. does not extend to this disclosure.</p>

## DESCRIPTION OF THE PROCESS TO IDENTIFY MATERIAL ISSUES FOR NON-FINANCIAL STATEMENT PURPOSES

As mentioned above, for the purposes of sustainability reporting, Piaggio applies the Standards published by the Global Reporting Initiative, which call for a materiality analysis process to identify the topics considered most relevant and which, therefore, must form the backbone of the information provided by the Group.

Piaggio updates its materiality analysis every year in order to capture economic, environmental and social impacts for the Group or that can substantially influence stakeholders' assessments and decisions.

### Materiality analysis

According to the GRI Standard methodology, a sustainability topic is material (impact materiality) if it is related to negative or positive, actual or potential impacts on the economy, environment, and people, including impacts on their human rights, caused by the organisation's activities and investments, its products and/or services or its value chain, in the short, medium and long term. The materiality of impacts is measured by considering their severity as well as the likelihood of occurrence.

The Group's materiality analysis process was coordinated by the CSR Manager (Finance Department) with the support of the Group's Consolidated Reporting and Sustainability Function. This process, consistent with GRI 3 Material topics 2021, was carried out in the following steps:

1. Understanding and assessing the context (business, environment, social/political) in which the Group operates, as well as identifying relevant stakeholders;
2. Based on this context, identification of the positive and negative, actual and potential impacts that the Group's activities could generate on the economy, the environment and people, including those on their human rights, in the context of the organisation's activities and business relations;
3. Evaluation of impacts through the involvement of top management and a category of stakeholders (suppliers);
4. Prioritisation of impacts and aggregation into material themes.

The Group's top managers were asked to assess, through the completion of a questionnaire, the severity and likelihood of occurrence of the previously identified positive and negative impacts that the Group's business could cause.

The result of this analysis was compared with the opinion given by some suppliers. After the assessments were collected, impacts were prioritised and those found to be material were aggregated into material themes.

The issues that were found to be material as a result of the materiality analysis are summarised in the following table:

MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Creation of economic value	Wealth creation for shareholders, suppliers, lenders and employees			
	Possible inability to pay suppliers and lenders and/or unsatisfactory shareholder remuneration due to failure to achieve set growth targets	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>Externally audited mandatory financial information</li> <li>Group management is subject to an ongoing skills training programme</li> </ul>
Innovation of product and sustainable mobility	Meeting the need for sustainable mobility			
	Pollution due to low recyclability/recoverability of end-of-life vehicles	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>The technologies and materials used in the design and construction of the Group's vehicles are intended to be environmentally friendly and allowing effective end-of-life disposal</li> </ul>
	CO <sub>2</sub> emissions from the production of vehicles with obsolete engines	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>Significant investment in research and development</li> </ul>
Climate change	CO <sub>2</sub> emissions from suppliers' production activities	Related to the Group through its business relations	Suppliers of production companies	<ul style="list-style-type: none"> <li>Suppliers must sign Piaggio's Code of Ethics or general terms and conditions of supply, which require an explicit commitment to the pursuit of sustainable development while respecting the environment and environmental regulations</li> </ul>
	CO <sub>2</sub> emissions from transport of components from suppliers	Related to the Group through its business relations	Suppliers of production companies	<ul style="list-style-type: none"> <li>Suppliers must sign Piaggio's Code of Ethics or general terms and conditions of supply, which require an explicit commitment to the pursuit of sustainable development while respecting the environment and environmental regulations</li> </ul>
	CO <sub>2</sub> emissions from transport of vehicles and spare parts to the sales network	To which the Group contributes indirectly and related to the Group through its business relations	Manufacturing and trading companies, logistics service providers and sales network	<ul style="list-style-type: none"> <li>The vehicles and equipment used by logistics operators must meet the quality standards required by Piaggio and are subject to inspections by Piaggio</li> </ul>
	CO <sub>2</sub> emissions from production activities at group plants	Caused by the Group	Manufacturing companies	<ul style="list-style-type: none"> <li>Environmental certification ISO 14001</li> <li>Continuous infrastructure improvements aimed at rationalising energy use</li> <li>Plans to audit and monitor energy consumption</li> </ul>
	CO <sub>2</sub> emissions from vehicle use by customers	To which the Group contributes indirectly and related to the Group through its business relations	All Group companies and customers	<ul style="list-style-type: none"> <li>Development of alternative powertrains (i.e. hybrid/electric)</li> <li>Heavy investment in research and development</li> </ul>
	Potential pollution in the case of uncontrolled emissions of Volatile Organic Compounds (i.e. paint solvents)	Caused by the Group	Manufacturing companies	<ul style="list-style-type: none"> <li>Environmental certification ISO 14001</li> <li>Continuous infrastructure improvements and rigorous maintenance plans</li> </ul>
	Potential pollution in the event of higher vehicle emissions in actual use than declared	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>Rigorous quality control system</li> </ul>



MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Customer Satisfaction	Possible customer dissatisfaction with inefficiencies or problems in the sales/after-sales network (e.g. long diagnostic/delivery times, use of non-original spare parts etc.)	Caused by the Group and related to the Group through its business relations	All Group companies and sales network	<ul style="list-style-type: none"> <li>- Customer satisfaction analyses and development of action plans in the event of identification of improvement points with reference to the service provided by the network</li> <li>- New IT systems to improve monitoring of the sales/after-sales network and the level of customer care</li> </ul>
	Possible customer dissatisfaction in the event of insufficient sales network coverage/after-sales service	Caused by the Group and related to the Group through its business relations	All Group companies and sales network	<ul style="list-style-type: none"> <li>- Geo-marketing system for optimal geographical coverage via the network</li> </ul>
	Possible customer dissatisfaction in the case of a product range offered that is not in line with market requirements or product characteristics communicated	Caused by the Group	Manufacturing companies and suppliers of manufacturing companies	<ul style="list-style-type: none"> <li>- Huge investments in Research and Development</li> </ul>
Supporting on local communities	Supporting charity initiatives and organising cultural events			
Product safety and reliability	Potential customer injuries or unavailability of the vehicle due to product defects attributable to errors/omissions by suppliers	To which the Group contributes indirectly and related to the Group through its business relations	Manufacturing companies	<ul style="list-style-type: none"> <li>- Huge investments in Research and Development</li> <li>- Development of ARAS devices, motorbike airbags and electronic controls</li> <li>- Intensive scouting and inspection of suppliers</li> </ul>
	Potential customer injuries or unavailability of the vehicle due to product defects attributable to errors/omissions in quality control, product development, production	Caused by the Group	Manufacturing companies	<ul style="list-style-type: none"> <li>- ISO 9001:2015 certification</li> <li>- Strict quality control system during product development, the production process and before shipment to the customer</li> <li>- Huge investments in Research and Development</li> </ul>
Developing human resources	Potential employee dissatisfaction due to the company's inability to provide a motivating and satisfying work environment	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>- Piaggio adopts personnel selection, development and remuneration systems that recognise and reward merit and performance</li> <li>- The centrality of human resources and the development of core competencies for the development of the business are at the heart of the relationship with people and are reflected in the various company policies</li> <li>- Internal communication tools</li> </ul>

MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Developing human resources	Potential employee dissatisfaction due to lack of a training and professional development plan	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>- The Group's human resources development policies focus on building, maintaining and developing factors that are instrumental for competing in international contexts which are continually evolving</li> <li>- Development Paths/Career Paths</li> <li>- Transparency of the evaluation system</li> <li>- Training Plan</li> </ul>
	Potential tensions in the company's relations with trade union representatives	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>- The Piaggio Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focused on attention, engagement and a common understanding</li> </ul>
Responsible management and respect for human rights in the supply chain	Possible non-compliance with human rights and ESG principles by suppliers	To which the Group contributes indirectly and related to the Group through its business relations	Manufacturing companies and suppliers of manufacturing companies	<ul style="list-style-type: none"> <li>- Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products</li> </ul>
Health and Safety	Potential injuries to workers, outbreaks of occupational diseases and risk of contagion if the company fails to provide a safe and healthy workplace	Caused by the Group	All Group companies and external workers <sup>14</sup>	<ul style="list-style-type: none"> <li>- ISO 45001 certification</li> <li>- Periodic occupational health and safety training</li> <li>- Personal protective equipment and operating instructions</li> </ul>
	Potential damage/injury when using materials/substances harmful to persons	Caused by the Group	Manufacturing companies	<ul style="list-style-type: none"> <li>- Product compliance with Reg. 1907/2006 REACH and EU Directive 2000/53/EC End Of Life</li> </ul>

14. External workers include external companies operating at Piaggio's Italian production plants.

MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Business integrity	Any conduct in violation of laws and regulations and unlawful acts of collusion/corruption by employees	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>- Adoption of the Group Code of Ethics</li> <li>- Use of instruments, including organisational tools, to ensure respect for the principles in the Group Code of Ethics</li> </ul>
Waste handling	Waste generation and potential pollution in the case of non-classification / characterisation of waste	Caused by the Group	Manufacturing companies	<ul style="list-style-type: none"> <li>- Environmental certification ISO 14001</li> </ul>
Conserving water resources	Possible reduction of available water resources in water-stressed areas	Caused by the Group	Manufacturing companies	<ul style="list-style-type: none"> <li>- Piaggio is careful to choose technologies that minimise the use of water resources, monitors water usage and partly reuses the water withdrawals</li> </ul>
Diversity and equal opportunity	Incidents of discrimination or exclusion of employees for reasons related for example to age, culture, ethnic origin, religion, political opinion, civil status, gender, physical ability, sexual orientation	Caused by the Group	All Group companies	<ul style="list-style-type: none"> <li>- The Group's focus on diversity management is demonstrated by the adoption of the Code of Ethics, compliance with international equal opportunity legislation and the issuance of policies that protect the forms of diversity already present in the organisation, such as the Sexual Harassment policy in place in the Indian affiliate</li> </ul>

Compared to last year, there were no significant changes in the topics identified; as in previous years, only the topic of biodiversity did not cross the threshold of materiality. Piaggio's production sites are not located in protected areas or areas with high levels of biodiversity. The sole exception is the Scorzè site, which although located in an industrial zone, conveys its waste water into the drainage basin of the Venetian Lagoon. As such, the production site is subject to restrictions imposed by specific laws. The 2022 materiality analysis was reviewed by the Audit, Risk and Sustainability Committee in its meeting of 20 February 2023 and approved by the Board of Directors of Piaggio & C. S.p.A. on 24 February 2023.



## Expectations and ways of involving stakeholders

The Piaggio Group has always paid considerable attention to engaging with stakeholders, i.e. all entities inside and outside the organisation whose activities have an impact on company operations. In fact stakeholders are defined as having an interest in or various expectations (social, economic, professional, human) of the Company.

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



MAP OF  
PIAGGIO GROUP  
STAKEHOLDERS

## Customers and dealers

Engagement methods:

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

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Quality, safety and reliability of products.	<ul style="list-style-type: none"> <li>- Investment in ever safer and more reliable products.</li> <li>- Obtaining quality certification.</li> </ul>
Low/zero consumption and emissions.	<ul style="list-style-type: none"> <li>- Study of innovative engines with low/zero consumption and emissions.</li> </ul>
Rapid response and problem solving.	<ul style="list-style-type: none"> <li>- Effort to improve professionalism, timeliness and courtesy of the contact centre personnel and dealers.</li> </ul>
Sales support.	<ul style="list-style-type: none"> <li>- Development of a dedicated website and a new sales format.</li> </ul>

## Suppliers

Engagement methods:

- Daily relations
- Supplier portal
- Impact assessment questionnaire

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Continuity of supplies.	<ul style="list-style-type: none"> <li>- Implementation of the Supplier Portal, also used for the automated management of supply orders.</li> </ul>
Collaboration and sharing of best practices.	<ul style="list-style-type: none"> <li>- Vendor rating campaigns.</li> <li>- Appropriate conduct guidelines to prevent incidents of corruption.</li> </ul>

## Local Communities

Engagement methods:

- Meetings, exhibitions and events
- Rallies
- Charity activities

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Contributions to support charity initiatives.	<ul style="list-style-type: none"> <li>- Support for numerous charity initiatives.</li> </ul>
Organisation of rallies and events for connoisseurs.	<ul style="list-style-type: none"> <li>- The Group historically organises rallies and races for its customers.</li> </ul>
Development of local communities.	<ul style="list-style-type: none"> <li>- The Piaggio Foundation and the Piaggio Museum are a meeting place and cultural reference for the territory.</li> </ul>
Respecting the environment.	<ul style="list-style-type: none"> <li>- Attainment of environmental certification for production sites.</li> </ul>

## Institutions and the public administration

Engagement methods:

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

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

## Media

Engagement methods:

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

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

## Shareholders and lenders

Engagement methods:

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

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Clear and timely information.	- Promotion of ongoing dialogue with analysts and lenders.
Remuneration and asset value of investments.	- Treasury share buying policy and dividend policy.

## Human resources

Engagement methods:

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

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

## Universities and Research Centres

Engagement methods:

- Cooperation in research projects
- Teaching/internship activities

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





## THE BUSINESS MODEL

The Piaggio Group today has three distinct core segments:

- 2-wheelers, scooters and motorbikes from 50cc to 1,100cc;
- light commercial vehicles, 3- and 4-wheelers;
- the robotics division with Piaggio Fast Forward, the Group's research centre on the mobility of the future based in Boston.

There were no significant changes in either the corporate structure or the chain of control or supply chain in the financial year 2022.

### Generation of sustainable value

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

To this end, the Group uses the following capital:

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

### Our resources

#### FINANCIAL CAPITAL

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

#### PRODUCTION CAPITAL

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

- **Pontedera (Pisa)**, the main technical headquarters of the Group, which manufactures Piaggio, Vespa and Gilera brand two-wheeler vehicles, light transport vehicles for the European market and engines for scooters, motorcycles and Ape vehicles;
- **Noale (Venice)**, the technical centre for the development of motorcycles for the entire Group, and the headquarters of Aprilia Racing;
- **Scorzè (Venice)**, a factory for the production of Aprilia brand two-wheeler vehicles;
- **Mandello del Lario (Lecco)**, a factory which produces Moto Guzzi vehicles and engines;
- **Baramati (India, in the state of Maharashtra)**, with plants dedicated to the manufacture of three-wheeler commercial vehicles, Vespa and Aprilia brand scooters and engines;
- **Vinh Phuc (Vietnam)** where Vespa and Piaggio scooters and engines are produced;
- **Jakarta (Indonesia)** for the assembly of Vespa scooters (operational from November 2022).

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



## INTELLECTUAL CAPITAL

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

Moreover, since 2015, with the establishment of the Piaggio Fast Forward company, the Piaggio Group has developed a new way of doing research, to interpret the signs of change and find intelligent solutions to problems and new needs that will arise.

Piaggio Fast Forward aims to help the Piaggio Group, in cooperation with its Research and Development Centres around the world, to develop increasingly technological and innovative products that meet the changing needs of consumers.

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

## HUMAN CAPITAL

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

## RELATIONAL CAPITAL

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

## **How we build our strategic advantage**

### ORGANISATIONAL STRUCTURE

The Piaggio Group is structured into and operates within geographic segments (EMEA and Americas, India and Asia Pacific), for the development, manufacture and distribution of two-wheeler and commercial vehicles, as well as new mobility solutions.

Each geographic segment is equipped with production facilities and a sales network specifically dedicated to customers in this region.

The Group boasts an agile and flexible production capacity, enabling it to adapt quickly to the needs of the market.

### A UNIQUE BRAND PORTFOLIO

The Piaggio Group sells two-wheeler vehicles under the brands **Piaggio**, **Vespa**, **Aprilia**, **Moto Guzzi**, and commercial vehicles under the brands **Ape** and **Porter**. Some of the Piaggio Group brands are the most prestigious and historic in the world of motorcycle racing. **Moto Guzzi** celebrated its centenary in 2021. One hundred years of stunning motorcycles, of victories, of adventures, of extraordinary characters who have created the myth of the "Brand of the Eagle". **Aprilia** has made a name for itself as one of the world's most successful manufacturers participating in the World Speed and Superbike Championships. In the scooter sector, the legendary **Vespa** brand has been synonymous with two-wheel mobility since 1946, and with over 19 million units produced to date, it represents a commercial success story of incredible longevity, as well as being one of the most recognisable icons of Italian style and technology in the world.

## DISTRIBUTION AND SERVICE NETWORK

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

Since the right location is essential in order to enable each brand to express its values, for a number of years Piaggio has been using a new distribution format called "Motoplex", joined by about 1,000 2W sales points around the world. The Motoplex concept is based on the idea of showcasing "brand islands", giving the customer the real experience of the brand represented.

## PRODUCT RANGE

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

The Piaggio Group's product range includes scooters and motorbikes with combustion engines from 50 to 1,100cc and electric motors, three and four-wheeled light commercial vehicles and an electric scooter distributed under the Aprilia brand. Moreover, the American affiliate Piaggio Fast Forward has been selling the GITA since November 2019, only in the USA. This smart robot is powered by electric motors and equipped with sensors and cameras, to follow people and avoid obstacles, and can transport up to 40 pounds.

In a society which is increasingly aware of the issue of sustainability, creating products with low environmental impact, in factories that are safe, non-polluting and do not waste resources, is becoming vital for survival.

Constant focus is placed on research into vehicles that are at the cutting edge in terms of:

- **Ecology and ability to contribute to the mitigation of Climate Change:** products able to avoid or in any case reduce emissions of polluting gases and greenhouse gases (CO<sub>2</sub>) both in urban-area and extra-urban use; this is achieved by introducing electric engines and further developing traditional engine technologies (increasingly sophisticated internal combustion engines), as well as the Group making more use of renewable, 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 lower running and maintenance costs.

## QUALITY CONTROL

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

## SUPPLY CHAIN

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

Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products.

## ENVIRONMENTAL SUSTAINABILITY

Piaggio aims to adopt a model of sustainable development that not only meets the expectations of stakeholders (investors, shareholders, staff, suppliers, community, public administration) by guaranteeing economic and social sustainability, but also roots its actions in environmental sustainability, meaning the ability to contribute to mitigating climate change, and safeguarding natural resources and the possibility for the ecosystem to absorb direct and indirect impacts generated by production activities. Specifically, Piaggio seeks to

minimise the environmental impact of its industrial activities by carefully defining the manufacturing technological cycle and by using the best technology and the most modern production methods. The pursuit of these environmental sustainability goals is blazing a trail of ongoing improvement in environmental performance.

## Results

### REMUNERATION TO LENDERS

During 2022, dividends for €53,403,194.83 were distributed.

The Piaggio share closed the year 2022 at €2.804 substantially in line with the end of 2021, with a performance markedly superior to that of the main benchmarks.

### EMPLOYEES

In 2022, the Piaggio Group employed 6,388 people (annual average figures), providing them and their family members with a health scheme. In the same period, accident statistics stayed at the minimum physiological level, at all sites. Moreover, 97,251 hours of training were delivered.

During 2022, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights.

### CERTIFICATIONS

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

	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI-ENGINE PLANT	BARAMATI-TWO-WHEELER PLANT	BARAMATI-COMMERCIAL VEHICLES PLANT	VINH PHUC	
Certification	ISO 9001 - Quality Management Systems	• since 1995	• since 2006	• since 2010	• since 2018	• since 2013	• since 2009	
	ISO 14001 - Environmental management systems	• since 2008	• since 2008	• since 2010	• since 2015	• since 2013	• since 2011	
	BS OHSAS 18001- Occupational Health and Safety Management Systems	• from 2007 to 2018	• from 2007 to 2018	• from 2010 to 2018	• from 2015 to 2020	• from 2013 to 2020	• from 2015 to 2020	• from 2013 to 2018
	ISO 45001 - Occupational health and safety management systems	• since 2019	• since 2019	• since 2019	• since 2021	• since 2021	• since 2021	• since 2019

All of the Group's plants have held certification for several years for **Quality** (ISO 9001), **Environment** (ISO 14001) and **Health and Safety** (ISO 45001 or BS OHSAS 18001).

The Indian sites switched from BS OHSAS 18001 to ISO 45001 certification starting from April 2021.

In November 2022, the Certification Company Det Norske Veritas (DNV)<sup>15</sup> conducted audits to maintain Quality certification (ISO 9001), Environmental certification (ISO 14001) and Health and Safety certification (ISO 45001) for Italian sites (including the commercial site in Milan). The audits were successful.

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

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

## VEHICLES PRODUCED

2W VEHICLES	EMEA AND AMERICAS			INDIA	ASIA PACIFIC 2W		TOTAL
	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI 2W	VINH PHUC	JAKARTA	
2022	135,734	26,913	18,066	69,374	245,682	2,080	497,849
2021	135,737	21,391	16,191	84,023	180,313	0	437,655
Delta 2022-2021	0.0%	25.8%	11.6%	-17.4%	36.3%	100%	13.8%

COMMERCIAL VEHICLES	EMEA AND AMERICAS		INDIA	TOTAL
	PONTERERA	BARAMATI 3-4W		
2022	9,487	104,091	113,578	
2021	8,993	76,005	84,998	
Delta 2022-2021	5.5%	37.0%	33.6%	

ENGINES	EMEA AND AMERICAS			INDIA	ASIA PACIFIC 2W		TOTAL
	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC		
2022	103,962	24,448	18,316	127,897	250,187	524,810	
2021	111,781	16,272	16,594	125,964	171,790	442,401	
Delta 2022-2021	-7.0%	50.2%	10.4%	1.5%	45.6%	18.6%	

## R&D

In 2022, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of €64.7 million to research and development, of which €41.1 million capitalised under intangible assets as development costs.

The Piaggio Group is convinced of the importance of exchanging knowledge and ideas, and of the resulting encouragement that can lead to improvements in technologies, methodologies and products. For this reason the Piaggio Group has always been engaged on many fronts to consolidate the synergy between the world of research and its industrial sector.

The Group has continual exchange and research initiatives with universities and research centres. The objective of these partnerships has been to support continuing innovation over the last few years through:

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

	2022			2021		
	CAPITALISED	EXPENSES	TOTAL	CAPITALISED	EXPENSES	TOTAL
<b>IN MILLIONS OF EUROS</b>						
Two-wheelers	29.0	19.8	48.8	20.8	17.7	<b>38.5</b>
Commercial Vehicles	12.1	3.7	15.9	21.1	4.1	<b>25.2</b>
<b>Total</b>	<b>41.1</b>	<b>23.6</b>	<b>64.7</b>	<b>41.9</b>	<b>21.8</b>	<b>63.7</b>
<hr/>						
EMEA and Americas	29.4	19.1	48.5	31.1	17.2	<b>48.3</b>
India	7.3	2.0	9.3	6.3	2.4	<b>8.7</b>
Asia Pacific 2W	4.5	2.5	6.9	4.5	2.2	<b>6.7</b>
<b>Total</b>	<b>41.1</b>	<b>23.6</b>	<b>64.7</b>	<b>41.9</b>	<b>21.8</b>	<b>63.7</b>

\*The figures shown do not include research, development and prototyping costs incurred by Piaggio Fast Forward.

Patents are registered in countries where Piaggio operates on a continual basis, thanks to intense research and development carried out by the Group at its research centres.

## ESG INDICES

Some economic studies point to a link between sustainability and long-term value creation. The economists Porter and Kramer, in their well-known 2011 article 'The big idea: Creating shared value', identified the concept of shared value as the ability of corporate policies and practices to create value that simultaneously generates greater competitiveness for the company and responses to the needs of the communities and challenges of the society in which the company operates.

In recent years, the European Union has enacted provisions to facilitate the financing of sustainable economic activities.

Investors are increasingly interested in investing in sustainable companies as they are considered less risky and more profitable in the long term.

Analysts and international rating agencies constantly monitor Piaggio's ESG performance.

Below are the scores obtained by the international body Carbon Disclosure Project, which assesses CO<sub>2</sub> emissions and water use, and the MSCI ESG Research rating agency, which measures the performance of companies based on ESG factors.

	CDP SCORE CLIMATE CHANGE	CDP SCORE WATER SECURITY	MSCI ESG RESEARCH
2022	B	B	AA
2021	B	B	AA

**AS OF 2022,  
PIAGGIO & C S.P.A  
RECEIVED  
AN MSCI ESG  
RATING OF AA**



## RESEARCH, DEVELOPMENT AND INNOVATION GUIDELINES

### Mobility and Innovation

The Piaggio Group has been involved in mobility since its foundation in 1884, always with an innovative focus. As early as the beginning of the 20th century, Rinaldo Piaggio aimed to expand the company into the aeronautical sector, when this also symbolically represented the cutting edge of technology.

In over 110 years of activity, Piaggio has designed and built every means of transport: aircraft (single, twin and four-engine), seaplanes, engines for their own planes, trains, trucks, buses, trailers, cable cars, funiculars, speedboats, outboard motors, small cars; and, of course, perhaps the most innovative product in its history: the Vespa.

The Piaggio Group is therefore traditionally structured to respond to changes in the technical and social environment and ready for those in the near future. It pioneered both electric (1970s) and hybrid mobility (2009) and is ready for the challenges of the present and the future.

Now more than ever, mobility is strongly directed by regulations, for example through the limits on CO<sub>2</sub> and other polluting gases (HC, NO<sub>x</sub>, etc.) that regulate the type approval of new models and limit the usage of vehicles already on the road (e.g. access to urban areas). But at the same time there is also a constant change in customer preferences, as they are increasingly inclined towards the personal use of electric vehicles rather than those powered by combustion engines, and also more open to new solutions, such as sharing.

The Group sees the ability to combine industry-specific knowledge, robotics and software as key to improving future mobility systems in cities and, through its capabilities in the production of electric vehicles and the management of related infrastructure, intends to confirm its leadership in the revolution which is taking place.

Technical trends in mobility are described internationally with the acronym ACES, whose letters stand for **A**utonomous, **C**onected, **E**lectrified and **S**mart(Mobility). These designations also describe the Piaggio Group's research priorities, in the continuous study of technologically advanced solutions conducted in Research Centres around the world. Added to these is the fifth letter, **D**ecarbonisation, which is reducing CO<sub>2</sub> emissions from both product and process.





## ACES for Two-Wheelers (PTWs)



These are automated systems with sensors, computing power and analytical capabilities that can react according to the data they collect. In the field of two-wheelers, the use of these systems has to be fine-tuned in order to be effective due to their particularly dynamic behaviour. In addition to technical capabilities, this requires the vast experience that the Piaggio Group has acquired in over 75 years in the industry. Leveraging the expertise of its subsidiary Piaggio Fast Forward (PFF) in Boston<sup>16</sup>, which specialises in robotics, Piaggio has equipped some of its models<sup>17</sup> with radar systems capable of automatically detecting objects (vehicles, pedestrians, infrastructures) and determining their distance and possibility of collision, providing a warning to the driver. It has also experimented with 'By Wire' systems for clutches and gearboxes, implementing particular designs on the flagships of his motorbike brands<sup>18</sup>. It also has 'By Wire' braking systems in its portfolio, which at the moment are not seen as strategic given the high quality of the ABS in use.

Driving assistance software aimed at reducing emissions and fuel consumption has also been developed for both ICE<sup>19</sup> and electric vehicles, while driving style analysis systems are being looked at with the aim of increasing dynamic safety by raising the driver's awareness.



The debut of Connectivity on a Piaggio vehicle came with the Beverly scooter in 2012, the first product to adopt the Mia system that allows a smartphone to be integrated into the vehicle's electronic system. Since then, development has been rapid, involving Piaggio Fast Forward in the development of the dedicated app. It is in fact a bi-directional V2I connectivity, responding both to the customer's needs (maps, weather, places of interest, display of more vehicle parameters, music, telephone, etc.) and for a data exchange with the parent company and for possible distress calls (iCall).

Added to this is the possibility, on some models, to have alerts for attempted theft, battery charging etc., up to and including fleet management. Obviously, the connectivity of vehicles, as well as of any device, requires a high level of focus on cybersecurity, for which a 'cyber secure by design' methodology must be adopted.

Mia is also an open door for eCommerce, which will grow in importance and value in the coming years.

16. The system dedicated to Piaggio Group motorbikes is developed, built and supplied by Piaggio Fast Forward in close cooperation with Piaggio R&D. The PFF modules use Vayyar's Radar-on-Chip (RoC) mmWave 4D imaging sensor that provides multiple ARAS functions, such as Blind Spot Detection (BSD), Lane Change Assist (LCA) and Forward Collision Warning (FCW), with a single sensor covering a range of about 100 meters, equipped with an extremely wide field of vision.

17. Piaggio Mp3 530; Moto Guzzi V100 Mandello.

18. Aprilia RSV4 and Tuono V4; Aprilia RS660 and Tuono 660; Moto Guzzi V100.

19. ICE: Internal Combustion Engine.

# E

## ELECTRIFICATION TECHNOLOGIES

Although in the ACES acronym Electrification is the third factor, in reality the effort to make Mobility sustainable is the most challenging. As 2030 approaches, Piaggio has decided to embark on a path based mainly on electric technology<sup>20</sup>, pursuing its idea of Sustainable Mobility even more strongly.

“To achieve this goal, the large-scale adoption of electric vehicles, such as motorbikes, scooters and light commercial vehicles equipped with battery swap or plug-in technology, must be promoted, fostering a more sustainable battery life cycle management and greater environmental friendliness.”<sup>21</sup>

The strategy starts in Pontedera, where Piaggio set up its new eMobility department in 2021, dedicated to the development of two-, three- and four-wheeler vehicles and components for Electric Mobility.<sup>22</sup>

The Piaggio Electric Product Range is evolving rapidly, not only for the EMEA market but for the whole world. It already includes the Group's flagship product, the Vespa Elettrica (moped and motorbike), with other versions dedicated to various markets set to be produced; in addition to this, the Piaggio 1 was also a great sales success in both the moped and the scooter versions. Ape Elettrica, specifically designed for the Indian market, also enjoys commercial success and perfectly represents how an iconic and evergreen vehicle can be electrified.

The near future will see more models for other segments, all equipped with lithium-ion batteries (LIB) with BMS and remote control, with a focus on standardisation and end-of-life recovery. Prominent among these projects is the Porter Electric, the zero-emission version of the classic but very modern four-wheeler for transport. Other projects will arise from the agreement signed in 2022 between the Piaggio Group and the Chinese giant Foton Motor Group “for the development of a new range of four-wheel light commercial electric vehicles”<sup>23</sup>.

Moreover, Piaggio has never stopped researching hybrid propulsion, the system that combines the advantages of electric motors and ICEs to improve performance and fuel consumption. Building on the experience gained since 2009 with the Piaggio Mp3 Hybrid, the world's first Parallel Hybrid scooter, the Group continues its research in the field of Mild Hybrids. In addition to the main research strand of eMobility, Piaggio is also keeping a close eye on alternative energy vectors, such as Hydrogen with Fuel Cells (HEV), which has already been tested in the past<sup>24</sup> and other renewable fuels, which could bring classic ICEs up to date in applications where they are difficult to replace.

# S

## SMART, INTELLIGENT MOBILITY SOLUTIONS

In this field, Piaggio remains committed to ensuring that its vehicles are ready to be part of the intelligent mobility chain. This means being electric, connected, remotely manageable, easy to use, and equipped with exchangeable batteries: all qualities that Piaggio electric vehicles have and will have.

20. Statement by Roberto Colaninno, Chairman and CEO of the Piaggio Group, at the presentation of the Moto Guzzi V100 (September 2021, adnkronos).

21. Statement by Michele Colaninno, Chief of Strategy and Product of the Piaggio Group (October 2021).

22. Obviously, the success of Electric Mobility requires a step change in the development of infrastructure, primarily for charging vehicles.

23. Press release of 29.11.22: The Chairman and CEO of Piaggio & C. S.p.A. (PIA.MI), Roberto Colaninno, and the Deputy General Manager of Foton Motor Group, Wang Shuhai, have signed a preliminary agreement in Mantova to develop a new range of four-wheeler light commercial electric vehicles. The agreement consolidates the partnership between the two Groups that began in September 2017 for the joint development of innovative solutions for the light commercial vehicles market.

24. Piaggio has built a prototype Maxi Scooter HEV (Hydrogen Electric Vehicle), i.e. powered by hydrogen gas converted into electricity via Fuel Cell.

As mentioned above, in addition to ACES, the other fundamental theme for research at Piaggio is the

D

DECARBONISATION

This process that involves the entire production chain of the Group<sup>25</sup>, but even limiting the observation to R&D alone, it translates into concrete actions: new design philosophy<sup>26</sup>, choice of materials and, in general, the rise of the culture of “circularity”. The Group’s medium-term objective is to be able to reduce the demand for raw materials, especially those that are scarce or have a polluting production cycle (e.g. energy-intensive, high CO<sub>2</sub> emissions), helping:

**Recycling:** through the use of recyclable materials, the foundations are laid for a Product suitable for being part of the Circular Economy<sup>27</sup>.

**Reuse:** one example of possible (direct) reuse is batteries. Usually, lithium batteries have a longer life than the vehicle; therefore they can be reused, provided they can be easily separated and standardised<sup>28</sup>: Piaggio 1’s batteries are already designed with this in mind, as they are removable and will also be a standard for future Piaggio electric vehicles in the same range.

**Saving:** Another example of attention paid to the use of resources is the elimination of rare-earth elements from electric engines and other precious and poorly reusable materials from electronic components.

**Alternative fuels:** decarbonisation also and above all concerns Products<sup>29</sup>, and is the main driver for research in Sustainable Mobility. The Piaggio Group is pursuing the road to electrification with conviction, but believes that this alone cannot solve all problems. Other approaches to **decarbonisation** exist, and are needed: for example, the use of alternative, non-fossil fuels<sup>30</sup> in internal combustion engines, alongside the direct electrification of vehicles.

The Piaggio Group’s attention is also focused on synthetic and biofuels, which will solve problems of autonomy and architecture, which are typical of electric engines in the motorcycle sector<sup>31</sup>. The use of these fuels will make it possible to **reuse** a large part of existing ICE vehicles, making them Zero Emission Vehicles by changing the fuel and associated technology.

This is one of the reasons why the Piaggio Group is also continuing research into conventional engines, in order to make them increasingly efficient. The strong technical and economic effort being made to adapt production to the Euro5+ standard, which is stricter than the previous one, will also have a positive impact on the future use of synthetic and biofuels. Green hydrogen comes under this category and is used for electric vehicles with FC (HEV)<sup>32</sup>, as it is not cost-effective for internal combustion engines.

25. The Piaggio Group to adhere to REACH and ELV - N1.

26. Example: Design aimed at reducing the number of parts in a vehicle. The elimination of a body part, through its integration with an adjacent one, generates a cascade of benefits: reduction of moulds to be made and consequently savings in materials and energy throughout their production process; elimination of material waste; reduction of moulding energy; reduction in the number of packages; reduction of energy required for transport; reduction of time and energy for assembly of the finished product; streamlining of warehouse management and spare parts management. All this without having changed the content of the Product, but only having addressed the design.

27. ELV survey conducted on Mp3 being updated with Vespa GTS (UniFi), by January.

28. Piaggio Group, HONDA Motor Co., Ltd., KTM F&E GmbH, and YAMAHA Motor Co, Ltd. established the Swappable Batteries Motorcycle Consortium (SBMC), in order to promote the widespread use of light electric vehicles such as motorised mopeds, scooters, motorbikes, tricycles and quadricycles, and to encourage more sustainable management of the life cycle of batteries, in keeping with international climate policies.

29. It is important to remember that the two-wheeler sector accounts for 1.3% of CO<sub>2</sub> emissions in transport, which in turn accounts for 20% of global emissions; so the two-wheeler sector accounts for less than 1% of the total (source: European Environment Agency 2022); this cannot limit our Group’s commitment, but it is necessary to put the problem into perspective.

30. Synthetic and biological fuels, as well as electricity, must be produced from and with renewable energy to truly have no carbon footprint.

31. Aside from city or intercity scooters, there is an important market segment of two-wheelers, whose physical and functional characteristics do not allow for their electrification; these products could be safeguarded, on the same level as decarbonisation, through the use of synthetic and biofuels.

32. HEV stands for Hydrogen Electric Vehicle, while BEV stands for Battery Electric Vehicle; FC stands for Fuel Cells. Hydrogen stored in a cylinder plus a FC that converts it into electrical energy is the equivalent of a charged battery.





## EUROPEAN TAXONOMY

### Introduction to European Taxonomy

The European Union, in line with the contents of the 2015 Paris Climate Agreement and the 17 Sustainable Development Goals of the United Nations 2030 Agenda, has developed an ambitious strategy towards more sustainable economic models to achieve the 2050 climate neutrality goal. To achieve these targets, the EU intends to promote investment in sustainable assets and activities through the use of public and private resources.

In this context, as part of the action plan on sustainable finance adopted in 2018 by the European Commission, the classification system or "taxonomy" of sustainable activities was established, set out in Regulation (EU) 2020/852 (hereinafter "the Regulation"), in which the criteria are defined to determine whether an economic activity can be considered as eco-sustainable, thus reducing the risk of greenwashing and guaranteeing financial institutions and investors a greater compatibility as regards the degree of eco-sustainability of an investment associated with it. In particular, the Regulation classifies the economic activities that can potentially be aligned with the 6 environmental objectives defined by the European Union:

- Climate change mitigation
- Adaptation to climate change
- Sustainable use and protection of waters and marine resources
- Transition to a circular economy
- Prevention and reduction of pollution
- Protection and restoration of biodiversity and ecosystems

At present, the EU Commission has defined, through the Commission Delegated Regulation (EU) 2021/2139 ("Climate Regulation"), the list of eligible activities and the related technical screening criteria for the first two objectives only, and it is for these that financial and non-financial companies falling within the scope of the Regulation are required to align with.

Article 8 of Regulation (EU) 2020/852 defines the taxonomy reporting obligations, which to date are applicable to non-financial companies subject to the Non-Financial Reporting Directive. In July 2021, Regulation (EU) 2021/2178 further supplemented the content of the Regulation, to clarify how the taxonomy disclosure should be calculated and presented.

From 1 January 2022 onwards, with regard to data from the 2021 financial year, companies have reported the information necessary to meet the requirements of the Regulation in their non-financial statement. In particular, the information that the Taxonomy requires non-financial undertakings to report, refers to the following indicators:

- a. the proportion of turnover from products or services associated with economic activities considered by the Taxonomy;
- b. the proportion of capital expenditure and the proportion of operating expenditure related to activities or processes associated with economic activities considered by the Taxonomy.

Following the first-time adoption of the Regulation for the 2021 financial year, non-financial companies were requested to report on their proportion of own turnover, investments (Capex) and operating costs (Opex) (as defined by Commission Delegated Regulation (EU) 2021/2178) related to eligible economic activities, within the meaning of the Taxonomy. Starting from 1 January 2023, in relation to data for the 2022 financial year, non-financial companies are required to report the above parameters relating not only to the share of "Eligible" activities, but also to environmentally sustainable activities (so-called "Aligned" activities). In order to understand whether own 'Eligible' activities can also be considered as "Aligned", compliance with two types of criteria must be met:

- the technical screening criteria described in the Delegated Acts, that ascertain whether the activities considered make a substantial contribution to climate change adaptation and mitigation;
- the 'DNSH' - Do No Significant Harm criteria, which ascertain that the activities considered do not cause significant harm to any of the other environmental objectives.

In addition to these specific technical requirements related to environmental objectives, the Regulation also requires compliance with Minimum Social Safeguards. In this case, the organisation has to prove through its implemented procedures that it adheres to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In order to meet the requirements of the regulations, in 2022 the Piaggio Group continued to analyse its activities already identified as "Eligible" for the purposes of 2021 reporting, in order to assess their actual contribution to the aforementioned objectives and to understand if and which of them could also be considered as "Aligned". To do this, it ensured compliance with the technical screening criteria, the "DNSH" criteria and the "Minimum Social Safeguards", with reference to the climate change mitigation objective, as this was predominantly identified as the most suitable given the type of economic activities carried out by the Group.

## Methodological approach

### Tecócal Screening and DNSH Criteria

In the disclosure of the 2021 Non-Financial Statement, the following activities related to the Piaggio Group's core business were identified as Taxonomy-Eligible:

- 3.3 "Manufacture of low carbon tecóologies for transport", concerning the production and marketing of vehicles;
- 6.4 "Operation of personal mobility devices, cycle logistics", in connection with the sale of Scooters and WiBikes;
- 9.1 "Close market research, development and innovation" with reference to capitalised R&D costs.

In this context, it should be noted that, following the clarifications and interpretations of legislation provided by the EU Commission in the form of a Q&A in December 2022<sup>33</sup>, the costs and investments in research and development activities, being an integral part of an economic activity covered by the annexes to the Climate Regulation, have been counted directly for the purposes of the relevant economic activity. Consequently, the Group has proceeded with the allocation of research and development costs, previously classified as inherent to activity 9.1, to the economic activity to which such research (as carried out for the purpose of product tecóological innovation) is directed, i.e. activity 3.3 inherent to the manufacture of vehicles. As a result, asset 9.1 was no longer included among the Group's "eligible" assets, for the purposes of 2022 financial year reporting.

Therefore, in order to verify the alignment of the only two eligible activities carried out by the Group (3.3 and 6.4), the specific tecócal screening criteria related to the target of Climate Change Mitigation were analysed and only vehicles with zero tailpipe CO<sub>2</sub> emissions were identified as potentially eligible for alignment.

In addition, in order to analyse the DNSH criteria, an analysis was conducted for the plants at Pontedera (Italy) and Baramati (India), which are the only sites where the production of the identified vehicle types takes place. For each eligible economic activity (3.3, 6.4) to reach the Climate Change Mitigation target, the DNSH criteria identified by the Commission Delegated Regulation were analysed and the activities carried out with the owners for the two sites were mapped, resulting in the following findings:

	OBJECTIVE 2 ADAPTATION TO CLIMATE CHANGE	OBJECTIVE 3 SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES	OBJECTIVE 4 TRANSITION TO A CIRCULAR ECONOMY	OBJECTIVE 5 PREVENTION AND REDUCTION OF POLLUTION	OBJECTIVE 6 PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS
Baramati	<ul style="list-style-type: none"> <li>- Climate Risk Self Assessment activities were carried out for the assessment of climate-related physical risks</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with MPCB environmental regulations<sup>34</sup></li> <li>- No water discharges</li> <li>- Water resource treatment for reuse and certification according to quality standards</li> </ul>	<ul style="list-style-type: none"> <li>- Adoption of circular economy practices where possible, prioritising recycling and design to ensure durability standards</li> <li>- Compliance with local and European hazardous waste regulations</li> </ul>	<ul style="list-style-type: none"> <li>- The activity does not involve the manufacture, placing on the market or use of certain substances (mercury)</li> <li>- Pollution risk assessment of research projects</li> </ul>	<ul style="list-style-type: none"> <li>- The plant is not located in an area characterised by biodiversity</li> </ul>
Pontedera	<ul style="list-style-type: none"> <li>- Climate Risk Self Assessment activities were carried out for the assessment of climate-related physical risks</li> </ul>	<ul style="list-style-type: none"> <li>- Achievement of the AIA<sup>35</sup> for certification of the environmental protection plan</li> <li>- Construction of a new sewer network or industrial painting waste</li> </ul>	<ul style="list-style-type: none"> <li>- Management that prioritises recycling and design to ensure durability standards</li> <li>- Compliance with REACH</li> <li>- COBAT membership</li> <li>- 90% recyclable products</li> </ul>	<ul style="list-style-type: none"> <li>- The activity does not involve the manufacture, placing on the market or use of certain substances (mercury)</li> <li>- Research and use of BAT<sup>36</sup></li> </ul>	<ul style="list-style-type: none"> <li>- EIA<sup>37</sup> carried out and compliance with environmental regulations</li> <li>- Arpat analysis carried out</li> </ul>

33. "Draft Commission Notice" of 19 December 2022

34. Maharashtra government Pollution control board

35. Integrated Environmental Authorisation

36. Best Available Tecóologies

37. Environmental Impact Assessment



At the end of these analyses, it was found that the activities identified by the Piaggio Group as “eligible” are carried out, with reference to the plants in which the production of eligible vehicles takes place, in full compliance with technical screening criteria for substantial contribution and with DNSH criteria.

### Minimum Social Safeguards

The above activities were carried out in parallel with assessing compliance with Minimum Safeguards in the areas of human rights, corruption, fair competition and taxation, as defined in the EU Taxonomy Regulation, also with reference to the suggestions put forward in the Platform on Sustainable Finance’s “Final Report on Minimum Safeguards” published in October 2022. In this context, we have seen how the Code of Ethics and, in general, the policies and practices adopted by the Piaggio Group in conducting its business, establish the principles and standards applicable to the protection of human rights, fundamental rights and, in general, the rules of fair and ethical conduct in business, and require all stakeholders to whom they are addressed (employees, external staff, suppliers, distributors and other business partners) to comply with them. Moreover, there were no final convictions against the Piaggio Group, also with reference to the other areas covered by the Minimum Social Safeguards; however tax disputes are still pending, but their economic and reputational impact risk assessment is no greater than “low”, as the Piaggio Group is not reasonably expected to lose the case. For more on human rights, corruption, fair competition and taxation, please refer to the chapter ‘Sustainability Governance’ in this Non-Financial Statement.

## Methodological Approach to KPI Calculation

### Identification of “eligible” (Taxonomy-Eligible) and “environmentally sustainable” (Taxonomy-Aligned) activities

The first stage of the process made it possible to identify, through an analysis of the activities included in the Taxonomy, those applicable to the Piaggio Group’s business, considering the description given in the annexes to the Regulation and the potentially applicable NACE codes.

On the basis of the above analysis, the following activities of the Piaggio Group can contribute to achieving the Climate Change Mitigation objective:

	DESCRIPTION OF THE TAXONOMY-ELIGIBLE ACTIVITY	APPLICABLE KPI	REFERENCE CONSOLIDATED FINANCIAL STATEMENT ITEM
3.3	Manufacture of low carbon technologies for transport	Turnover	<b>Net Sales Revenue</b> - Sale of 2-, 3- and 4-wheeler motor vehicles and Gita robots
		CapEx	<b>Property, Plant and Equipment</b> - Tangible Assets, Intangible Assets and Rights of Use
		OpEx	<b>External maintenance and cleaning costs</b>
6.4	Operation of personal mobility devices, cycle logistics	Turnover	<b>Net sales revenue</b> - Sale of scooters

The results of these assessments are summarised in full in the tables in the Appendix, which follow the templates provided by Annex II to Regulation (EU) 2021/2178.

The analyses were carried out on the basis of the interpretations of the Taxonomy, available to date, and taking into account, where possible, the clarifications officially provided by the EU Commission regarding the practical application of the regulation, as well as the preparation of relevant disclosures. In this context, consistent with change in interpretations and regulatory requirements, the information presented in this chapter may be subject to further updates and revisions.

## Definition of the scope

On the basis of the requirements in the Regulation, the percentages of eligible and aligned activities were calculated for 2022 and include all Piaggio Group companies consolidated on a line-by-line basis.

## Calculation of KPIs

On the basis of the Group's Consolidated Financial Statements as of 31.12.2022 (the "Financial Statements"), the percentage of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) in relation to respective total values was calculated for each eligible and aligned activity identified.

### Calculation of the proportion of turnover

As established by the Regulation, the "aligned" proportion of turnover represents the portion of net revenues derived from services or products, including intangible ones, that originate from economic activities aligned with the taxonomy, divided by the total revenues<sup>38</sup>. In the 2022 financial year, the Piaggio Group carried out the following activities for the production of goods or services considered to be Taxonomy-aligned:

- activity "**3.3 Manufacture of low carbon technologies for transport**" with specific reference to the sale of 2-, 3- and 4-wheeler motor vehicles and GITA robots;
- activity "**6.4 Operation of personal mobility devices, cycle logistics**" with specific reference to the sale of scooters and personal mobility devices.

Starting from the Net Sales Revenue, in order to identify the proportion considered Taxonomy-eligible, the proportion of revenue relating to "Spare Parts and Accessories" and "Other" was subtracted, with the exception of the proportion related to Piaggio Fast Forward, as this was evaluated as not being applicable for eligibility purposes. The Taxonomy-Aligned percentage of 3.31% was identified by relating the turnover achieved from the sale of zero-CO<sub>2</sub>-emitting vehicles to the total turnover achieved.

### Calculation of capital expenditure (CapEx)

The CapEx KPI was calculated by dividing the value that includes "aligned" capital expenditure by the value at the denominator that constitutes total capital expenditure. Specifically, the numerator for the calculation of CapEx is represented by additions to property, plant and equipment and intangible assets and "aligned" rights of use during the year, before amortisation and depreciation, any revaluations and excluding fair value changes.

The denominator, on the other hand, comprises total capital expenditure and increases in rights of use, before amortisation and depreciation, any revaluations and excluding fair value changes.

For the 2022 financial year, the Piaggio Group incurred the following capitalised costs considered to be taxonomy-aligned:

- activity "**3.3 Manufacture of low carbon technologies for transport**" at all the Group's production sites, with specific reference to investments concerning the design and manufacture of zero-emission vehicles (with the sole exception of racing activities).

Furthermore, as stated in Annex I to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, point 1.2.2.3. "Breakdown of KPIs", in cases where the detail by vehicle type was not available, in order to determine the Taxonomy-Aligned capital expenditure, the allocation of capital expenditure related to the production of electric vehicles, was based on the units of zero-emission vehicles sold in the 2022 financial year. Specifically, in order to identify Taxonomy-Aligned CapEx, a non-financial metric was identified, calculated by comparing the units of zero-emission vehicles sold compared to total units sold for all vehicles, with both internal combustion and electric engines, which yielded a percentage of 3.386%.

38. Assonime Circular No. 1 of 19 January 2022

### Calculation of the proportion of operating expenses (OpEx)

The OpEx KPI was calculated by dividing the value comprising the portion of “aligned” operating expenditure by the denominator value comprising total operating expenditure. Specifically, the numerator for the calculation of OpEx is represented by the total value of indirect uncapitalised research and development expenditure and any other direct expenses related to the maintenance and ordinary repair of real estate, plant and equipment necessary to ensure the continuous and effective operation of said. The denominator, on the other hand, is the total value of these costs.

For the 2022 financial year, the Piaggio Group incurred the following operating expenditure considered to be taxonomy-eligible:

- activity **“3.3 Manufacture of low carbon technologies for transport”** with specific reference to maintenance and repair costs, both of buildings and of plants and equipment, related to production plants where zero-emission vehicles are manufactured.

In addition, as indicated in the section “Calculation of the proportion of capital expenditure (CapEx)”, the same procedure was applied to determine taxonomy-aligned operating expenditure.



## Table according to Regulation (EU) 2020/852

### PROPORTION OF TURNOVER DERIVED FROM PRODUCTS AND SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2022

ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE TURNOVER (3)	PROPORTION OF EXPENSES INVOICED (4)	CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR 'DO NO SIGNIFICANT HARM'						MINIMUM SAFEGUARDS (17)	PROPORTION OF TURNOVER ALIGNED WITH THE TAXONOMY, YEAR N (18)	PROPORTION OF TURNOVER ALIGNED WITH THE TAXONOMY, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
				CLIMATE CHANGE MITIGATION (5)	ADAPTATION TO CLIMATE CHANGE (6)	MARINE WATERS AND RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	ADAPTATION TO CLIMATE CHANGE (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)					
		€ MILLION	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T

#### A. TAXONOMY-ELIGIBLE ACTIVITIES

##### A.1 Environmentally sustainable activities (taxonomy- aligned)

Activity 1:  
Manufacture  
of low carbon  
technologies for  
transport

3.3 69.05 3.308% 100% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% Y Y Y Y Y 3.308% N/A A

Activity 2:  
Operation of  
personal mobility  
devices, cycle  
logistics

6.4 0.08 0.004% 100% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% Y N/A Y N/A N/A Y 0.004%

Turnover of  
environmentally  
sustainable  
activities  
(taxonomy-  
aligned) (A.1)

69.13 3.312% 100% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 3.312%

##### A.2 Taxonomy- eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned)

Activity 1:  
Manufacture  
of low carbon  
technologies for  
transport

3.3 1,797.52 86.11%

Activity 2:  
Operation of  
personal mobility  
devices, cycle  
logistics

6.4 0 0.00%

Turnover from  
taxonomy-eligible  
activities but  
which are not  
environmentally  
sustainable  
(activities not  
taxonomy-aligned)  
(A.2)

1,797.52 86.11%

**Total (A.1 + A.2)**

1,866.65 89.423% 3.312% 3.312%

#### B. ACTIVITIES NOT TAXONOMY-ELIGIBLE

Turnover from  
activities not  
taxonomy-eligible  
(B)

220.79 10.577%

**Total (A + B)**

2,087.44 100%

## PROPORTION OF CAPITAL EXPENDITURE FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022

ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE CAPITAL EXPENDITURE (3)	PROPORTION OF CAPITAL EXPENDITURE (4)	CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR 'DO NO SIGNIFICANT HARM'						PROPORTION OF TAXONOMY-ALIGNED CAPITAL EXPENDITURE, YEAR N (18)	PROPORTION OF TAXONOMY-ALIGNED CAPITAL EXPENDITURE, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)	
				CLIMATE CHANGE MITIGATION (5)	ADAPTATION TO CLIMATE CHANGE (6)	MARINE WATERS AND RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	ADAPTATION TO CLIMATE CHANGE (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)					MINIMUM SAFEGUARDS (17)
		€ MILLION	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T

### A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (taxonomy-aligned)

Activity 1:  
Manufacture of low carbon technologies for transport

3.3	15.8	9.41%	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		Y	Y	Y	Y	Y	Y	9.41%	N/A	A
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Capital expenditures of environmentally sustainable activities (taxonomy-aligned) (A.1)

	15.8	9.41%	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								9.41%		
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A.2 Taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned)

Activity 1:  
Manufacture of low carbon technologies for transport

3.3	94.8	56.31%																	
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Capital expenditures of taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned) (A.2)

	94.8	56.31%																	
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**Total (A.1 + A.2)**

	110.6	65.72%															9.41%		9.41%
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### B. ACTIVITIES NOT TAXONOMY-ELIGIBLE

Capital Expenditure of activities not taxonomy-eligible (B)

	57.7	34.28%																	
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**Total (A + B)**

	168.3	100%																	
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## PROPORTION OF OPERATING EXPENSES FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022

ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE OPERATING EXPENSES (3)	PROPORTION OF OPERATING EXPENSES (4)	CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR 'DO NO SIGNIFICANT HARM'					MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY-ALIGNED OPERATIONAL EXPENDITURE, YEAR N (18)	PROPORTION OF TAXONOMY-ALIGNED OPERATING EXPENDITURE, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)	
				CLIMATE CHANGE MITIGATION (5)	ADAPTATION TO CLIMATE CHANGE (6)	MARINE WATERS AND RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	ADAPTATION TO CLIMATE CHANGE (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)						BIODIVERSITY AND ECOSYSTEMS (16)
		€ MILLION	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T

### A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (taxonomy-aligned)

Activity 1:  
Manufacture of low carbon technologies for transport

3.3 1.12 3.34% 100% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% Y Y Y Y Y 3.34% N/A A

Operating expenses of environmentally sustainable activities (taxonomy-aligned) (A.1)

1.12 3.34% 100% 0.00% 0.00% 0.00% 0.00% 0.00% 3.34%

A.2 Taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned)

Activity 1:  
Manufacture of low carbon technologies for transport

3.3 31.91 95.39%

Opex of eligible but which are not environmentally sustainable (activities not taxonomy-aligned) (A.2)

31.91 95.39%

**Total (A.1+A.2)**

33.03 98.73%

3.34%

3.34%

### B. ACTIVITIES NOT TAXONOMY-ELIGIBLE

Operating expenses of activities not taxonomy-eligible (B)

0.42 1.27%

**Total (A+B)**

33.45 100%

## RISK MANAGEMENT

The Piaggio Group started an Enterprise Risk Management (ERM) project to define and implement a structured, integrated system to identify, measure and manage company risks in line with applicable best practices. During 2022, the campaign to update the Group's risk profile, involving company managers across the Group, identified 197 risk scenarios, comprising 25 categories which were grouped into 4 level-one macro-categories (External, Operational, Financial, Strategic Risks). In this context, issues concerning environmental and social aspects, human resources, human rights and the fight against corruption were all analysed, as detailed below.

### Environment

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

Greenhouse gases (mainly CO<sub>2</sub>) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators. Structural actions on the Group's production plants, carried out over time, guarantee limited pollutant emissions.

Although the structure of Piaggio's production sites has been designed to run on energy from fossil fuels, the Group optimises the management of existing plants to achieve reductions in consumption, which is monitored on a daily basis both inside the production sites and in the offices, of all subsidiaries.

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

The volume of water used in the production process is monitored monthly, to safeguard its conservation; a part of this water is re-used. Lastly, Piaggio sites in Italy, India and Vietnam have ISO 14001 environmental certification and investments are made each year to reduce the environmental impact of production sites.

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

With reference to the risk of climate change, aspects related to the transition of market demand towards vehicles with a lower impact in terms of greenhouse gas emissions hold particular relevance for the Group; in this context, the short-term introduction of stricter laws and regulations on vehicle emissions consequently represents a significant risk for the entire automotive industry. Any tightening of regulations in this field, in addition to having a considerable influence on customer behaviour, could require a significant increase in investments and current expenses necessary to adapt and technologically update the Group's product range. In this regard, Piaggio has been a pioneer in the study of electric and hybrid engines. The Group already sells a number of electric vehicles (both two-wheelers and commercial vehicles) and plans to expand its range of zero-emission vehicles. Therefore, any increase in demand for electric vehicles could represent a development opportunity for Piaggio.

In regards to the risk of suffering physical damage due to extreme climate events, it has been found that Group sites could be affected by natural events, such as earthquakes, typhoons, flooding and other catastrophes that may damage sites and also slow down/interrupt production and sales. During 2022, the Piaggio Group, with the support of a leading consulting firm, carried out a climate risk analysis for the plants in Pontedera (Italy) and Baramati (India). This analysis did not reveal any critical issues related to climatic factors for both production sites. The Group manages this risk through continually updating its facilities and taking out specific insurance cover divided between the various sites on the basis of their relative importance.

## Employees

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

Piaggio operates globally with employees in Europe, the Americas and Asia. It promotes diversity in age, culture, etóics, religion, political opinion, civil status, gender, physical ability, sexual orientation, encouraging different ways to achieve and reach the highest levels of performance within a single and broader-ranging organisational set-up of the Group. The integration of disabled people into the workforce is also made possible in practice by the accessibility of company facilities and the existence of a relative company procedure. Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Development tools are used to build on and continually improve skills, while empowering potential, recognising and rewarding outstanding performance. Reward policies remunerate people and their contribution based on principles of meritocracy and transparency. The above mechanisms reduce potential risks related to these aspects to a residual level which is not significant.

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

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

## Social sphere

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

In addition, Piaggio faces risks associated with a level of service quality that is not in line with customer needs, due to causes attributable to the sales/after-sales service network. To mitigate these risks, the Group has contractually defined compliance with tecóical and professional standards and put in place periodic performance monitoring measures.

The Group undertakes to redistribute economic value generated to support social solidarity initiatives and promote local areas. In 2022, the collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued. Thanks to the help of partners and supporters, the association has allocated over \$700 million to the fight against AIDS and COVID-19. In Italy, funds were donated to support health research. Numerous cultural, scientific and artistic events were held, through the Piaggio Foundation and Piaggio Museum (exhibitions, conferences, etc.).

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

The Indian subsidiary has focused its commitment on social projects generally to support more vulnerable children, education, women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the Baramati plant.

## Human rights

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

To maintain the highest standards of ethical, moral and legal conduct, Piaggio encourages its employees to report any suspected misconduct.

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

Based on the significant and specific nature of the Indian market, the Indian affiliate has put in place: a Code of Business Conduct & Ethic, a Whistle-Blower Policy and Policy on Prevention of Sexual Harassment of women at the workplace to prevent episodes of sexual harassment within the plant.

Based on prevention and control measures established in the Code of Ethics and adopted by all Group subsidiaries, the potential risks related to these aspects are residual and minor.

## Fighting corruption

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

Moreover, to protect against possible administrative liability deriving from the commission of offences pursuant to Legislative Decree 231/2001, Piaggio has adopted a Compliance Programme (its Organisational, Management and Control Model) in accordance with current legislation and ensures it is updated and provides relevant training pursuant to Legislative Decree 231/2001.

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

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

MATERIAL TOPIC	RISK	CONTROLS
Climate Change	<p>Air pollution attributable to:</p> <ul style="list-style-type: none"> <li>- uncontrolled greenhouse gas emissions</li> <li>- uncontrolled emissions of Volatile Organic Compounds (i.e. paint/varnish solvents)</li> <li>- lower number of infrastructure works/initiatives to reduce energy consumption/needs</li> <li>- decrease in vehicle emission levels</li> </ul>	<ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- Infrastructure improvements aimed at a rational use of energy</li> <li>- Energy consumption monitoring plans</li> <li>- Development of alternative engines (i.e. hybrid/electric)</li> </ul>
Waste handling	<p>Soil/water pollution attributable to:</p> <ul style="list-style-type: none"> <li>- No waste classification/characterisation</li> <li>- Uncontrolled spills and discharges into the sewage system</li> </ul>	<ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- Water waste treatment</li> </ul>
Conserving water resources	<ul style="list-style-type: none"> <li>- Uncontrolled use of water resources</li> </ul>	<ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- Water use monitoring</li> <li>- Reuse of water for production activities</li> </ul>
Developing human resources	<ul style="list-style-type: none"> <li>- Lack of competencies and professional expertise necessary to implement strategic/business objectives</li> <li>- Loss of key personnel</li> <li>- Tensions in relations the company has with trade unions</li> </ul>	<ul style="list-style-type: none"> <li>- Mapping key competencies/professional expertise and defining adequate retention plans</li> <li>- Performance review systems</li> <li>- Training courses and continuing professional development</li> <li>- Relations with trade union organisations based on attention, dialogue and a common understanding</li> </ul>
Health and Safety	<ul style="list-style-type: none"> <li>- Worker accidents/onset of occupational diseases</li> </ul>	<ul style="list-style-type: none"> <li>- ISO 45001 certification</li> <li>- Periodic occupational health and safety training</li> <li>- Personal protective equipment and operating instructions</li> </ul>
Innovation of product and sustainable mobility	<ul style="list-style-type: none"> <li>- Reduced level of technological innovation in the product range</li> <li>- Reduced recyclability/recoverability of end-of-life vehicles</li> <li>- Use of materials/substances harmful to the environment</li> <li>- Regulatory measures to restrict the circulation of internal combustion vehicles in order to reduce the level of emissions</li> </ul>	<ul style="list-style-type: none"> <li>- Considerable investments in research and development</li> <li>- Development of alternative engines (i.e. hybrid/electric)</li> <li>- Product conformity to the REACH Regulation 1907/2006 and End of Life Directive 2000/53/EC</li> <li>- Use of environmentally friendly, recyclable materials</li> </ul>

MATERIAL TOPIC	RISK	CONTROLS
Product safety and reliability	<p>Faulty products for reasons attributable to:</p> <ul style="list-style-type: none"> <li>- Errors/omissions of suppliers</li> <li>- Errors/omissions during the product development stage</li> <li>- Errors/omissions during the production/assembly stage</li> <li>- Errors/omissions during the quality control stage</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier audits</li> <li>- Product testing during various stages of the production process</li> <li>- ISO 9001 quality certification</li> </ul>
Customer Satisfaction	<ul style="list-style-type: none"> <li>- Service quality level not in line with customer requirements, for reasons attributable to:</li> <li>- Sales network/after-sales service (e.g. long diagnostic/delivery times, use of non-original spare parts etc.)</li> <li>- Reduced extension of the sales/after-sales network</li> <li>- Range of products offered not in line with market requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction analyses and development of action plans, if points for improvement are identified, with reference to the service provided by the network</li> <li>- New computerisation systems to improve control of the sales network/after-sales service and the level of customer service offered</li> <li>- Geo-marketing system for optimal coverage of the territory through the network</li> </ul>
Responsible management and respect for human rights in the supply chain	<ul style="list-style-type: none"> <li>- Suppliers that do not comply with environmental sustainability principles (e.g. with reference to energy consumption, atmospheric emissions, waste management, protection of water resources, protection of biodiversity, etc.)</li> <li>- Suppliers that do not comply with the principles of social sustainability (e.g. with reference to the development of human resources, freedom of association and collective bargaining, child labour, forced labour, industrial relations, health and safety at work, support for local communities, charity activities, etc.)</li> <li>- Violation of the Group's Code of Ethics by suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- ISO 14001 certification ensures higher scores in supply audits</li> <li>- Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, in order to guarantee compliance with its ethical values throughout the production and sales cycle of its products</li> </ul>
Supporting on local communities	<ul style="list-style-type: none"> <li>- Reduced number of initiatives aimed at developing the area where the Group operates and promoting social inclusion values (e.g. partnerships with non-profit/non-government, volunteer associations, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Organisation of events at the Piaggio Museum</li> <li>- Piaggio Foundation cultural project</li> <li>- Charity and sponsorship activities</li> <li>- Support for hospitals during the COVID-19 health emergency period</li> </ul>
Diversity and equal opportunity	<ul style="list-style-type: none"> <li>- Incidents of discrimination or exclusion of employees for reasons related for example to age, culture, ethnic origin, religion, political opinion, civil status, gender, physical ability, sexual orientation</li> </ul>	<ul style="list-style-type: none"> <li>- Prohibition of any type of discrimination, harm to personal dignity in the Code of Ethics</li> <li>- Use of instruments, including organisational tools, to ensure respect for human rights and the principles in the Group Code of Ethics</li> </ul>
Business integrity	<ul style="list-style-type: none"> <li>- Unlawful collusion/corruption by employees</li> </ul>	<ul style="list-style-type: none"> <li>- Signing the Group Code of Ethics</li> <li>- Use of instruments, including organisational tools, to ensure respect for the principles in the Group Code of Ethics</li> </ul>



MATERIAL TOPIC	RISK	CONTROLS
Business integrity	<ul style="list-style-type: none"> <li>- Information in mandatory financial disclosure (e.g. the annual report, interim report, interim report on operations/the non-financial statement ) which is untruthful</li> <li>- Non-disclosure/ delayed disclosure of relevant information to the market</li> </ul>	<ul style="list-style-type: none"> <li>- Externally audited mandatory financial information</li> <li>- Externally audited Non-Financial Statement</li> <li>- Formal commitment declared by all corporate functions to achieve set sustainability targets and provide annual reporting of any gaps with respect to results actually achieved</li> <li>- Constant and timely updating of the website with information concerning the Group and the most important corporate documents</li> </ul>
Creation of economic value	<p>Failure to achieve established growth objectives for reasons attributable to:</p> <ul style="list-style-type: none"> <li>- competitive dynamics</li> <li>- sales network</li> <li>- political/macroeconomic instability of countries where the Group operates</li> </ul>	<ul style="list-style-type: none"> <li>- Brand positioning initiatives and expansion of the product range</li> <li>- Rationalisation of the sales network based on current and future expectations</li> <li>- Creation of a new retail model being developed worldwide</li> <li>- Diversification of markets</li> </ul>







## SUSTAINABILITY GOVERNANCE

For more in-depth, specific analysis of the Corporate Governance system of Piaggio & C., please see the Report on Corporate Governance and Corporate Ownership for the year ending 31 December 2022, available online at [www.piaggiogroup.com](http://www.piaggiogroup.com) in the section "Governance".

The provisions of the Parent Company's Articles of Association governing the composition and appointment of the Board (Article 12) were most recently amended by a resolution of the Board of Directors on 28 January 2021, drafted by public deed and adopted pursuant to the provisions of Article 2365 of the Italian Civil Code and Article 17 of the Articles of Association, in order to align them with the rules on gender balance as regards the composition of the Board of Directors pursuant to Article 147-ter, paragraph 1-ter of the Consolidated Law on Finance, as most recently amended by Law 160/2019, as well as the new text of Article 144-undecies 1 of the Issuers' Regulations.

The Board of Directors currently in office is composed of 9 members, of whom 4 are women (44%). 33% of the members are aged between 30 and 50 years old, the rest are over 50.

As indicated in the Corporate Governance Code adopted by the Company, under Recommendation 13 letter a), the Management Board has also appointed a Lead Independent Director, since the Chairman also holds the position of Chief Executive Officer of the Company.

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

- The Board of Directors examines and approves strategic, industrial and financial plans, including the annual budget and Group's Business Plan, supplementing main guidelines to promote a sustainable business model and lay the foundations for creating long-term value. The Board defines the sustainability strategy, the Sustainability Plan and Non-Financial Statement (NFS) pursuant to Legislative Decree 254/16.
- The Audit, Risk and Sustainability Committee, in addition to supporting the Board of Directors' assessments and decisions on the internal control and risk management system, has an advisory function with the Board of Directors on sustainability issues such as:
  - examining and assessing sustainability issues related to business operations and the dynamics of interaction with stakeholders;
  - examining and assessing the system for collecting and consolidating data for the "Consolidated non-financial statement" pursuant to Legislative Decree 254/2016;
  - examining in advance the "Consolidated Non-Financial Statement" pursuant to Legislative Decree 254/2016, formulating an opinion for approval by the Board of Directors;
  - monitoring the Company's positioning on sustainability issues, with particular reference to the Company's position in ethical sustainability indices;
  - providing opinions on any additional sustainability issues, on the request of the Board of Directors.
- The Executive in charge of financial reporting prepares the Non-Financial Statement, assisted by the CSR Manager. The Statement is presented to the Ethics Committee and the Audit, Risk and Sustainability Committee and then submitted to the Board of Directors for approval.
- As delegated by the Executive in charge of financial reporting, the CSR Manager manages all activities related to sustainability, through the "Consolidated Financial and Sustainability Reporting" Function: defining the sustainability strategies and monitoring progress, the preparation of reporting, relations with international organisations.
- The Ethics Committee develops rules and organisational behaviour in line with international best practices in the field of Corporate Social Responsibility.

The Committee's duties include the following:

- monitoring instruments, conduct and relations between management and company personnel and all stakeholders;
- optimising relations with local communities and stakeholders;
- measuring ethical standards, which are an integral part of the good governance of a company;
- preliminary analysis of the "Consolidated non-financial statement" pursuant to Legislative Decree 254/2016;
- implementing the provisions in the Code of Ethics, including receiving and managing reports of fraud that may involve employees, managers and partners of Piaggio & C. and Group companies.

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

In 2022, there were no specific sustainability training or induction initiatives for the Board of Directors or the Audit, Risk and Sustainability Committee.

The Piaggio Group has also adopted a NFS Manual, which is available on the corporate intranet. Within the structures involved in the reporting process, the individuals responsible for gathering, verifying and processing the relevant KPIs have been identified. The CSR Manager, assigned the coordination of the entire process of gathering and processing quantitative indicators by the Executive in charge of financial reporting, and of preparing the Non-Financial Statement of the Group, is responsible for consolidating results. The NFS is submitted to the Audit, Risk and Sustainability Committee and the Ethics Committee for analysis and evaluation. The document is then approved by the Board of Directors and finally presented at the General Shareholders' Meeting at the same time as the Group's Consolidated Financial Statements.

## Remuneration policy, and remuneration of the highest governing body

The Remuneration Policy of the Company - and, in particular, the policy on variable remuneration components - contributes to corporate strategy and to the Company achieving its long-term interests and sustainability. The main individuals and bodies involved in the preparation, approval and review of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors. The Board of Directors is responsible for implementing the Remuneration Policy. The Remuneration Committee, composed of non-executive and independent directors, makes proposals and general recommendations to the Board of Directors on remuneration. The Shareholders' Meeting is required to cast a binding vote on the Remuneration Policy.

The remuneration of directors, general managers and key executives, where identified, is defined in such a way as to ensure an overall remuneration structure capable of recognising the professional value of the persons involved and to allow for an adequate balance of 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 targets.

It should be noted that the variable component of executive directors' remuneration is determined with reference to sustainability targets and results (10%).

For more details on how the remuneration (fixed and variable parts) of Directors and Key Managers is determined, please refer to Section II of the Report on the Remuneration Policy and Remuneration Paid, published pursuant to Article 123-ter of TUF, on the Company's website [www.piaggiogroup.com](http://www.piaggiogroup.com) in the section "Governance - Management".

## Annual total remuneration ratio

The ratio of the annual total remuneration of the person receiving the highest remuneration to the median of the annual total remuneration of all Group employees excluding the aforementioned person is 60.7.

Compared to 2021, as there was no change in the remuneration of the highest paid individual, the rate between the percentage increase in the annual total remuneration of the highest paid individual and the percentage increase of the median of the annual total compensation of all Group employees, excluding the aforementioned individual, is equal to zero.

## The system for responsible business management

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

## Code of Ethics

Piaggio & C. has adopted a Code of Ethics since 2004 for the Organisational Model pursuant to Italian Legislative Decree 231/2001. The Code of Ethics was last updated and approved by the Board of Directors in 2017, with the introduction of an article on safeguarding human rights, aimed in particular at preventing “modern slavery”.

Through this article, the company expresses its commitment to recognising and ensuring the utmost respect for the principles that protect human rights, as shared at international level and articulated in a number of international conventions. In particular, respect for personal dignity, for the individual and the prohibition of any type of discrimination.

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

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

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

- complying with the laws of countries where Piaggio operates;
- dismissing and condemning unlawful and improper behaviour;
- preventing breaches of lawfulness, constantly achieving transparency and openness in managing the business;
- seeking excellence and market competitiveness;
- respecting, protecting and valuing human resources;
- pursuing sustainable development while respecting the environment and the 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”.

All employees are required to sign and comply with the Code of Ethics. In addition, Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products.

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

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

## Organisational model pursuant to Legislative Decree no. 231/2001

The internal control and risk management system of Piaggio & C. includes the Organisational, Management and Control Model for the prevention of corporate offences pursuant to Legislative Decree 231/2001 ("Model pursuant to Legislative Decree 231/2001"), which Piaggio & C. adopted in 2004, which was updated by the Board of Directors of the Company on 27 July 2020, with the introduction of the predicate crimes contemplated in Article 25 quinquiesdecies of Legislative Decree 231/2001 (tax crimes) and subsequently revised and approved in the Board meeting of 21 February 2022.

In particular, the last update considered the following offences:

- Article 25 Legislative Decree 231/2001: fraud in public procurement (Article 356 of the Criminal Code); embezzlement (limited to the first paragraph) (Article 314 of the Criminal Code); embezzlement by profiting from the error of others (Article 316 of the Criminal Code); abuse of office (Article 323 of the Criminal Code).
- Article 25-octies of Legislative Decree No. 231/2001, insofar as it has extended the punishability of the offences referred to in Articles 648, 648bis, 648ter.1 and 648ter of the Criminal Code to proceeds also derived from culpable offences and misdemeanours.
- Article 25-octies.1, Legislative Decree 231/2001: misuse and falsification of non-cash payment instruments (Article 493b of the Criminal Code); computer fraud (Article 640b of the Criminal Code).
- Excluded offences include: possession and dissemination of computer equipment, devices or programmes intended for the commission of offences concerning non-cash payment instruments (Article 493 quater of the Criminal Code); fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2 Law 898/1986).

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

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

In compliance with Law 179/2017, an entirely new section was introduced in 2018 with regulations on whistle-blowing (this policy had already been introduced in India in 2016), designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work.

To guarantee the confidentiality of the identity of the person reporting the information in question, the Company, in compliance with applicable legislation, believes that the management of reported information must involve the Supervisory Body appointed pursuant to Legislative Decree no. 231/2001. The system to protect whistle-blowers, introduced by Law 179/2017 and implemented by Article 6 of Legislative Decree 231/2001, indirectly assigns the Supervisory Body the task of receiving and managing information reported on alleged offences and breaches of the Model or Code. The Company has therefore set up the following communication channels:

- a dedicated mailbox: [organismodivigilanza@piaggio.com](mailto:organismodivigilanza@piaggio.com)
- a physical mail channel, by sending an envelope with the words "private and confidential" addressed directly to the Supervisory Body at the registered office of the Company, Viale Rinaldo Piaggio, 25, 56025 Pontedera (PI) - Italy
- Internet points have been set up in plant areas, where workers and other employees who do not have, for work reasons, access to a computer, can report information.

The second section ("special") of the Model formalises specific decision-making protocols for "sensitive processes" guiding company activities in compliance with indications in the model, in relation to the individual categories of offences the section refers to.

The Model pursuant to Legislative Decree 231/2001 - widely distributed by email to all Piaggio Group employees in Italy, and also published on the company Intranet - is constantly monitored and periodically updated. The Group also holds e-learning training programmes for all employees except blue collar workers.

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

## Social and environmental-oriented policies and guidelines

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

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



## Anticorruption

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

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

Function managers who liaise with the Public Administration must:

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

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

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

Conduct guidelines which are identical to those for relations with the Public Administration must also be adopted with regard to relations with any private third party, such as suppliers, customers, competitors, partners and/or any contractual counterparty. In this regard, the section on corporate offences in the Model 231 was updated with the following introduction, implementing Legislative Decree no. 38 of 15 March 2017 (implementing Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector), as well as with measures introduced by article 2635 of the Italian Civil Code on the offence of "corruption between private individuals", and with the introduction of the new offence "instigating corruption between private individuals", whereby corruption is a punishable offence even if the offer is not accepted (Article 2635 bis of the Italian Civil Code).

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

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

No incidents of corruption occurred in the reporting year.

## Guidelines for compliance with laws and local regulations

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

During 2022, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or breaches of human rights. Moreover, no infringement procedures have been filed against the Piaggio Group for the breach of anti-competitive or anti-trust laws.

As of 31 December 2022, there were no incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotions and sponsorship.

For a detailed description of outstanding disputes related to non-compliance with laws or regulations, please refer to the specific section 50 of the Notes to the Consolidated Financial Statements. This section analyses significant litigation for the Group. Considering that any lawsuits deemed to be specious are excluded a priori and, in any case, lawsuits with potential damages of less than €200,000, disclosure is provided concerning lawsuits considered significant as a result of the application of a dual quantitative criterion (€1.5 million threshold) and qualitative criterion (insurance coverage, risk of losing the case, subject-matter of the dispute, serial nature of the dispute, etc.), so that even cases with a value below the quantitative threshold might be reported in light of their specific aspects, and cases with a value above the quantitative threshold might not be reported if the risk of losing the case is remote and/or covered by an insurance policy.

Lastly, it should be noted that two new lawsuits were started in 2022; one relating to the termination of a business relationship with a dealer and the other for an alleged breach of a lease agreement. During the year, payments of €/000 1,522 were made for disputes, closed or still pending, all relating to reporting periods prior to 2022.

## Guidelines for respecting human rights

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

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

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

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

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







## THE ENVIRONMENTAL DIMENSION

Piaggio has organised its processes and activities through a management system which focuses on Quality, the Environment and the Health and Safety of Workers, with a view to providing a model of sustainable development that not only guarantees lasting success, but also ensures that the expectations of stakeholders are met (including investors, shareholders, partners, suppliers, the social community and public administration). Environmental sustainability - understood as the ability to protect and safeguard natural resources, combined with the capacity of the ecosystem to absorb the direct and indirect impacts generated by manufacturing activities - is among the key focal points of Group Policy, as expressed by the company's senior management team. This concept provides the basis for the environmental certification (ISO 14001) process that has already been launched (or is being continued) at the various production sites and is an essential point of reference for every Group company, wherever they may operate.

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

The phases of the life cycle of a vehicle that determine the greatest environmental impacts can be summarised as follows:



During the procurement of raw materials/components, the main impact derives from the relative production and distribution that involves direct and indirect emissions of CO<sub>2</sub>, the consumption of water and the production of waste. Although these impacts are difficult for the Group to monitor, Piaggio has calculated Scope 3 emissions from purchased goods and services using the expenditure-based method.



During production, the main impacts are related to the consumption of electricity and natural gas which results in direct and indirect CO<sub>2</sub> emissions, water consumption mainly related to painting and the amount of waste produced. All these impacts are monitored and reported in the next few pages.



During distribution, the impact is from the fuel consumption of vehicles used to transport finished products, spare parts and accessories. Piaggio is considering how to estimate these impacts, which are currently not monitored due to the difficulty in identifying them.



During use by the customer, the impact is from the fuel consumption of vehicles and any disposal of consumables and worn components. Although these impacts are difficult for the Group to monitor, Piaggio has made estimates to calculate Scope 3 emissions from the use of sold products. Piaggio promotes safe and responsible driving and studies vehicles that are increasingly environmentally friendly.



Finally, during disposal, the impact is from the dismantling of various components for their recovery or disposal. All vehicles are designed for their effective disposal at the end of their life. The Group's vehicles have a particularly long life. The Vespa maintains a high second-hand value and is a collector item for many enthusiasts.

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

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

- maintaining environmental certification awarded to all production sites;
- reducing energy consumption;
- reducing emissions of CO<sub>2</sub> and other pollutants;
- conserving water resources;
- waste handling and recovery;
- absence of soil contamination;
- environmental spending and investments.

The data in this chapter refer only to production plants. The Group also operates through commercial companies (distributors and selling agencies) and research centres located on various reference markets. The consumption of natural resources at these sites cannot always be detected, as they sometimes refer to properties that are not owned where services are shared with other tenants and in any case are to be considered marginal and therefore irrelevant.

## Environmental Management System

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

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

### ENVIRONMENTAL ORGANISATIONAL STRUCTURE OF ITALIAN SITES OF THE PIAGGIO GROUP

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

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

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

## Environmental certification

For several years now, the Piaggio Group has implemented an environmental management system in its facilities in compliance with the international standard UNI EN ISO 14001.

## Energy consumption

Although the structure of the Group's production sites has been designed to run on fossil fuels, Piaggio is engaged in optimising the management of existing sites to cut consumption. The aim of the Group is to optimise plant management and minimise energy waste. Having an extensive monitoring network of main energy carriers is important for achieving noticeable results, especially in more complex activities. Since 2016, the Pontedera site has adopted measures to reduce energy waste, with a smart metering system that can use, observe and compare in real time (with a delay of 3 hours) the consumption recorded by over 90 meters at the site. When reconfiguring or restructuring plants, the Tecólogy functions carry out evaluations and analysis with a view to introducing machinery and methods that minimise environmental impact.

With this in mind, a photovoltaic power plant was built at the Indian production site in 2022 to meet part of the energy needs of the Commercial Vehicles and 2-Wheeler plants.

The start-up of the new Indonesian 2-wheeler plant for CKD assembly<sup>39</sup> in November 2022 had no significant impact on the Group's consumption.

### ENERGY CONSUMPTION OF PIAGGIO GROUP PLANTS<sup>40</sup>

	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL	
Electricity (Thousand KWh)	Renewable 2022			373	3		376	
	Non-Renewable 2022 <sup>41</sup>	31,373	4,227	896	17,931	19,817	283	74,528
	Total 2022	31,373	4,227	896	18,304	19,820	283	74,904
	2021	34,091	4,168	836	16,123	16,313		71,531
	Delta 2022-2021	-8.0%	1.4%	7.2%	13.5%	21.5%	100.0%	4.7%
Methane/Natural Gas (Sm <sup>3</sup> )	2022	4,523,727	341,944	192,274				5,057,945
	2021	5,488,105	416,967	202,153				6,107,225
	Delta 2022-2021	-17.6%	-18.0%	-4.9%				-17.2%
LPG (Ton)	2022			1,135	40			1,176
	2021			921	30			951
	Delta 2022-2021			23.3%	34.0%			23.6%
Diesel fuel (Litres)	2022	1,824	395	120	14,994	912,243		929,576
	2021	2,490	90	12	12,340	752,435		767,367
	Delta 2022-2021	-26.7%	338.9%	900.0%	21.5%	21.2%		21.1%

GJ <sup>42</sup>	ELECTRICITY	METHANE/ NATURAL GAS	LPG	DIESEL FUEL	TOTAL	
Sites	2022	269,653	178,733	53,915	33,610	535,910
	2021	257,510	215,396	43,622	27,635	544,163
	Delta 2022-2021	4.7%	-17.0%	23.6%	21.6%	-1.5%

39. CKD Completely Knocked Down.

40. Some values are based on estimates. The Group did not purchase energy from renewable sources certified through guarantees of origin.

41. Renewable electricity comes from proprietary photovoltaic systems that are dedicated exclusively to self-consumption. All the energy produced is self-consumed and there is no sale of electricity to the grid.

42. The data relating to energy and fuel consumption expressed in GJ are calculated using the conversion standards set out in the standard parameter table published by ISPRA and by the Italian Ministry of the Environment and Energy Security (MASE) for the year 2022. For electricity, the standard coefficient of 1 kWh = 0.0036 GJ was used.



## USE OF FUELS FOR COMPANY CARS AND TESTING VEHICLES<sup>43</sup>

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
Petrol (litres)	2022	127,346	148,475	40,251	155,489	144,658	1,450	617,669
	2021	146,835	127,671	51,048	153,320	125,036		603,910
	Delta 2022-2021	-13.3%	16.3%	-21.2%	1.4%	15.7%	100%	2.3%
Methane/Natural Gas (Sm <sup>3</sup> )	2022	71						71
	2021	660						660
	Delta 2022-2021	-89.2%						-89.2%
LPG (Ton)	2022	0			0			0
	2021	1			5			7
	Delta 2022-2021	-100.0%			-95.1%			-96.1%
Diesel fuel (Litres)	2022	127,495	46,226	4,785	66,380			244,886
	2021	137,871	50,992	6,683	77,844			273,389
	Delta 2022-2021	-7.5%	-9.3%	-28.4%	-14.7%			-10.4%
CGN (Ton)	2022				2			2
	2021				5			5
	Delta 2022-2021				-70.7%			-70.7%

GJ <sup>44</sup>		PETROL	METHANE/ NATURAL GAS	LPG	DIESEL FUEL	CNG	TOTAL
Company vehicles	2022	19,837	3	12	8,854	71	28,778
	2021	19,534	23	85	9,846	240	29,728
	Delta 2022-2021	1.6%	-89.2%	-85.3%	-10.1%	-70.4%	-3.2%

In 2022, the Group's total consumption was 564,688 GJ, of which 1,354 GJ was from renewable sources, compared to 573,891 GJ the previous year.

The reduction in overall consumption (-1.6%) despite a 17% increase in vehicles produced was achieved thanks to the decommissioning of the 3R pre-treatment and cataphoresis plant at Pontedera in March 2021 and the implementation of numerous measures at the Group's various plants.

## Emissions of CO<sub>2</sub> and other pollutants

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

The increases recorded in 2022 in CO<sub>2</sub> emissions are due to the growth in production volumes and inclusion of the new Indonesian site in the reporting perimeter. Structural works (the replacement of boilers and restructuring of distribution networks), carried out over time and already described in previous financial statements, show that changes made have been appropriate.

CO<sub>2</sub> emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG used at plants are reported below.

## DIRECT<sup>45</sup> CO<sub>2</sub>eq EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES

TON	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	9,198	682	383	3,378	2,580	0	16,221
2021	11,049	827	401	2,742	2,164	0	17,183
Delta 2022-2021	-16.8%	-17.6%	-4.4%	23.2%	19.2%	0	-5.6%

43. Some values are based on estimates.

44. The data relating to energy and fuel consumption expressed in GJ are calculated using the conversion standards set out in the standard parameter table published by ISPRA and by the Italian Ministry of the Environment and Energy Security (MASE) for the year 2022. For electricity, the standard coefficient of 1 kWh = 0.0036 GJ was used.

45. To calculate Scope 1 emissions, the following were considered: (i) for Italian plants, the emission factors published by ISPRA in the document National Standard Parameters; (ii) for foreign plants, Department for Environmental Food & Rural Affairs (DEFRA) emission factors. It should be noted that the emissions calculated with the emission factors published by ISPRA are indicated in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub>eq), as can be inferred from the relevant technical literature.

The greenhouse gases deriving from the use of diesel, fuel oil and methane at Italian plants, were determined using the calculation factors provided for in the ETS regulation referred to in the "Emission Trading" Directive (Directive 2003/87/EC).

With reference to CO<sub>2</sub> emissions, the industrial plant at Pontedera comes under the scope 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 plants releasing the lowest amount of CO<sub>2</sub> indicated in the Directive.

CO<sub>2</sub> emissions are almost entirely derived from the combustion of methane, marginally from the combustion of diesel fuel in back-up power generators and small amounts from the combustion of VOCs in the painting post-combustor.

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

Direct CO<sub>2</sub> emissions deriving from the combustion of fuels at Piaggio's Pontedera site are certified by a certification body accredited by the National Competent Authority in March of each year.

Below are the CO<sub>2</sub>eq emissions deriving from the leakage of F-gas from the plants.

CO <sub>2</sub> eq [T]		PONTERA	NOALE AND SCORZÈ	BARAMATI	TOTAL
F-gas	2022	253.4	105.8	151.3	510.5
	2021	440.0	68.4		508.4
	Delta 2022-2021	-42.4%	54.6%	100.0%	0.4%

The next table shows the CO<sub>2</sub>eq emissions from the use of company cars and from testing and development activities.

TON	PONTERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	640	472	107	511	313	3	2,046
2021	720	438	138	562	274	0	2,132
Delta 2022-2021	-11.1%	7.9%	-22.5%	-9.1%	14.0%	100%	-4.0%

Overall, direct emissions of the Group in 2022 were equal to 18,777 tons (19,823 tons in 2021).

## INDIRECT SCOPE 2 CO<sub>2</sub> EMISSIONS<sup>46</sup> OF PIAGGIO GROUP PRODUCTION SITES

### Location based

TON	PONTERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	8.151	1.098	233	12.749	15.935	227	38.392
2021	8.857	1.083	217	13.221	13.795	0	37.173
Delta 2022-2021	-8,0%	1,4%	7,2%	-3,6%	15,5%	100%	3,3%

### Market based

TON	PONTERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	14,324	1,930	409	12,749	15,935	227	45,574
2021	15,633	1,911	383	13,221	13,795	0	44,943
Delta 2022-2021	-8.4%	1.0%	6.7%	-3.6%	15.5%	100%	1.4%

For the location-based method, average emission factors related to national energy generation, published by national governing bodies, were used for the various countries where operations are carried out. In particular: for Italian plants, reference was made to the ISPRA publication "Emission factors for electricity production and consumption in Italy"; the emission data of Indian plants were determined

46. It should be noted that Scope 2 emissions are expressed in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub>eq), as can be inferred from the relevant technical literature.

by applying the coefficients established by The Central Electricity Authority "CO<sub>2</sub> Baseline Database for the Indian power sector"; the data relating to the plants in Vietnam were calculated using the coefficients established by the "Department of Meteorology, Hydrology and Climate change - Ministry of Natural resource and Environment Vietnam".

For the market-based method, the factor reported in the document Residual Mix Results, Association of issuing bodies (AIB), was used for the Italian plants. For the remaining countries, the same factors were applied as for the location-based method, due to the impossibility of obtaining market-based emission factors.

## INDIRECT SCOPE 3 CO<sub>2</sub>eq EMISSIONS

In order to improve reporting, the Group has started a process, from this year, for estimating other indirect greenhouse gas emissions. Out of the possible categories of indirect emissions, the Group has identified the "purchased goods and services" and the "use of sold products" categories as making the most significant contribution.

For the "purchased goods and services" category, relative emissions were estimated considering the final costs in the Piaggio Group's consolidated financial statements (please refer to the Cost of materials and Cost of services tables in the Notes to the Consolidated Financial Statements) using the Scope 3 Quantis evaluation tool "Scope 3 Evaluator", issued by GHG Protocol in partnership with Quantis.

For the "use of sold products" category, the relative emissions were estimated on the basis of an average figure constructed from the specific emission factors of the best-selling models and the estimated annual kilometres travelled. This figure was then multiplied by the number of vehicles sold in the reporting year and the average life cycle of those vehicles, to obtain the total emissions of vehicles sold in the year<sup>47</sup>.

TCO <sub>2</sub> eq	2022	2021
Use of sold products	3,758,050	2,691,458
Purchase of goods and services	1,384,935	1,078,500
<b>Total</b>	<b>5,142,985</b>	<b>3,769,958</b>

## Emission intensity

As previously commented, in 2022 the Group improved the efficiency of its production processes. The table below provides evidence of the results achieved:

### EMISSION INTENSITY (SCOPE 1 + SCOPE 2 LOCATION-BASED)

	SCOPE 1+ SCOPE 2 EMISSIONS <sup>48</sup> TON CO <sub>2</sub> eq	SALES REVENUE MILLION EUROS	VEHICLES PRODUCED (UNITS/000)	EMISSIONS/ REVENUE TON CO <sub>2</sub> eq / MILLION EUROS	EMISSIONS/VEHICLES PRODUCED TON CO <sub>2</sub> eq / UNIT/000
2022	55,123	2,087	611	26	90
2021	54,358	1,669	523	33	104
Delta	765	419	89	(6)	(14)
Delta %	1.4%	25.1%	17.0%	-18.9%	-13.3%

47. Some best-selling models were taken as a sample and their annual mileage was estimated. For each model, the emissions per km travelled were multiplied by the estimated annual mileage and the number of vehicles sold. The annual emissions thus obtained were divided by the number of vehicles sold in the models sampled, resulting in an average of weighted annual emissions per vehicle. This average figure was multiplied by the total number of vehicles sold in 2022, including those not sampled, resulting in the total annual emissions of vehicles sold. Finally, the total annual emissions thus obtained were multiplied by the average vehicle life years, in accordance with the calculation methodology of the 'Técóical Guidance for Calculating Scope 3 Emissions'. The emissions per km travelled were taken from the product data sheets, while the useful life of the vehicles and the average vehicle mileage are estimates.

48. Emissions from company cars and testing activities are excluded.

The emission intensity considering indirect scope 3 emissions (“purchased goods and services” and “use of sold products” categories):

### EMISSION INTENSITY (SCOPE 3)

	SCOPE 3 EMISSIONS TON CO <sub>2</sub> eq	SALES REVENUE MILLION EUROS	VEHICLES SOLD (UNITS/000)	EMISSIONS/REVENUE TON CO <sub>2</sub> eq / MILLION EUROS	EMISSIONS/ VEHICLES SOLD TON CO <sub>2</sub> eq / UNIT/000
2022	5,142,985	2,087	625	2,464	8,222
2021	3,769,958	1,669	536	2,259	7,034
Delta	1,373,027	419	89	205	1,189
Delta %	36.4%	25.1%	16.7%	9.1%	16.9%

Total Piaggio Group emissions were 5,207,336, including indirect scope 2 emissions calculated using the market-based method.

### OTHER SIGNIFICANT EMISSIONS AT THE PRODUCTION SITES OF THE PIAGGIO GROUP<sup>49</sup>

		PONTERERA	BARAMATI	VINH PHUC	TOTAL
VOC (Ton)	2022	29.2	407.1	0.3	436.6
	2021	26.2	218.1	0.7	245.1
	Delta 2022-2021	11.4%	86.6%	-58.3%	78.2%

Overall VOC emissions went up in 2022, compared to 2021. This increase is mainly attributable to the Indian plant, which internalised the painting process of some vehicle parts in 2022.

## Conserving water resources

Water consumption is one of Piaggio’s main areas of focus and it has taken concrete action to implement its Policy of trying to reduce the consumption of energy and natural resources. Piaggio has consistently worked on this, analysing the water consumption of the Pontedera plant, which in a decade has more than halved its m<sup>3</sup> consumption of well water. This reduction was made possible by plant upgrades (e.g. inverters on well pumps) and in more recent times by replacing less efficient systems with latest generation technologies (e.g. new 2R painting and new cataphoresis).

The Baramati and Vinh Phuc plants reuse part of the water withdrawn as part of the effort to reduce consumption.

The Pontedera, Baramati and Vinh Phuc plants are located in areas with high water stress (Source: Aqueduct Water Risk Atlas).

49. The reported data were processed considering the emission of VOCs in terms of hourly mass flow, based on periodic monitoring, and the number of hours of operation of the plants in the reporting year.

The indicator only considers VOC (volatile organic compounds) released by solvents used in painting.

## WATER WITHDRAWALS

MEGALITRES	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL	OF WHICH WATER STRESS AREAS	
	<b>Groundwater (total)</b>	<b>126</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>126</b>	
2022	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)						0	0	
	Other types of water	126	7	4			137	126	
	<b>Third-party water (total)</b>	<b>62</b>	<b>14</b>	<b>1</b>	<b>268</b>	<b>126</b>	<b>472</b>	<b>456</b>	
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)				268	126	394	394	
	Other types of water	62	14	1			78	62	
<b>Total</b>	<b>188</b>	<b>22</b>	<b>6</b>	<b>268</b>	<b>126</b>	<b>0</b>	<b>609</b>	<b>581</b>	
	<b>Groundwater (total)</b>	<b>164</b>	<b>7</b>	<b>1</b>			<b>172</b>	<b>164</b>	
2021	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)								
	Other types of water	164	7	1			172	164	
	<b>Third-party water (total)</b>	<b>61</b>	<b>15</b>	<b>1</b>	<b>207</b>	<b>111</b>	<b>395</b>	<b>379</b>	
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)				207	111	318	318	
	Other types of water	61	15	1			78	61	
<b>Total</b>	<b>225</b>	<b>22</b>	<b>2</b>	<b>207</b>	<b>111</b>		<b>567</b>	<b>543</b>	
	<b>Groundwater (total)</b>	<b>(38)</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>(35)</b>	<b>(38)</b>	
Change	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)						0	0	
	Other types of water	(38)	0	3			(35)	(38)	
	<b>Third-party water (total)</b>	<b>1</b>	<b>(1)</b>	<b>0</b>	<b>61</b>	<b>15</b>	<b>0</b>	<b>76</b>	<b>77</b>
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	0	0	0	61	15	0	76	76
	Other types of water	1	(1)	0	0	0	0	0	1
<b>Total</b>	<b>(38)</b>	<b>(1)</b>	<b>4</b>	<b>61</b>	<b>15</b>	<b>0</b>	<b>41</b>	<b>38</b>	
<b>Change %</b>	<b>-16.6%</b>	<b>-2.3%</b>	<b>172.8%</b>	<b>29.5%</b>	<b>13.4%</b>		<b>7.3%</b>	<b>7.1%</b>	

The increase in offtake volumes was lower than the increase in business volumes, thanks to the Group's commitment to minimising the use of resources and the beneficial effect of decommissioning the 3R pre-treatment and cataphoresis plant at Pontedera in March 2021. The opening of the new Indonesian plant, as an assembly site only, did not generate significant impacts in terms of water use.

## WATER DISCHARGES<sup>50</sup>

MEGALITRES		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL	OF WHICH WATER STRESS AREAS
	<b>Third-party water</b>								
2022	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)					100	0	100	100
	Other types of water	188	22	6				215	188
<b>Total</b>		<b>188</b>	<b>22</b>	<b>6</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>316</b>	<b>288</b>
	<b>Third-party water</b>								
2021	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)					89		89	89
	Other types of water	225	22	2				250	225
<b>Total</b>		<b>225</b>	<b>22</b>	<b>2</b>		<b>89</b>		<b>338</b>	<b>314</b>
	<b>Third-party water</b>								
Change	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)					12	0	12	12
	Other types of water	(38)	(1)	4				(34)	(38)
<b>Total</b>		<b>(38)</b>	<b>(1)</b>	<b>4</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>(23)</b>	<b>(26)</b>
<b>Change %</b>		<b>-16.6%</b>	<b>-2.3%</b>	<b>172.8%</b>		<b>13.4%</b>		<b>-6.7%</b>	<b>-8.2%</b>

As regards waste water, environmental respect is ensured with processes to treat and purify waste water. The minimum standards for the quality of water discharges correspond to the standards imposed by applicable regulations of countries where Piaggio operates and by the specific environmental authorisations of each plant.

With reference to discharges, a summary of their destination by production site is provided below:

- **Pontedera:** the plant's drains are divided into two separate networks:
  - one that collects "industrial" waste, originating from the painting plants, the wastewater preparation plant and the temporary waste storage areas, which could lead to the discharge of potentially polluted rainwater runoff;
  - the other collects "non-industrial" waste (from the toilets, canteens and unpolluted rainwater).
The two networks are separate and both deliver to a purification hub outside the plant, where the wastewater undergoes chemical/physical treatment and is then discharged into an open riverbed. A small part of the discharges, originating from the toilets of two areas of the plant, flows directly into the public sewage network which is directly connected to the biological system of the integrated water supply. From the tables above, it is assumed that all the water collected is discharged into the sewers, a part in the industrial network (about 100,000 m<sup>3</sup>) and the rest into the non-industrial network);
- **Noale:** all buildings are connected to the public sewer system; the waste water is of a non-industrial origin only (from toilets and the site canteen);
- **Scorzè:** the plant is not served by the public sewer system, so waste water is biologically purified at the site and then conveyed to the local Rio Desolino canal;
- **Mandello del Lario:** the plant discharges a part of waste water directly into the public sewer system (non-industrial waste water, canteen waste water, etc.), while waters used in the cooling plants are discharged into the Torrente Valletta stream;
- **Baramati:** waste water is treated and reused for internal purposes and irrigation;
- **Vinh Phuc:** the site has a chemical/physical purification plant for waste from painting pre-treatment operations before it is conveyed to the public sewer systems, where all other site waste (non-industrial waste) is sent. The final destination is in the public sewer system. A part of this water is re-used. In 2022 the recovery of waste water amounted to 20,007 m<sup>3</sup>, equal to 15.9% of the water withdrawn;
- **Jakarta:** the plant is connected to the public sewage system; the waste water is of a non-industrial origin only (from toilets and the site canteen);
- **Commercial companies:** water use, which is only for toilet facilities and comes from the mains, coincides with waste water. The water use of these sites cannot always be recorded, as the sites are sometimes located at property which is not owned, where communal services are shared with other occupants.

50. The water discharges of the Vietnamese plant are estimated to be 80% of water withdrawals.



## WATER CONSUMPTION

MEGALITRES	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL	OF WHICH WATER STRESS AREAS
2022				268	25		293	293
2021				207	22		229	229
Change				61	3		64	64
Change %				29.5%	13.4%		28.0%	28.0%

For all Italian plants and the Indonesian plant, consumption is estimated to be zero as the water withdrawn is returned to the environment after use.

## Waste handling and recovering

The Company's desire to minimise the environmental impact of its industrial activities through careful calibration of the technological processing cycle and the use of the best technologies and most up-to-date production methods, as set out in its Policy, is also (and above all) expressed through waste management and recovery. Within the Management System based on the ISO 14001 standard, each plant has specific procedures that regulate waste management, guaranteeing above all the necessary compliance with the regulations, but above all the continuous improvement of performance aimed at reducing the quantity of waste produced and ensuring it is recycled. The management activities consist of separate collection of the different types of waste, their correct categorisation through product classification or chemical analysis, internal handling without the possibility of accidental spillage, their storage in suitable temporary storage areas, the definition of contracts with companies specialised in recovery/disposal, and the management of all formalities, including paperwork, to ensure traceability of the waste until it reaches the final recipient.

In 2022, there was an increase of 6.5% in waste produced, which is to be correlated with the growth in production volumes (+17.0% increase in vehicles produced).

At Italian plants, the percentage of waste sent for recovery improved, exceeding 95% of the waste produced.

The separation of hazardous from non-hazardous waste and the possibility of recovering waste is affected by local regulations.

Finally, it should be noted that a new two-wheeler assembly plant in Indonesia has been in operation since November 2022. The data for this plant are aggregated in the following tables together with those for Vietnam under the column "Asia Pacific".

TON.	ITALY			INDIA			ASIA PACIFIC			TOTAL		
	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL
<b>2022</b>												
Hazardous	368	489	857	26	164	190	1,524	-	1,524	1,917	654	2,571
Non-hazardous	51	7,963	8,013	315	1,610	1,925	814	369	1,184	1,181	9,942	11,122
Total	419	8,452	8,871	341	1,774	2,115	2,338	369	2,707	3,098	10,596	13,694
<b>2021</b>												
Hazardous	260	504	764	71	115	186	1,281	-	1,281	1,613	619	2,232
Non-hazardous	298	7,863	8,161	97	1,797	1,893	160	412	572	555	10,071	10,626
Total	558	8,367	8,925	168	1,912	2,080	1,442	412	1,854	2,168	10,690	12,858
<b>Delta 2022-2021</b>												
Hazardous	108	(15)	93	(46)	50	4	242	0	242	304	35	339
Non-hazardous	(247)	100	(148)	218	(187)	32	654	(43)	611	626	(129)	496
Total	(139)	85	(51)	173	(137)	36	896	(43)	854	930	(94)	835

YEAR 2022 TON.	ITALY			INDIA			ASIA PACIFIC			TOTAL		
	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL
Inorganic waste from chemical processes	3	-	3	-	-	-	-	-	-	3	-	3
Paints, varnishes and glazing, enamels, adhesives, sealants and inks	13	1	14	95	69	163	1,056	-	1,056	1,164	69	1,233
Waste from chemical surface treatment and coating of metals and other	3	-	3	25	-	25	-	-	-	28	-	28
Waste from the shaping and physical and mechanical surface treatment of metals and plastics	7	701	708	0	98	99	101	-	101	109	799	908
Oil and liquid fuel waste	1	11	11	-	6	6	0	-	0	1	17	17
Waste from organic solvents, refrigerants and propellants	207	-	207	-	-	-	-	-	-	207	-	207
Waste from packaging, absorbent material, wiping cloth, filtering and protective material not otherwise specified	141	6,740	6,882	-	1,240	1,240	172	307	479	314	8,287	8,601
Other waste not otherwise specified	23	423	446	0	92	92	16	11	26	39	525	564
Construction and demolition waste	1	520	521	220	66	287	-	10	10	221	597	817
Waste from health care	0	-	0	-	-	-	0	-	0	0	-	0
Waste from waste management facilities, off-site treatment plants and preparation of water intended for human consumption and water for industrial use	-	-	-	-	-	-	328	-	328	328	-	328
Municipal waste	20	58	78	-	203	203	665	42	707	685	303	988
<b>Total</b>	<b>419</b>	<b>8,452</b>	<b>8,871</b>	<b>341</b>	<b>1,774</b>	<b>2,115</b>	<b>2,338</b>	<b>369</b>	<b>2,707</b>	<b>3,098</b>	<b>10,596</b>	<b>13,694</b>

2021 TON.	ITALY			INDIA			ASIA PACIFIC			TOTAL		
	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL	DISPO- SAL	RECYCLING	TOTAL
Paints, varnishes and glazing, enamels, adhesives, sealants and inks	65	1	66	97	41	138	862	-	862	1,024	42	1,066
Waste from chemical surface treatment and coating of metals and other	3	-	3	66	-	66	-	-	-	69	-	69
Waste from the shaping and physical and mechanical surface treatment of metals and plastics	4	697	701	-	106	106	85	-	85	90	803	893
Oil and liquid fuel waste	1	6	8	1	14	16	-	-	-	3	21	24
Waste from organic solvents, refrigerants and propellants	103	54	158	-	-	-	-	-	-	103	54	158
Waste from packaging, absorbent material, wiping cloth, filtering and protective material not otherwise specified	101	6,211	6,312	-	1,154	1,154	50	322	373	152	7,687	7,838
Other waste not otherwise specified	34	476	510	2	74	76	7	14	21	43	565	608
Construction and demolition waste	18	800	818	2	365	368	-	7	7	20	1,172	1,192
Waste from waste management facilities, off-site treatment plants and preparation of water intended for human consumption and water for industrial use	-	-	-	-	-	-	323	-	323	323	-	323
Municipal waste	228	120	349	-	157	157	114	69	183	342	346	688
<b>Total</b>	<b>558</b>	<b>8,367</b>	<b>8,925</b>	<b>168</b>	<b>1,912</b>	<b>2,080</b>	<b>1,442</b>	<b>412</b>	<b>1,854</b>	<b>2,168</b>	<b>10,690</b>	<b>12,858</b>

The analysis by type of waste produced shows that packaging waste (cardboard, wood, etc.) and construction and demolition waste are predominant.

## Soil contamination

In 2022, as in previous years, no spills or polluting events of significance occurred at any of Piaggio's sites.

At the Mandello and Pontedera, decontamination initiatives are under way due to historic contaminations. These situations emerged during demolition work in Mandello and during environmental monitoring campaigns in Pontedera. In both cases, the pollutants found have not been used in the production sites for several decades, providing the historical nature of their origin. In accordance with legal obligations, the two situations have been reported to the relevant authorities and are managed according to their instructions.

## Disposal of end-of-life vehicles

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

### 2-Wheelers

Although no legislation on recyclability for two-wheelers is currently in force or is planned, the Piaggio Group has taken steps in this direction. The technologies and materials used for the design and construction of the Group's scooters and motorcycles have targeted environmental compatibility and their effective end-of-life disposal since the introduction of the Sfera 50 model (1990). As from 2008, Piaggio has also changed the title blocks of drawings and information in its bills of materials so that materials used in constructing vehicles can be checked and disassembly can be optimised for easier disposal.

Through a partnership with UniFi, the characteristics of recyclability of the MP3 125 Hybrid in accordance with ISO 22628 were analysed. This was achieved by taking apart a real vehicle and registering all of its components. The recyclability rate was 88%, far higher than the limit of 85% set for the automotive industry for category N1 and M1 vehicles.

### 4-Wheelers

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

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

Over the years, Piaggio has embarked on a challenging path to ensure a high level of recyclability of its vehicles, culminating in the production of a manual for end-of-life vehicle dismantling.

Piaggio constantly monitors the recyclability and recoverability rates of its vehicles according to an internal procedure that complies with the requirements of Directive 2000/53/EC, and these two indicators are always above permitted thresholds.

The indicators are calculated and supplied to Approval Bodies in an ISO 22628 format, according to the tables of the European Commission. Starting from the production list of the complete vehicle, it is possible to trace the datasheet of each kit of components, with an indication of the relative materials with their codes and the recycling and recoverability percentages.

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.

The Recyclability and Recoverability values of the new Porter NP6 (calculated for the heaviest variant) are presented below.

	NEW PORTER NP6 SW LPG SR 2.12T
Recyclability (Rcyc)	89.5%
Recoverability (RCOV)	98.9%

## Logistics

The Group has consolidated its logistics model aimed at benefiting from the synergies among various distribution centres in Europe and identifying opportunities for optimisation, paying particular attention to service quality aspects.

To optimise distribution, the model provides for the following:

- the targeted management of departures and itineraries to be covered;
- the storage of vehicles produced in Italy at the distribution hub adjacent to the production site, of vehicles imported from abroad at the distribution hub corresponding to the type of product.

The procedure also regulates:

- the resources and equipment used by logistics operators, which are checked by Piaggio to ensure they meet the required quality standards;
- the replacement of vehicles for internal shuttle services with other vehicles equipped with systems to cut CO<sub>2</sub> emissions;
- the collection of packaging from dealers and related disposal in accordance with local regulations in force;
- the disposal with separate collection of waste materials and replacement of packaging;
- printing only documents which are necessary.

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

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

The Parent Company, through planning transport to directly managed markets, placed the utmost attention on distribution operations. Unfortunately, the critical issues caused by the COVID-19 pandemic, as well as the difficulties related to Brexit, did not allow for maximum efficiency.

Despite these contingencies, in 2022 there was an improvement in distribution operations per vehicle of 1.71% for two-wheelers, while for commercial vehicles there was an inefficiency of -1.83%, compared to the previous year.

As part of activities to streamline the distribution warehouses at the Pontedera production hub, the crating process, with vehicles only being crated during the dispatch stage, made it possible to optimise vehicle stock. This meant that for scooters from Asia (excluding those from India) transit necessary for transport to Europe was optimised.

Activities have started to have paperless transport documents as far as possible, so that hard copy documents can be phased out, where feasible.

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







## THE SOCIAL DIMENSION

### Developing human resources

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

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

### Staff

Over the years, the Group has always focused on aligning its organisation with international best practices. In 2022, also considering the gradual changes in the impacts of the COVID-19 emergency, Piaggio adopted organisational initiatives to support commercial, innovation and new product development objectives, while maintaining efficiency and productivity targets.

As of 31 December 2022, Group employees totalled 5,838, an overall increase of 2.4% compared to 31 December 2021.

#### COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

EMPLOYEE/STAFF NUMBERS	2022	2021	2020
EMEA and Americas	3,260	3,295	3,331
<i>of which Italy</i>	2,989	3,026	3,057
India	1,369	1,328	1,550
Asia Pacific 2W	1,209	1,079	975
<b>Total</b>	<b>5,838</b>	<b>5,702</b>	<b>5,856</b>

#### AVERAGE NUMBER OF COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY

EMPLOYEE/STAFF NUMBERS	2022	2021	2020
Senior management	111.3	108.9	106.3
Middle management	675.0	672.0	663.6
White collars	1,607.3	1,615.9	1,673.0
Blue collars	3,993.9	3,762.4	3,791.5
<b>Total</b>	<b>6,387.6</b>	<b>6,159.2</b>	<b>6,234.4</b>

An entry turnover rate of 6.4% and leaving turnover rate of 7.3% were recorded in Italy in 2022 (excluding staff on a fixed-term contract).

## GROUP EMPLOYEE TURNOVER AS OF 31 DECEMBER 2022

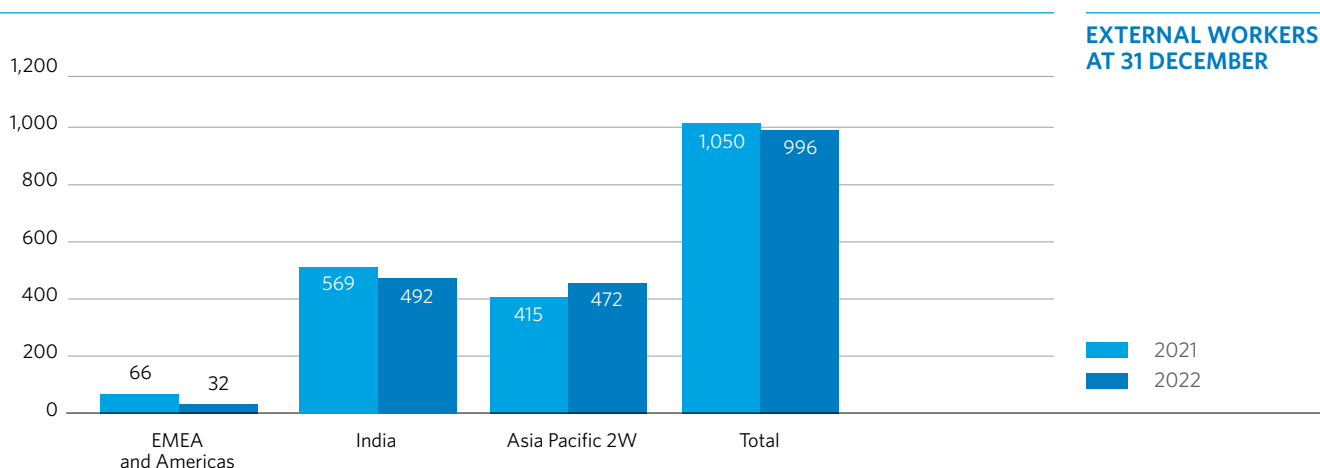
EMPLOYEE/STAFF NUMBERS	NEW RECRUITS												% TURNOVER		
	< 30			30-50			> 50			TOTAL			M	W	TOTAL
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL			
EMEA and Americas	42	15	57	50	13	63	2	-	2	94	28	122	4.2%	2.8%	3.7%
India	54	5	59	110	6	116	5	1	6	169	12	181	12.6%	36.4%	13.2%
Asia Pacific 2W	32	5	37	25	6	31	-	-	-	57	11	68	5.7%	5.1%	5.6%
Total	128	25	153	185	25	210	7	1	8	320	51	371			
% Turnover	18.3%	22.9%	18.9%	7.3%	3.3%	6.4%	0.5%	0.2%	0.5%	7.0%	4.0%	6.4%			

EMPLOYEE/STAFF NUMBERS	LEAVERS												% TURNOVER		
	< 30			30-50			> 50			TOTAL			M	W	TOTAL
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL			
EMEA and Americas	18	4	22	44	25	69	79	19	98	141	48	189	6.3%	4.7%	5.8%
India	33	5	38	147	2	149	6	1	7	186	8	194	13.9%	24.2%	14.2%
Asia Pacific 2W	8	3	11	22	8	30	1	1	2	31	12	43	3.1%	5.6%	3.6%
Total	59	12	71	213	35	248	86	21	107	358	68	426			
% Turnover	8.4%	11.0%	8.8%	8.4%	4.7%	7.5%	6.4%	5.2%	6.1%	7.8%	5.4%	7.3%			

The use of external workers within the Group is essentially limited to the Indian and Vietnamese plants and is related to the need to cope with temporary peaks in demand, so external workers are recruited during these periods.

In addition, internships and external collaborations are used for the gradual inclusion of new graduates in the company, to complete training activities and taking into account the specific aspects and local regulations of each country. The number of external workers at 31 December 2022 was 996.



## Personnel management policies

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



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

### COMPETITIVE ORGANISATION

The Group pursues an innovative organisational approach as a way to create a competitive edge and support a multicultural, multinational, lean organisation focused on the customer and on generating value.

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

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

### RECRUITMENT AND INTERNAL MOBILITY

Scouting and recruitment, in keeping with the previous year, focused on innovative activities and skills in the fields of electric mobility, environmental issues and digitisation.

Professionals from the most advanced companies in the automotive sector have been recruited with a particular focus on specialised skills in passive vehicle safety, cyber security and digital connectivity.

Another area highly impacted by recruiting was Quality, regarding both Products and Manufacturing, to pursue an ever higher level of global quality standards.

For the selection of specialised external resources, direct recruitment was used for positions with a high or medium-high level of specialisation.

In parallel, internal resources were selected with a view to job rotation.



## CAREER DEVELOPMENT

Development and career paths at Piaggio are mainly based on the assessment of managerial and technical skills, behaviour, performance and potential, with the aim of creating a pool of highly motivated individuals to fill key positions.

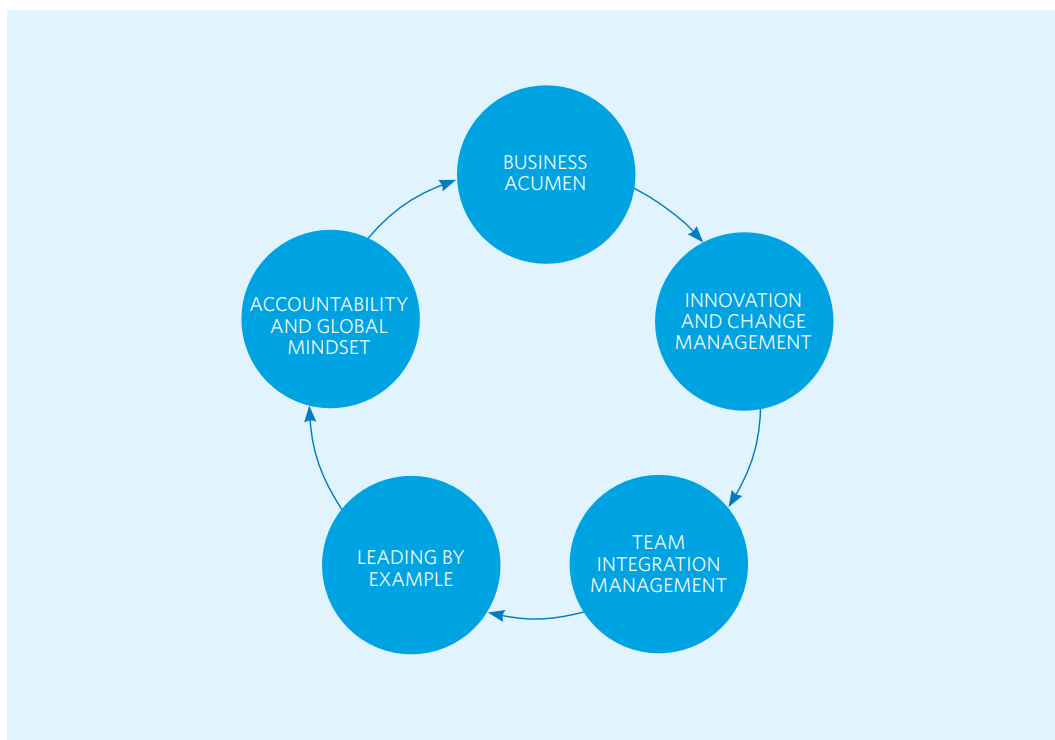
The development of the core skills necessary to remain in step with evolving markets and business is a priority. This is why the Group's human resources development policies focus on building, maintaining and developing factors that are instrumental for competing in international contexts which are continually evolving.

### The Group's managerial and professional competencies model

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

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

In 2022, detailed periodic gap analysis was conducted, in order to set up training and continual professional development plans.



**THE GROUP'S  
MANAGERIAL  
COMPETENCIES  
MODEL**

### Development paths

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

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

## Career paths

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

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

In line with market best practices, Piaggio deploys a number of tools for the supervision and management of succession plans with regard to key Group positions, and in 2022, the Group used the global IT platform to test the methodology implemented, which also takes into account the skills and performances recorded each year.

## EVALUATION

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

- performance,
  - managerial and professional competencies and language skills,
  - international mobility,
  - potential,
  - professional aspirations and goals,
- as regards their specific role and company needs.

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

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

## PERCENTAGE OF EMPLOYEES WHO RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEWS IN 2021 AND IN 2022<sup>51</sup>

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

## Talent Management: The talent development programme

Programmes to manage young talent are one of the main tools used for development, attraction and retention. The programmes are aimed at employees around the world who show high potential, great enthusiasm for their work and the courage to undertake new directions, in order to identify and ensure a growth path for the most deserving resources.

In general, these programmes allow talented employees to access customised development plans, which comprise:

- coaching and personalised training;
- strategic and international projects;
- job rotation.

The programmes also include Piaggio Way, which involves employees under 35 years of age, from all geographic areas of the Group. At present 29 employees are involved, in addition to a community of 58 students who have completed their development plan and who still remain active in the programme.

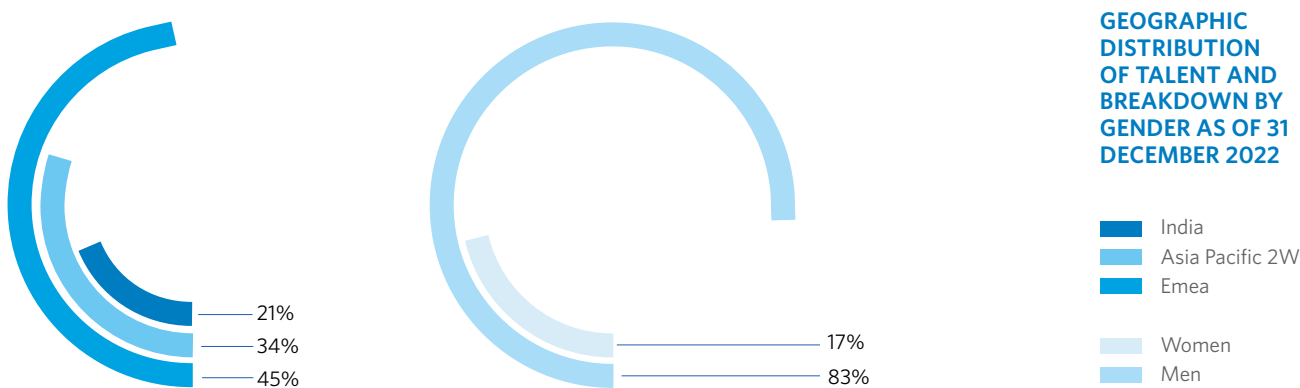
The geographic breakdown of active participants is as follows: 45% EMEA, 21% India, 34% Asia Pacific.

51. The company population and work performance during an appraisal period of at least 6 months is considered.



Access to the programme is on a meritocratic basis and includes an assessment by a third party to guarantee the impartiality and objectivity of the evaluation.

A structured Talent Review process is conducted each year to verify programme participation.



## TRAINING

Training is one of the tools used to consolidate and develop the competences of resources and strengthen their motivation. In particular, the Piaggio Group's training system is based on four main clusters: managerial, vocational/tecóical, linguistic and Health & Safety (H&S).

Training activities are managed with the support of an IT tool that includes the following steps:

- annual analysis of training needs with line Managers, HR Managers and H&S (for safety aspects) taking into account gaps emerging from performance appraisals, development and career plans and specific business projects;
- planning of training activities in line with the Piaggio competency model;
- planning and delivery of courses with the identification of participants' level of satisfaction.

The analysis of occupational health and safety training needs is carried out together with the Health & Safety department, with the aim of meeting legal obligations, observing company procedures introduced to strengthen awareness and enhance knowledge of specific risks and respond to any particular needs.

In 2022, thanks to the gradual changes in limitations due to anti-COVID measures, classroom-based training activities were gradually reintroduced, and digital tools for training (e-learning courses and synchronous training in virtual classrooms) on particular subject areas such as language and tecóical training were still used.

"Catalogue" management training has been renewed, introducing 10 new courses putting the "person at the centre", with the aim of encouraging the best expression of individual potential through the acquisition of behaviour and skills consistent with the objectives and changes required by the organisation.

Tecóical and vocational training focused considerably on the development of skills in Automotive Cyber Security, Vehicle Design and Project Management.

More than 4,000 hours of training/awareness-raising were provided to Indian employees on the Code of Ethics and for the prevention of sexual harassment crimes.

## TRAINING HOURS<sup>52</sup> BY AREA OF INTERVENTION AND GEOGRAPHIC SEGMENT

THEMATIC AREA	2022				2021			
	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Managerial training	3,223	24,384	3,905	31,512	2,161	16,484	1,013	19,658
Tecóical - professional training	5,172	9,762	2,367	17,301	7,802	28,290	2,875	38,967
Language training	8,265	774	995	10,034	2,795	157	1	2,953
Health and safety training	20,589	10,755	7,061	38,405	11,272	9,379	4,020	24,671
<b>Total</b>	<b>37,249</b>	<b>45,675</b>	<b>14,328</b>	<b>97,251</b>	<b>24,030</b>	<b>54,310</b>	<b>7,909</b>	<b>86,249</b>

In 2022, there was a marked increase in training hours in EMEA and Americas, driven in particular by training in Italy. Both the compulsory refresher training for workers carried out at all Italian sites, with a significant uptake, and specific initiatives (e.g. training for testers, for electrical risks, etc.) contributed to this figure.

## TRAINING HOURS BY GENDER

THEMATIC AREA	2022			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managerial training	28,903	2,609	31,512	18,286	1,373	19,658
Tecóical - professional training	15,210	2,091	17,301	35,215	3,752	38,967
Language training	6,791	3,244	10,034	1,728	1,225	2,953
Health and safety training	31,274	7,130	38,405	21,813	2,857	24,671
<b>Total</b>	<b>82,178</b>	<b>15,073</b>	<b>97,251</b>	<b>77,042</b>	<b>9,207</b>	<b>86,249</b>

## TOTAL TRAINING HOURS BY PROFESSIONAL CATEGORY

HOURS	2022			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Senior management	665	45	710	816	61	877
Middle management	17,586	1,212	18,798	14,806	627	15,432
White collars	27,368	5,851	33,219	22,221	4,598	26,819
Blue collars	30,557	7,041	37,598	33,193	3,275	36,468
Other workers <sup>53</sup>	6,002	925	6,927	6,006	647	6,653
<b>Total</b>	<b>82,178</b>	<b>15,073</b>	<b>97,251</b>	<b>77,042</b>	<b>9,207</b>	<b>86,249</b>

HOURS PER CAPITA	2022			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Senior management	6.1	6.4	6.1	8.2	7.6	8.1
Middle management	29.6	13.0	27.3	25.0	7.7	22.9
White collars	23.6	13.4	20.8	19.2	10.4	16.8
Blue collars	11.3	9.7	10.9	12.8	4.5	11.0
<b>Total</b>	<b>16.7</b>	<b>11.2</b>	<b>15.5</b>	<b>16.0</b>	<b>6.8</b>	<b>14.0</b>

52. The figure does not include hours of on-the-job training.

53. This category includes agency workers and interns.

## REWARDS

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

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

In Italy, in 2021 Piaggio employees were able to use a digital platform to manage welfare services, through which they can exercise the choice options provided for in their national employment contracts and supplementary company agreements.

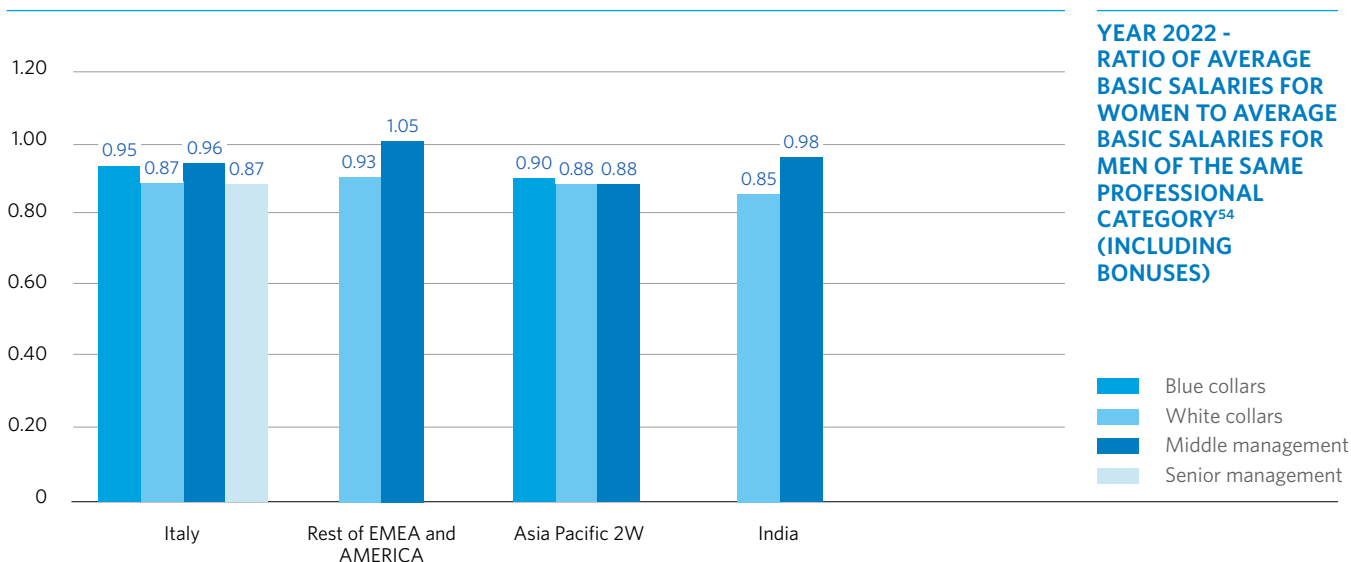
### Salary packages

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

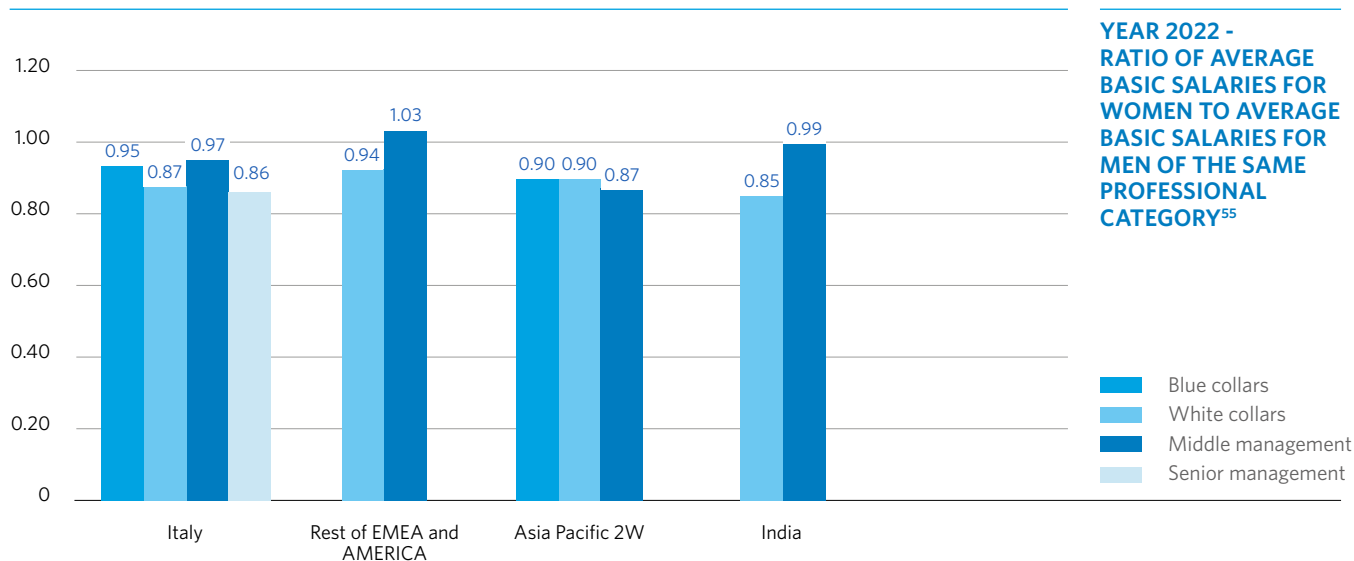
- comparing salaries with market benchmarks, considering the market positioning of the company as a whole and the review of individual organisational roles, which is periodically revised. Comparisons are conducted using internationally recognised methods, with the support of specialist consultants;
- setting out guidelines for the salary review process that take into account company results and focus on criteria of meritocracy, competitiveness, internal fairness and sustainability;
- the timely identification of fixed and variable remuneration actions, consistent with defined guidelines, with meritocratic logics and the retention needs of strategic resources for the business, also with a view to the development of roles defined through the succession planning process.

An analysis performed on a single country basis did not reveal any significant differences between the basic salary and remuneration of men compared to women with the same category, experience and assigned duties.

Piaggio complies with labour laws in the various countries where it operates, adopting collective bargaining agreements where applicable.



54. In individual geographical areas, the categories not represented do not have female employees or their small number would make the calculation insignificant.



### Objective-based incentive systems

The achievement of excellent results in terms of objectives set by the company is rewarded through variable incentive systems, focused on business-related qualitative and quantitative objectives as well as on the internal efficiency of each area of responsibility. The full process of setting objectives and reviewing results is conducted with employees, using objective criteria.

### Benefits

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

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

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

### DIVERSITY AND EQUAL OPPORTUNITIES

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

For Piaggio, managing diversity means acknowledging and respecting differences as part of the shared substratum of company culture. The Group therefore rejects any form of discrimination on the basis of gender, age, nationality, ethnic background, ideology or religion. It operates in strict compliance with law and with contractual requirements, and in keeping with the customs, practices and usages of each country in which the Group operates.

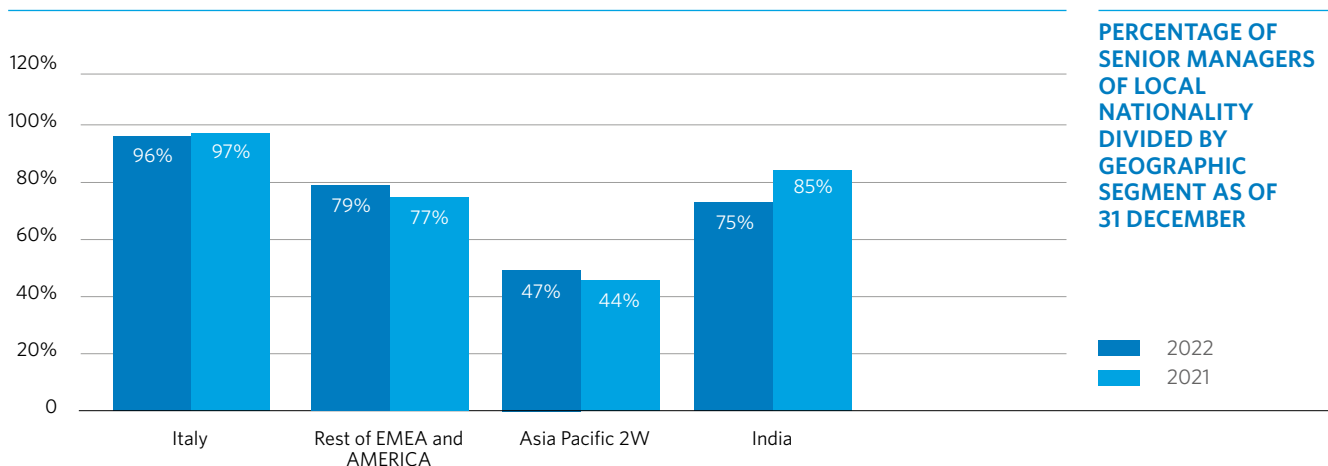
The Group's concrete commitment to embracing diversity is reflected by its adoption of a Code of Ethics, conformity to international laws on equal opportunities and use of policies that protect forms of diversity already found within the company.

The Group seeks to spread its culture and values throughout the world through shared digital platforms (Company Intranet and tools supporting the work of HR such as the Success Factor, Piaggio Global Training), with a view to creating the conditions for fostering an international mindset and a building a truly multinational organisation, in which all employees can benefit from equal opportunities.

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

55. In individual geographical areas, the categories not represented do not have female employees or their small number would make the calculation insignificant.

Piaggio selects and hires its staff based solely on the candidates' characteristics and experiences and the requirements of the position. As shown in the graph below<sup>56</sup>, Piaggio promotes and supports the recruitment of candidates from many parts of the world, to contribute to the international mindset that is a key value for the Group.



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

### Female employment

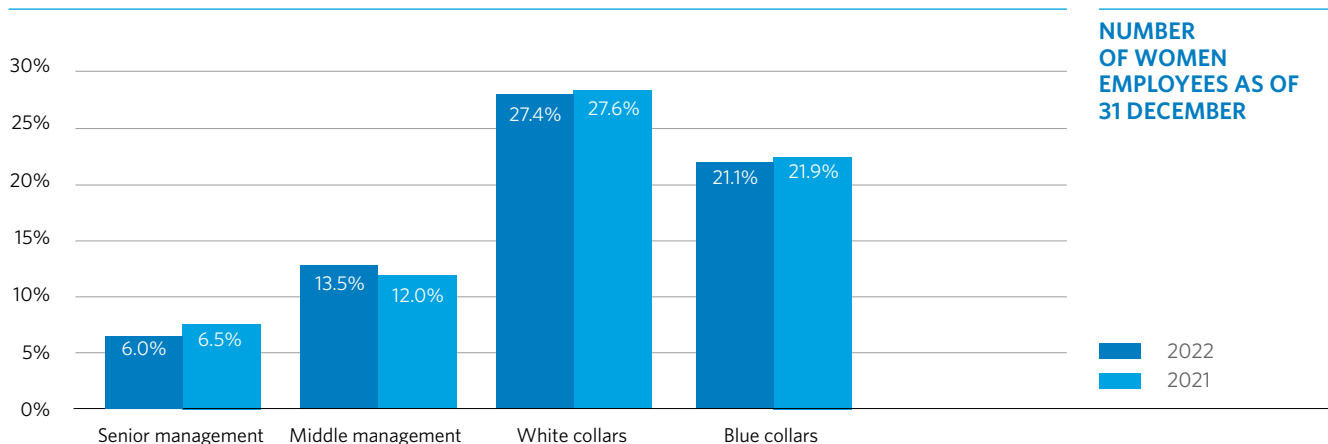
Female employees at Piaggio play a fundamental role at all levels of the organisational structure. Females make up 22% of the workforce, in line with the previous year in all professional categories.

It is worth mentioning that the Indian subsidiary has adopted initiatives to facilitate women joining the company, for both corporate and production activities. For this purpose, there have been specific recruitment drives at technical training institutes, awareness-raising training activities and the redesign of workplaces and some assembly lines (e.g. Ape Electric).

### COMPANY EMPLOYEES BY GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

	2022				2021			
	MEN NR	%	WOMEN NR	%	MEN NR	%	WOMEN NR	%
EMEA and Americas	2,244	68.8%	1,016	31.2%	2,268	68.8%	1,027	31.2%
<i>of which Italy</i>	2,032	68.0%	957	32.0%	2,059	68.0%	967	32.0%
India	1,336	97.6%	33	2.4%	1,297	97.7%	31	2.3%
Asia Pacific 2W	995	82.3%	214	17.7%	882	81.7%	197	18.3%
<b>Total</b>	<b>4,575</b>	<b>78.4%</b>	<b>1,263</b>	<b>21.6%</b>	<b>4,447</b>	<b>78.0%</b>	<b>1,255</b>	<b>22.0%</b>

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



**COMPANY EMPLOYEES BY CONTRACT TYPE, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2022**

EMPLOYEE/ STAFF NUMBERS	FIXED-TERM CONTRACT			OPEN-ENDED CONTACT		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA and Americas	6	1	7	2,238	1,015	3,253
<i>of which Italy</i>	6	1	7	2,026	956	2,982
India	204	7	211	1,132	26	1,158
Asia Pacific 2W	370	75	445	625	139	764
<b>Total</b>	<b>580</b>	<b>83</b>	<b>663</b>	<b>3,995</b>	<b>1,180</b>	<b>5,175</b>

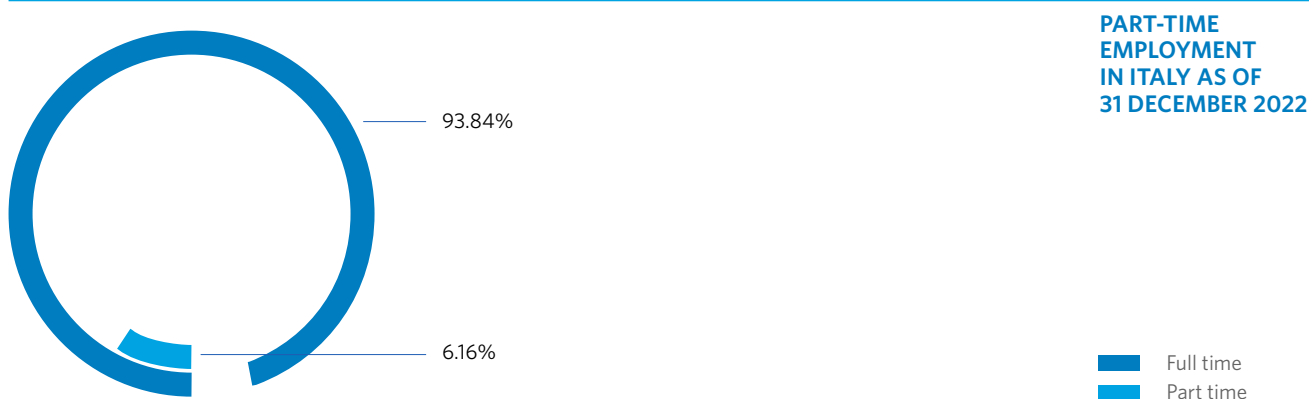
Equal opportunities are offered to employees of both genders, with concrete initiatives in place to help people strike a balance between work and domestic life. Such initiatives include alternatives to full-time work.





## COMPANY EMPLOYEES BY PROFESSION, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2022

EMPLOYEE/ STAFF NUMBERS	FULL TIME			PART TIME		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA and Americas	2,228	844	3,072	16	172	188
<i>of which Italy</i>	2,017	788	2,805	15	169	184
India	1,336	33	1,369	0	0	0
Asia Pacific 2W	995	214	1,209	0	0	0
<b>Total</b>	<b>4,559</b>	<b>1,091</b>	<b>5,650</b>	<b>16</b>	<b>172</b>	<b>188</b>



Within the Group, the largest population is in the 30-50 age group. At the same time, there was a significant growth in the under-30 population compared to the previous year.

The generational mix is essential for more experienced workers, who can set an example and pass on skills and abilities learned over time, to impart their knowledge to younger employees.

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

EMPLOYEE/STAFF NUMBERS	< 30	30-50	> 50	TOTAL	
2022	Senior management	0	44	72	116
	Middle management	4	456	228	688
	White collars	209	985	402	1,596
	Blue collars	596	1,800	1,042	3,438
	<b>Total</b>	<b>809</b>	<b>3,285</b>	<b>1,744</b>	<b>5,838</b>
	<b>%</b>	<b>14%</b>	<b>56%</b>	<b>30%</b>	<b>100%</b>
2021	Senior management	0	42	66	108
	Middle management	1	463	209	673
	White collars	174	1,019	407	1,600
	Blue collars	494	1,809	1,018	3,321
	<b>Total</b>	<b>669</b>	<b>3,333</b>	<b>1,700</b>	<b>5,702</b>
	<b>%</b>	<b>12%</b>	<b>58%</b>	<b>30%</b>	<b>100%</b>



### Parental/maternity leave

Our companies apply laws passed by pertinent national legislation.

The Group does not discriminate in any way against women who take maternity leave. Indeed, to support work-child care balance, a horizontal part-time contract has been granted to 183 employees in Italy. In addition, as further support for work-life balance, employees at the Pontedera site can benefit from an agreement for childcare support (see the Industrial Relations section). As demonstration of the above, the following information has been provided for the companies where the phenomenon is more numerically significant<sup>57</sup>.

	EMEA & AMERICAS			INDIA			ASIA PACIFIC 2W		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Total number of employees entitled to parental leave in 2022	2,244	1,016	3,260	555	33	588	995	214	1,209
Employees on maternity/paternity leave during 2022	28	15	43	0	0	0	64	24	88
Employees returning in 2022 after maternity/paternity leave	28	7	35	0	1	1	64	22	86
Employees returning in 2021 after maternity/paternity leave	25	10	35	0	0	0	102	20	122
Employees returning to work and on the payroll 12 months after returning from maternity/paternity leave	24	8	32	0	0	0	96	20	116
% Return to work Rate	100.00%	58.33%	87.50%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Retention rate (%)	96.00%	80.00%	91.43%	0.00%	0.00%	100.00%	94.12%	100.00%	95.08%

In Italy, all employees who are parents of a child<sup>58</sup> up to 12 years of age are entitled to an additional period of absence from work. In Vietnam, this opportunity is guaranteed up to 7 years of age.

### ENGAGEMENT AND DIALOGUE WITH STAFF

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

The system is based on the conviction that sharing strategic objectives with every employee is a key factor to success.

Piaggio uses communication and information tools which respect and empower the social and cultural realities within the Group.

In particular, in Italy there is an active national Intranet portal, "PiaggioNet", which provides information on the Group, with company news and the latest on the product ranges of the various brands, as well as a range of staff services (e.g. transfer management, manuals/internal procedures, Piaggio Global Training platform and direct access to the online company publication Wide Piaggio Group Magazine, which is also published on the Group's websites, updated on a continual basis and available in Italian and English versions).

In order to facilitate communication with employees and workers and dematerialise the payroll distribution process, a specific portal accessible to employees has been set up.

57. The figures refer only to parental leave requested up to the child's first birthday.

58. Natural, adopted or in foster care.

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

Additional specific initiatives are provided for employees of premises in Vietnam and India.

## Industrial relations

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

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

Piaggio complies with the labour legislation of countries where it operates.

All employees working at the Group's production companies have 100% salary and welfare cover, in accordance with law and collective bargaining agreements.

### Italy

During 2022, dialogue and discussion with trade unions and workers' representatives continued with the aim of seeking shared solutions in an international scenario characterised by new international geopolitical tensions and interlinked unpredictable factors such as soaring gas and oil prices, economic sanctions against belligerent countries and blockades imposed by supplier countries to counter new pandemic outbreaks with negative consequences on the supply of production systems in terms of rising costs and the unavailability of raw materials.

Nevertheless, the positive performance of the reference markets led to the signing of a trade union agreement at the end of November 2021, which initiated a fixed-term recruitment plan to strengthen the workforce of the Group's plants in Pontedera (Pisa), Mandello del Lario (Lecco) and Scorzè (Venice) as early on as the first quarter of 2022.

The "provisional" agreements signed in 2021 with the trade unions for the Pontedera and Mandello del Lario sites led to workers who have already had experience at Piaggio over the last few years to being hired, to avoid wasting skills acquired and at the same time allow for a more effective response to changing market trends. Under the agreements, some 50 people had their contracts changed to a permanent status for the Pontedera site in March 2022, and vertical part-timers and a part of staff leasing staff<sup>59</sup> for the Mandello del Lario production site were stabilised.

In keeping with actions taken at the end of 2021 and with the need to take all useful measures to increase the company's competitiveness and at the same time respond to temporary market needs, in December 2022, the Company signed "provisional" trade union agreements at the three Italian production sites of Pontedera (Pisa), Mandello del Lario (Lecco) and Scorzè (Venice), that will allow, within the scope of the recruitment plan planned for 2023, to waive the constraints of current legislation on flexible forms of work.

As far as the COVID-19 health crisis is concerned, shared monitoring continued with the trade union representatives and workers' representatives (RLS), within the framework of the company's Control Committees, set up at individual sites, to verify the application of rules to combat and contain the spread of the COVID-19 virus in the workplace.

These Committees were attended by the company trade union representatives and workers' safety representatives (RLS).

With reference to collective bargaining, the National Collective Bargaining Agreement (CCNL) for workers in the private metalworking and plant installation sectors was confirmed as valid throughout Italy.

For the Scorzè site, it was necessary to resort to the Ordinary Temporary Layoff Benefits Fund (Cassa Integrazione Guadagni Ordinaria) mainly in the period from September 2022 to December 2022.

59. Staff leasing means provision for an indefinite period.

The number of hours lost due to strikes in 2022 shows a trend in line with the previous year between hours lost due to company micro-conflicts and hours lost due to general/category strikes.

However, It should be noted that micro-conflicts do not account for significant values in absolute terms and are limited exclusively to initiatives by a minority of trade union representatives.

All corporate micro-conflict events referred to the Pontedera site.

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

		2022	2021	2020
No. of hours lost due to strikes	general/category	7,571	9,919	1,596
	company	14,825	12,920	15,816
	<b>Total</b>	<b>22,396</b>	<b>22,839</b>	<b>17,412</b>
% hours lost compared to hours worked <sup>60</sup>	general/category	0.14%	0.35%	0.06%
	company	0.28%	0.46%	0.75%
	<b>Total</b>	<b>0.43%</b>	<b>0.81%</b>	<b>0.83%</b>
No. of days lost due to strikes	general/category	946	1,240	200
	company	1,853	1,615	1,977
	<b>TOTAL</b>	<b>2,799</b>	<b>2,855</b>	<b>2,177</b>

A structured company welfare system has been established in Italy, with services that aim to increase the well-being of employees and their families, in economic and social terms.

In general, a supplementary health care fund (Métasalute) for the engineering sector has been in place since the end of 2011, based on a national trade union agreement. Membership of the plan has been automatic for all Group employees since October 2017.

The scheme also includes health benefits/services for employees:

- at Pontedera, the company medical centre for employees has specialists (an optician, an orthopaedic specialist, a lung specialist, a dermatologist and an ENT specialist) for consultations;
- at Noale/Scorzè and Mandello del Lario, all employees are entitled to paid time off for specialist consultations outside the company, and there is also permanent healthcare oversight at the plants.
- All sites also offer employees flu vaccinations free of charge.

## India

In India, trade unions have a two-tier structure: one at company level and the other at local/area level; this structure is also replicated at the Indian subsidiary, where the trade union system comprises a company trade union committee with Piaggio worker representatives, and a central trade union committee, which is the highest hierarchical level, with members selected by the trade union. The company union committee consists of 5 members elected annually by the workers.

At the Indian subsidiary, following bilateral discussions with trade union representatives, a new collective company agreement was signed on 21 December 2022, which will enter into force on 1 January 2023 and will be valid for four years.

In 2022, a considerable effort was required to adapt production to the complex and changing scenario with a view to production flexibility, also taking into account the gradual changes made to anti-Covid measures. This effort was facilitated by constructive dialogue with trade union representatives. In this regard, there were no strikes in 2022.

In 2022, further initiatives were taken to ensure, in addition to full compliance with labour legislation, ongoing collaboration with workers and trade unions and the involvement of workers, with a view to improving employee satisfaction and consequently their motivation. In line with this approach, Piaggio has carried out numerous activities including: the distribution of the anti-COVID vaccine, various initiatives for disease control and prevention, awareness-raising on health and safety issues, the purchase of books and uniforms for employees' children.

60. For the calculation of the %, only the hours of production staff were considered.

## Vietnam

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

In particular, the current Trade Union Committee, elected in February 2019 and comprising 15 members, made an excellent contribution in 2022, having sponsored and assisted the company in a number of initiatives to bolster employee motivation.

In the first part of 2022, considering the changing state of the COVID-19 pandemic, initiatives focused on prevention and reducing contagion, while in the second half of the year, events were also started up again to support employee motivation (e.g. the *misentobene-piaggiolympics2022* event to raise awareness of the importance of physical health).

No strikes took place in 2022.

## Occupational health and safety

For the Piaggio Group, Health and Safety in the workplace is a corporate value and striving for continuous improvement in this area is an integral part of its business. This activity represents a clear strategic commitment to the Group's broader objectives. This principle is valid and applied in all countries where the Piaggio Group operates. In particular, Piaggio continually pursues concrete actions aimed at:

- a continual and systematic evolution towards ever higher safety standards, which considers the assessment of occupational safety and related tools, starting from the definition of new activities, or when reviewing existing ones;
- a safer conduct through the education, information, training and awareness of all workers, to enable them to perform their duties safely and with awareness and have a central role and be accountable for occupational health and safety aspects.

All employees guarantee and work together to put in place effective occupational health and safety programmes, to safeguard their own safety and that of others, based on interdependence.

Prevention and protection activities to safeguard the health of workers in a complex industrial context like the Piaggio Group, both in Italy and abroad, can only be achieved effectively through an adequately structured organisation which specifically aims to foster a "culture" of safety within the company. This includes behavioural training initiatives (the principles of which were also introduced in the most recent training updates) and initiatives to develop a "Culture of Safety", that strategies for current and near future actions will also be based on. The belief that prevention must steer behaviour and daily activities, at all levels, has led the Piaggio Group to adopt very similar safety management standards in all the countries where it operates, regardless of any regulatory constraints that are less stringent than the Group's standards. From this perspective, the plants in Italy, Vietnam and India have an Occupational Health and Safety management system certified by a certification body accredited according to ISO 45001 standard (Occupational Health and Safety Management System). The ISO 45001 certified management system applies to 83% of all Piaggio Group employees worldwide. Audits are conducted annually and were successfully completed in 2022.

Production processes or company support processes are subject to a risk assessment, conducted according to a systematic process, and with the support of external specialised technical resources where necessary, with registration in specific Risk Assessment Reports. The Occupational Health and Safety Management System that has been implemented at Piaggio envisages a rather extensive document system which, starting from the H&S Policy issued by Management, is set out in the Manual and actually implemented in the Management Procedures (which involve the entire company organisation), in the Operating Procedures (which instead involve only some company structures) and in the Work Instructions, which specify the correct methods for performing individual operations.

Specific procedures are in place for change management, both with a view to risk prevention and to identify opportunities for improvement (ergonomics, plant safety, etc.).

In addition, a consolidated system of immediate reporting and analysis of accidents, dressings and near misses is in place, with standardised methods and defined working groups, in order to identify the root causes of these events and prevent the occurrence of accidents or recurrence. Another example of the applied prevention approach is the computerised "risk condition report", available on the company intranet. Through these methods, company managers, as well as individual workers through specific officers, can identify and report any risk conditions present, initiating a system of assigning and evaluating preventive actions and monitoring their effectiveness, so as to guarantee a complete and accurate management of actions to improve safety at work. The management of so-called "near misses" is a key element in preventing the occurrence of dangerous situations, which can even lead to serious accidents.

Great importance is attached to emergency management. A plan has been prepared for each site, as required by current legislation, which includes an analysis of the main risks, the definition of the operating procedures to be adopted during the various types of emergency, the roles and actions to be implemented by designated, trained personnel and the communication protocols. Obviously, the efficiency of this organisational system is tested through numerous drills involving Piaggio's sites.



All workers, consultants and suppliers who enter the Group's sites are required to comply with this management system which provides for internal and external audits on compliance with procedures adopted.

In 2022, initiatives were further developed to mitigate occupational health and safety impacts within the commercial network. A specific training initiative was launched for the risks of electric vehicles, in view of the increasing use of this technology, which is particularly important for service network personnel.

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

During 2022, also in view of the gradual updates to regulatory guidance, Piaggio kept the measures to guarantee criteria for the prevention of COVID-19 infection in place (e.g. social distancing, sanitisation of workstations and communal areas, distribution of masks, temperature detection at the entrance, etc.).

## Italy

In Italy, in line with applicable current laws, Piaggio has put in place a structured organisation, based on six Employers corresponding to the different company areas, and consequently managers and supervisors who oversee the various organisational units and sites, with the support of Safety Department Managers and Competent Doctors. In addition, the presence of Workers' Safety Representatives at all company sites is widespread and timely.

Response to the health emergency caused by the spread of the COVID-19 pandemic has shifted during 2022, however organisational, procedural and technical measures to prevent contagion in the workplace have remained in place, as per the company protocol signed with the company trade union representatives for each site and in line with the "Shared regulation protocol for measures to combat and contain the spread of the COVID-19 virus in the workplace" between the Government and social partners.

Specific strategies to contain the virus were defined in collaboration with competent doctors for people who tested positive or were suspected to be positive (nasal/throat swabs, etc.).

In 2022, a post-COVID medical evaluation and support service, set up in 2021, operated for employees who had contracted the virus, with specialist follow-up visits, in addition to clinics already running, that employees can access free of charge for specialist visits at the Pontedera Company Medical Centre.

As part of the strategy to continuously strengthen a corporate Culture of Safety, particular emphasis was placed on the creation of an international, interdisciplinary team of "Safety Ambassadors": i.e. the development of skills and capabilities for people who, within their own operational/management area, become reference points for the application of health and safety systems, for continuous improvement and for the involvement and awareness of colleagues, etc. In fact, 8 employees, evenly distributed among company sites and functions, completed the technical training for ASPP<sup>61</sup>, and will work alongside the 3 people already trained.

2022 also saw the consolidation of the H&S Network both at international level, continuing the process started in 2021, and at Italian level, with a considerable extension and intensification of activities resulting from the training of the new "Safety Ambassadors".

Significant impetus compared to the previous two-year period (affected by the difficulties in conducting in-person activities due to the Covid Emergency) was given to H&S training, which saw a marked increase in the number of hours provided, especially in Italy, and a considerable focus on behavioural aspects and staff involvement.

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61. Company Safety Officer.

## OCCUPATIONAL ACCIDENTS AT ITALIAN PLANTS<sup>62</sup>

	PONTEDERA	NOALE AND SCORZÈ	MANDELLO
<b>YEAR 2022</b>			
Hours worked	4,041,218	871,545	307,575
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	31	6	7
Rate of recordable occupational accidents	7.7	6.9	22.8
No. of occupational accidents with serious consequences	1	0	0
Rate of occupational accidents with serious consequences	0.25	0	0
<b>2021</b>			
Hours worked	4,206,574	767,712	255,760
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	57	6	1
Rate of recordable occupational accidents	13.6	7.8	3.9
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0

Accidents that occurred at Italian sites in 2022 refer solely to Group employees and mainly involved bruising and wounds. A single injury lasted longer than 6 months.

Accidents at country level (Italy) decreased significantly both as an absolute number and as a frequency index. Bucking the general trend was the Mandello del Lario plant, which has had a prevention plan in place since the end of 2022, based on specific technical and training actions.

Accidents are mainly attributable to conduct, such as distractions, inadequate behaviour, failure to comply with procedures.

As for external companies operating at Piaggio's Italian production sites, one accident was recorded in 2022, while no accidents were recorded in 2021.

There were no fatal accidents in Italy in 2022, as was the case in 2021 and 2020.

## India

In 2022, as in the previous year, health and safety was one of the main priorities for the company, especially with a view to the pandemic. In order to guarantee the best occupational health and safety standards, the Indian subsidiary has an organisational structure that operatively involves the "Occupier" (employer), a single person across various production sites who has responsibility for the health, safety and well-being of all employees in the workplace, Factory Managers and a Safety Committee comprising 20 members that includes executives, managers and office workers.

The Safety Committee meets at regular intervals to plan, revise and discuss action plans necessary to establish and disseminate an awareness and safety culture among employees in the workplace. The presence of a Health & Safety team guarantees that the entire system may operate effectively.

To deal with the pandemic and ensure the effective adoption of anti-COVID protocols and preventive measures, a Safety Committee was set up in which members of all company functions participate and audits were carried out on a daily/weekly basis to ensure that this Committee can promptly adopt specific corrective actions.

Numerous surveys and situation assessments were carried out with the effective implementation of health and safety protocols across the organisation.

A priority for the Company was the strict compliance with central and local government regulations relating to the prevention of the spread of COVID-19.

To this end, the Company began to work with a primary hospital in Pune, for the preparation and assessment of health protocols and a consultation service by a specialist doctor was made available to employees at the Pune office.

All employees participated in e-learning/information activities on the anti-COVID measures followed, which are binding for entry to the company, and frequent awareness sessions were held on the conduct to adopt.

62. Accident rates, for all geographic segments, are calculated taking into account the hours worked by employees during the reporting year and the multiplication factor of 1,000,000.

Specific prevention measures were adopted for workers at higher risk of infection (e.g. frail workers and the over 60s). Employees were given the chance to take out additional medical insurance for any medical/hospital expenses incurred due to COVID-19.

To facilitate the management of potential symptoms of anxiety and depression related to the situation arising from the COVID-19 emergency, a virtual counselling service was also made available for employees and their families provided by a company specialised in compliance with privacy regulations.

Comprehensive risk assessments were carried out to help identify and mitigate occupational risks related to mental health.

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

## OCCUPATIONAL ACCIDENTS IN INDIA

	COMMERCIAL VEHICLES PLANT	TWO-WHEELER PLANT	ENGINE PLANT
<b>YEAR 2022</b>			
Hours worked	2,537,453	588,873	741,476
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	0	2	0
Rate of recordable occupational accidents	0	3.4	0
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0
<b>2021</b>			
Hours worked	1,986,376	771,123	723,510
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	2	1	1
Rate of recordable occupational accidents	1.0	1.3	1.4
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0

## Vietnam

A Safety Committee is active in Piaggio Vietnam, involving all members of the corporate functions, and is chaired by the Head of Operations. Committee members are responsible for dealing with any safety problems in their area of operation and for taking necessary corrective actions. They must also carry out periodic follow-up audits of the entire site and report any relevant safety issues or opportunities to the committee, in order for immediate corrective/preventive actions to be taken.

To effectively implement general health and safety regulations, an H&S programme is defined each year, based on operating plans, that are updated on an ongoing basis.

In the first quarter of 2022, the COVID situation called for a high level of attention. The company focused on adopting all necessary preventive measures to ensure the health of its employees during production activities. These measures included: wearing face masks, safe distancing, hand washing, sanitisation, rotation of shifts in parallel with screening tests to isolate positive cases. At the same time, third-dose vaccinations were stepped up for all employees in February 2022. In addition, all positive cases received active support.

From the second quarter of the year onwards, with the reduced COVID alert, the company redefined its activities, through networks of OHS coordinators, with OHS surveillance focused on safe behaviour. Many on-site improvement opportunities have been undertaken and completed.

In the third quarter, a six-monthly campaign was launched to improve the health of employees with a number of activities also dedicated to wellness and mental health (Health news, Healthy Friday, Health Corner, Run for Dream Challenge, PIAGGIOLYMPIC). This project has involved numerous online and offline activities of employees, through which they were able to learn and have fun in order to improve their health.

The local H&S plan was fully implemented, resulting in the achievement of the H&S objectives and 2022 targets. The recertification audit was implemented regularly, successfully renewing ISO 45001 certification, valid until 2025.

## OCCUPATIONAL ACCIDENTS IN VIETNAM

VIETNAM	
<b>YEAR 2022</b>	
Hours worked	2,545,753
No. of fatalities from occupational accidents	0
Fatality rate	0
No. of recordable occupational accidents	0
Rate of recordable occupational accidents	0
No. of occupational accidents with serious consequences	0
Rate of occupational accidents with serious consequences	0
<b>2021</b>	
Hours worked	2,160,537
No. of fatalities from occupational accidents	0
Fatality rate	0
No. of recordable occupational accidents	1
Rate of recordable occupational accidents	0.5
No. of occupational accidents with serious consequences	0
Rate of occupational accidents with serious consequences	0

## Indonesia

At the end of 2022, activities started at the Indonesian plant, which also involved significant occupational health and safety initiatives. The local H&S organisation was defined to support project and operational activities. The greatest efforts initially went into the design of working environments and utilities, including fire-fighting systems. Particular care was taken in the design of workflows, to ensure maximum separation between operational, logistics and test areas and thus minimise risks to personnel. Consequently, H&S activities focused on the education and training of personnel and the coordination of the local organisation with the central H&S service, in order to consolidate a constant and effective functional network. No accidents occurred.

## Responsible management of the supply chain

Piaggio Group produces vehicles that are sold under its brand on the various markets around the world. The only exception regards vehicles purchased by the Chinese subsidiary Zongshen Piaggio Foshan and scooters purchased by third parties (24,043 units in 2022, equivalent to 3.8% of vehicles sold).

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

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

Purchases of production sites related to goods and spare parts are indicated below. Purchases of commercial companies and research centres are not considered, as they are residual and not relevant.

## Italian plants

In 2022, Italian plants purchased merchandise and spare parts for an overall value of €663 million (excluding complete vehicles) from 620 suppliers.

The first ten suppliers made up 21.5% of the total purchases.

### GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF ITALIAN PLANTS<sup>63</sup>

GEOGRAPHIC SEGMENT	2022	2021
Italy	48.1%	49.3%
Europe	8.4%	7.9%
China+Taiwan	28.2%	28.8%
Vietnam	9.3%	7.8%
India	4.9%	4.9%
Japan	0.5%	0.7%
Others	0.6%	0.6%

## Indian plants

In 2022, plants in India purchased raw materials, merchandise and spare parts for an overall value of €278 million from around 545 suppliers.

The first ten suppliers made up 31.5% of the total purchases.

### GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF INDIAN PLANTS

GEOGRAPHIC SEGMENT	2022	2021
India	98.0%	95.9%
Other	2.0%	4.1%

## Vietnamese plants

In 2022, plants in Vietnam purchased merchandise and spare parts for an overall value of €386 million from 304 suppliers.

The first ten suppliers made up 32% of the total purchases.

### GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF VIETNAMESE PLANTS

GEOGRAPHIC SEGMENT	2022	2021
Vietnam	63.8%	57.2%
China+Taiwan	15.8%	16.6%
EMEA	15.1%	22.1%
India	2.1%	0.9%
Others	3.2%	3.2%

## Indonesian plant

The main supplier of the Indonesian plant is the subsidiary Piaggio Vietnam, from which it receives Vespa components to be assembled. In 2022, components, goods and spare parts with a total value of €103 million were purchased from 22 suppliers.

The first ten suppliers made up 99% of the total purchases.

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

## GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF INDONESIAN PLANT

GEOGRAPHIC SEGMENT	2022
Indonesia	1.2%
Vietnam	98.8%

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

The Group requires its suppliers to sign the Group's general terms and conditions of supply, which include the "Code of Ethics and Business Conduct". In India, until 2022, the general conditions of supply did not refer to the Code of Ethics, but to an explicit commitment to comply with environmental, pollution, health and safety laws and respect for workers' rights. As of December 2022, the Code of Ethics is an integral part of the General Terms and Conditions of Supply in India.

## Supply verification/audits

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

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

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

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

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

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

Audits for consolidated products are performed to solve specific problems identified during production, verify the supplier's capacity to control processes involved in product manufacturing and periodically monitor improvement in services in terms of output/complaints<sup>64</sup>, to resolve problems identified under warranty and, finally, to verify the effectiveness of corrective actions taken by suppliers to prevent these problems reoccurring.

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

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

## Corporate Finance Area

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

In 2022, Piaggio & C. SpA Supplier analysis and monitoring continued, as did the mapping of controlling partners/shareholders (identified as "Beneficial Owners") of strategic partners. Furthermore, on the subject of compliance, controls of any politically exposed persons and/or subjects included on anti-terrorist lists (or in any case on lists of possible offences that could harm the company's reputation) among Suppliers continued, in order to mitigate "reputation risk". All possible corporate and financial variations that may affect perceived risk are presented to a Suppliers' Committee (comprising the Purchasing Manager, the Manager of 3/4W Product

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



Development, the Manager of 2W R&D, the Manager of Administration, the Finance Manager and the Chief Financial Officer) during periodic meetings in order to identify possible corrective and improvement actions, whenever critical issues are identified. The supply chain was also monitored in terms of financial sustainability following COVID-19 and critical aspects related to higher energy costs.

In 2020, a new company procedure was published to assess Suppliers, in terms of their being legal entities and members of groups, identifying possible risks in the control chain.

The Financial Assessment of Aprilia Racing Strategic Suppliers continued in 2022, along with an analysis of the financial and corporate reliability of the main Sponsor Companies of the Team, including the monitoring of possible reputation risk.

## Vendor Assessment

With the strategic objective of creating a network of lasting and mutually satisfactory partnerships with highly qualified associates, the Vendor Assessment function, in addition to managing the Supplier Qualification Process, assesses supplier performance through Vendor Rating campaigns.

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

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

Periodic supplier assessment is conducted at the Italian, Indian and Vietnamese plants through six-monthly Vendor Rating campaigns, in which supplies relating to the period are examined, based on the quality of the product supplied, technical/scientific collaboration, and compliance with delivery plans. Over 1,000 suppliers are involved, representing nearly all supplies. This provides a reference framework for procurement strategies and actions concerning suppliers.

The process involves:

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

## Supplier Portal

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

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

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

- greater collaboration with suppliers, through self-service, document and information sharing tools;
- greater efficiency of purchasing processes, through the implementation of automated tools, and greater compliance with purchasing procedures;
- minimisation of manual activities;
- quality and accuracy of information;
- reducing business processes and communication times;
- low use of paper (including through the use of the digital signature);
- reducing billing anomalies;
- visibility of the entire authorisation process, from purchase requests to orders.

## Meeting customer requirements

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

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

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

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

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

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

Reports of product quality problems from the Market/Customers should be channelled to Tecóical Support, which will immediately inform the Product Development Department and, if necessary, Legal and Corporate Affairs.

The Product Development Department will carry out and coordinate a preliminary analysis and, if the reported quality problem raises concrete and relevant risks, will immediately convene the Committee to identify a timely action plan.

In other cases, quality problems that prove to be well-founded will be investigated and presented at the monthly Committee meeting.

To ensure the sales network carries out maintenance work in a safe environment, Piaggio publishes on the portal dedicated to dealers and in individual manuals (one per model), along with the tecóical instructions for carrying out maintenance operations, the general rules of conduct which service network staff must observe during maintenance work.

### Quality systems certification

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

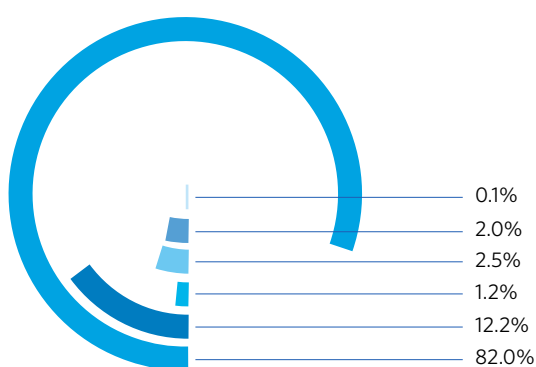
## Determination and distribution of the economic value generated

Economic value generated represents the wealth produced by Piaggio which, net of the value retained by the Group, is distributed to the various stakeholders in various forms.

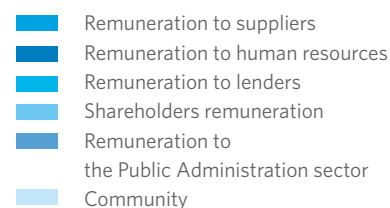
The distributed economic value is distributed among the different stakeholders as follows: remuneration to suppliers (reclassified operating costs), remuneration to human resources (direct remuneration comprising salaries, wages and termination benefits and indirect remuneration comprising social security contributions), remuneration to lenders (borrowing costs), remuneration to shareholders (dividends distributed), remuneration to the Public Administration sector (total taxes paid), external donations and donations to the community. The value retained by the Group is represented by profits retained as reserves and non-monetary items (depreciation, amortisation, write-downs, provisions and deferred taxes).

## DETERMINATION OF THE ECONOMIC VALUE GENERATED AND DISTRIBUTED

IN THOUSANDS OF EUROS	2022	2021
<b>Economic value generated by the Group</b>	<b>2,337,040</b>	<b>1,909,899</b>
Remuneration to suppliers	1,775,095	1,421,291
Staff remuneration	264,614	238,721
Remuneration to lenders	26,725	24,897
Shareholder remuneration	53,403	39,639
Remuneration to the Public Administration sector	43,615	40,343
Communities	1,562	1,768
<b>Economic value distributed by the Group</b>	<b>2,165,014</b>	<b>1,766,659</b>
<b>Economic value retained by the Group</b>	<b>172,026</b>	<b>143,240</b>



### ECONOMIC VALUE DISTRIBUTED BY THE GROUP - 2022



The economic value distributed by Piaggio in 2022 amounted to approximately €2,165,014 thousand, or 93% of the economic value generated. Most of this amount refers to the remuneration of suppliers (82.0%), followed by remuneration to human resources (12.2%), shareholders (2.5%) and the Public Administration sector (2.0%), lenders (1.2%) and the community (0.1%). Compared to 2021, the Economic value distributed increased by 23%.

## Public grants and tax benefits

In 2022, the Piaggio Group benefited from government aid and public funding amounting to a total of €9,618 thousand. Piaggio & C. obtained research grants, totalling €272 thousand, for research projects. The contents and results of these are commented on in the chapter on the product dimension, as well as funding for training equal to €165 thousand. Piaggio Vehicles Private Limited (India) obtained a grant for exports, the amount of which (€1,469 thousand) was calculated as a percentage of the FOB value of the exports.

### GRANTS RECEIVED (COLLECTED)<sup>65</sup>

IN THOUSANDS OF EUROS	2022	2021
Grants	272	70
Export grants	1,469	1,351
<b>Total</b>	<b>1,741</b>	<b>1,421</b>

65. Values in currencies other than the Euro have been translated using the annual average exchange rate.

Tax benefits of Euro €7,877 thousand, on the other hand, were obtained by Piaggio & C. S.p.A., Aprilia Racing S.r.l. and Piaggio France S.A.S.

In particular:

- Piaggio & C. accrued tax credits during the 2022 financial year to partially offset the higher charges incurred during the same year for the purchase of electricity and natural gas, as introduced by Decree Law 4 of 27 January 2022 and subsequently confirmed for the entire financial year by numerous legislative measures, most recently by Decree Law 176 of 18 November 2022, for a total amount of €3,239 thousand. In addition, it accrued a tax credit for investments made during the 2020 financial year in capital goods 4.0 pursuant to Article 1 of Law 160 of 27 December 2019, for €1,286 thousand, and a credit for investments in research and development activities made during the 2021 financial year, pursuant to Law 160 of 27 December 2019, as amended, for a total of €2,687 thousand;
- Aprilia Racing obtained the recognition of a tax credit for investments in research and development activities carried out during the 2021 financial year, pursuant to Law 160 of 27 December 2019 as amended, for a total amount of €602 thousand and a tax credit for investments in capital goods pursuant to Article 1 of Law 178 of 30 December 2020, amounting to €44 thousand;
- Piaggio France benefited from a tax credit of €19 thousand. This credit is equal to 50% the expenditure incurred in financing the creation and management of a nursery or other forms of childcare for the children of company employees under 3 years of age.

## TAX RELIEF

	2022	2021
IN THOUSANDS OF EUROS		
Tax credit		
Piaggio & C.	7,212	2,429
Aprilia Racing	646	411
Piaggio France	19	24
<b>Total</b>	<b>7,877</b>	<b>2,864</b>

Finally, during 2022 the Group did not receive new loans at a subsidised rate.



## Taxes

The Piaggio Group operates in many countries through its subsidiaries, with production, distribution, sales and research and development functions.

### Approach to taxation

All Group companies operate mainly in the country and market in which they are located, paying taxes on profits generated there, on the income of employees directly employed in these activities, as well as consumption taxes and other local taxes imposed by the various regulations in force.

Subsidiaries are not located in countries that are “non-cooperative” for tax purposes or in countries considered by Italian tax law to have a so-called privileged tax status, unless this is required by unavoidable industrial or commercial needs. Where this is the case, the Parent Company adopts and complies with the tax regime envisaged by Italian legislation on “Controlled Foreign Companies” (i.e. the so-called CFC rules).

The Group adopts an approach based on principles of rigour, prudence and correctness in its financial decisions and rejects the use of “aggressive tax planning” schemes through the creation of artificial corporate structures aimed at evading its tax obligations and obtaining undue tax advantages.

All tax incentives and benefits are used in full compliance with the rationale that drives individual countries to adopt them and in any case according to a transparent approach. The tax variable is used exclusively to support industrial and commercial plans and objectives and is never the main or prevailing cause.

In order to eliminate or contain economic and legal double taxation, the Group, where permitted, applies the “International Conventions against double taxation on income and capital and for the prevention of tax evasion and avoidance” as interpreted by the OECD.

Intra-group transactions are settled based on the arm’s length principle, as interpreted by the OECD in its guidelines (i.e. the “Transfer Pricing Guidelines”). In this regard, the Group also adopts instruments aimed at avoiding or reducing the risk of disputes with the tax authorities and any tax disputes, such as so-called APA - “Advance Pricing Agreements”.

Finally, it should be noted that the Parent Company fulfils all the documentary requirements necessary for the disapplication of penalties for misstatement pursuant to Article 1, paragraph 2 of Legislative Decree 471/1997, in the event of adjustment of the normal value of transfer prices charged as part of transactions pursuant to Article 110, paragraph 7 of the Consolidated Income Tax Act, by preparing the so-called “Masterfile”, which contains information about the multinational group and its overall transfer pricing policy, and the “country file”, which contains more specific information about the Parent Company, pursuant to Article 26 of Decree Law 78/2010, converted, with amendments, into Law 122/2010.

### Tax governance and risk management

In recognition of the importance that tax policy has for the individual countries in which it operates and of the potential economic and reputational risks associated with incorrect management of taxation, the Group has set up a specific tax department at the Parent Company which, under the supervision of the Board of Directors, operates as an effective control point for identifying, managing and containing the risks of violation or abuse of tax regulations, which is also responsible for support, direction and strategic coordination of subsidiaries.

Since 2014, the Parent Company has set up an optional system for identifying, monitoring and mitigating tax risk, known as the “Tax Control Framework” which has made it possible to:

1. map the areas of activity considered most critical;
2. create and share appropriate procedures and instructions with a clear assignment of roles and responsibilities within the overall system of internal controls;
3. carry out analysis, information and training activities on the contents of the Tax Control Framework for the main corporate functions;
4. and, finally, adopt a monitoring and updating system aimed at ensuring the effective implementation of the Tax Risk Management System through periodic internal and external audits of the operation of the Tax Control Framework.

This has promoted a process of centralisation for the Tax Entity and a greater comparison between said and all main corporate bodies. The current organisation is more likely to guarantee the identification of the most relevant tax risks, an the assessment of the consequences and the adoption of necessary solutions or corrective tools. All of this also helps to ensure correct performance of all tax compliance activities and the settlement of taxes due, reducing the risk of formal and/or substantial violations.

For its analyses and activities, the Group also avails of leading professional firms or, if necessary and permitted, it consults the competent Tax Authorities in advance.

## Stakeholder engagement

Relations with the Financial Authorities are based on transparency, good faith and honest cooperation, to enable continuous dialogue and, if possible, preventive engagement with all the relevant institutions.

## Reporting

Piaggio recognises the social role of tax issues and the importance they play in promoting sustainable development. To ensure full transparency and in compliance with GRI Standard 207-Tax, the following is a breakdown of consolidated data required by the above standard by tax jurisdiction.

As required by GRI Disclosure 207-4, since all necessary information referring to the most recent consolidated financial statements was not available for the purposes of this report, the information in this section refers to the year ended 31 December 2021, as this period refers to the consolidated financial statements immediately preceding the most recent consolidated financial statements.

The following should be noted:

- the data presented refer to the 2021 financial year;
- the workforce is that indicated at 31 December 2021;
- revenues from third parties also include other revenues;
- revenues from the Group exclude those between companies operating in the same tax jurisdiction;
- pre-tax profit (loss) and property, plant and equipment are presented on an aggregate basis, without taking into account eliminations on consolidation;
- Pre-tax Profit (Loss) includes income from investments related to other Group entities;
- regarding any differences between the income tax accrued on profits and the tax due (GRI 207-4-b-x), please refer to Note 14 of the Consolidated Financial Statements as of 31 December 2022 of the Piaggio Group. It should also be noted that both the income taxes accrued and those paid on a cash basis in various countries are affected by the significant presence of dividends received from Group entities, which are included in the pre-tax profit (loss). As is the case in most countries, these jurisdictions also have exemption tax regimes for dividends, as they are the expression of a profit already taxed from the investee company.



## 2021

COUNTRY	NAME	ACTIVITIES	NO. OF EMPLOYEES	REVENUES FROM THIRD PARTIES	REVENUES FROM THE GROUP	PROFIT BEFORE TAX	PROPERTY, PLANT AND TAX EQUIPMENT	TAXES PAID	ACCRUED TAXES
IN MILLIONS OF EUROS									
Italy	Piaggio & C. S.p.A.	Production and sale of vehicles							
	Aprilia Racing S.r.l.	Research and development							
	Piaggio Concept Store Mantova S.r.l.	Commercial distributor							
	<b>Total Italy</b>		<b>3,026</b>	<b>1,110</b>	<b>184</b>	<b>74</b>	<b>182</b>	<b>11</b>	<b>23</b>
Croatia	Piaggio Hrvatska Doo	Commercial distributor	9	4	0	0	0	0	
France	Piaggio France SAS	Selling agency	42	0	7	1	0	3	
Germany	Piaggio Deutschland GMBH	Selling agency	31	0	4	1	0	0	
Greece	Piaggio Hellas S.A.	Commercial distributor	19	34	0	1	1	0	
Holland	Piaggio Vespa B.V.	Holding company and selling agency	18	0	4	32	0	0	
Spain	Piaggio Espana S.L.	Selling agency							
	Nacional Motor S.A.	Inactive							
	<b>Total Spain</b>		<b>31</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
UK	Piaggio Limited	Selling agency	16	0	2	0	0	0	
USA	Piaggio Group Americas Inc.	Commercial distributor							
	Piaggio Advanced Design Center Corp.	Research and development							
	Piaggio Fast Forward Inc.	Research and development							
	<b>Total USA</b>		<b>103</b>	<b>94</b>	<b>3</b>	<b>(10)</b>	<b>2</b>	<b>0</b>	<b>0</b>
India	Piaggio Vehicles Pvt Ltd	Production and sale of vehicles	1,328	242	27	(5)	64	0	
Vietnam	Piaggio Vietnam Co. Ltd.	Production and sale of vehicles	940	187	201	62	31	12	
Indonesia	Pt. Piaggio Indonesia	Selling agency	36	58	0	1	5	0	
Singapore	Piaggio Asia Pacific Ltd	Selling agency	14	0	3	1	0	0	
Japan	Piaggio Group Japan	Selling agency	10	11	0	0	0	0	
China	Piaggio China Co Ltd.	Holding							
	Foshan Piaggio Vehicles Tech.Dev. Co.Ltd.	Research and development							
	<b>Total China</b>		<b>79</b>	<b>80</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>1</b>
Brazil	AWS do Brasil	Inactive							
	Aprilia Brasil	Inactive							
	<b>Total Brazil</b>								
<b>Grand total</b>					<b>444</b>	<b>164</b>	<b>286</b>	<b>40</b>	
Consolidation entries					(443)	(70)	(3)	0	
<b>Total consolidated</b>			<b>5,702</b>	<b>1,820</b>	<b>1</b>	<b>94</b>	<b>283</b>	<b>28</b>	<b>40</b>

## Supporting local communities

### FONDAZIONE PIAGGIO<sup>66</sup>

After two years severely affected by the COVID-19 pandemic, all the scientific, historical and cultural activities that have always characterised the Piaggio Foundation resumed at their normal pace in 2022. All events were held in attendance in our Auditorium or in our halls, with a reduced capacity, and, during the summer, were hosted outdoors, on the stage set up in Piazzale Corradino D'Ascanio. The main exhibitions were mainly dedicated to the environment and the link between the Vespa and art.

The musical events organised and hosted as part of the Pontedera Music Festival were also particularly important in 2022, with over 30 concerts featuring internationally renowned artists. The autumn also saw the organisation and hosting of the Vespa Chi Legge literary festival, which featured important names from the contemporary Italian literary scene.

The Piaggio Museum has also been the venue for numerous events focussed on the themes of science, history and customs. These include the Mille Miglia race, the world launch of the Lego Vespa and the National Police Rally.

In 2022, study activities and historical and documentary support for Piaggio activities and the projects of authorised third parties (Universities, scholars, Publishers etc.) continued.

### PIAGGIO MUSEUM

Starting in March, the Piaggio Museum reopened its doors to the public, from Tuesday to Saturday and on the first and fourth Sunday of each month, as it did before the pandemic. As a precautionary measure, however, the system of visits by appointment only was confirmed, at fixed time slots and with the number of visitors that was gradually increased over the course of the year. Guided tours and all educational and social activities also resumed. In-person visits were complemented by virtual tours, that allowed fans from all over the world to immerse themselves in our exhibition halls and admire our temporary exhibitions.

The resumption of activities led to around 45,000 visitors coming to the museum during the year, in addition to around 12,000 virtual visits. Some 3,000 people attended outdoor events again this year. These figures must be considered satisfactory, in view of activities only starting in March, the slow recovery of tourist flows from Asian countries, the limitations we placed on the number of visitors and the caution with which school visits and organised tours resumed.

The museum exhibition rooms have been further improved and the collections on display have been added to, with new and valuable Vespa models being showcased.

### PIAGGIO HISTORICAL ARCHIVE

During 2022, the Piaggio Historical Archive made an important contribution to the company's communication activities, especially for the editorial activities of Vespa Magazine, with it continuously providing inspiration for themes and support in iconographic research. The same inspiration has provided the Vespa brand with new advertising campaigns. Traditional support for licensing took the form of iconographic research to support the Lego Creator Vespa project (and its launch at the Piaggio Museum), as well as technical consultancy for the creation of scale models and ride-ons for children.

As part of the activities of the Piaggio Museum and Foundation, the archive has spent time on the conception, iconographic research and drafting of texts for the "Vespa sounds cool" exhibition, which will be discussed in more detail, and its "virtual" version. As for Moto Guzzi's documentary heritage, the work of digitising and indexing the archive material collected from Mandello in October 2020 (in particular the photographic material on racing, factories, events and rallies, military and product supplies, communication material, press clippings and a selection of technical documentation, as well as brochures and magazines of a historical nature) was transferred to the dedicated digital portal - developed by Promemoria Group - after careful, extensive filing work (almost 2000 files for a total of more than 4800 published media items). At the same time, digitisation and filing work continued on the digital portal of the Piaggio Historical Archive (almost 1500 files for more than 2000 published media items). The Aprilia portal is also being developed, with the first 500 files.

The Archive also provided research support - in-person and remotely - for students, scholars and journalists in their work to write term papers, dissertations and publications. It contributed with its own iconographic and documentary material to the exhibition (and catalogue) "Donne in equilibrio 1955-1965" [Women in balance 1955-1965] (Florence, Museo Salvatore Ferragamo, 20 May 2022-18 April 2023). Finally, images from the Moto Guzzi archive were added to the permanent "Made in Polimi" exhibition space at Milan Polytechnic.

<sup>66</sup>. Information on the Piaggio Foundation, which is not included in the scope of consolidation of the Group, refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation.

## CULTURAL PROJECT

The Piaggio Foundation's Cultural Project was again a great success in 2022, making an important contribution to bringing the public back to the Museum and attracting many new visitors, also thanks to the new features in the programme.



## SOCIAL MEDIA

Even though in-person visits at the Museum resumed after its long, forced closure (and the subsequent restriction of visitor numbers), with considerable peaks in the summer period, the new use of social and virtual visits has become customary and has in any case become a part of the daily routines of the Museum's fans. So the virtual tour continued to be an alternative and complementary way to follow the Museum's activities.

As mentioned before, virtual visits to the Museum's permanent collections and temporary exhibitions totalled about 12,000 in the year. A social editorial programme (PED) shared with relevant Piaggio functions (Brand and Digital) was also defined during 2022, to ensure consistency with the corporate communication plan. The Museum's social programming - which includes news about cultural events, posts dedicated to iconic archive images, and information about the permanent collection - pays special attention to the publication of content created to promote current exhibitions.

In particular, the column dedicated to the flagship exhibition #VespaSoundsCool, from 23 April to 8 September 2022, with 10 posts, reached out to 40,188 people, with a total of 1,116 reactions, comments and shares.

The PED dedicated to the Lego Vespa was a particular success story: with four posts on Facebook and four on Instagram, a total coverage of 108,270 was reached with a maximum of 1,115 likes for the last post on 14 August 2022.

Greater alignment with the corporate communication plan and improved synergy with Piaggio's Brand and Digital functions led to 1,076 more likes for the Museum's Facebook page, with followers going up from 29,728 to 30,804, and from 5,205 to 6,756 for the Instagram page.

On the Facebook page, a total of 115 posts were made during 2022, of which 32 about the images archive, 22 about theme-related features, 31 about events and 30 about news and images from the Museum's collection.

On the Instagram page, 70 posts were published during the year, under regular features and stock images.

## Vespa World Club

In 2006, on the initiative of the Piaggio Group and the Piaggio Foundation, the Vespa World Club, a non-profit association, was founded; this organisation is a way for Piaggio to directly follow the management of Vespa Clubs in order to preserve the fleet of vintage Vespas still in circulation, to support collectors in researching and restoring these vintage vehicles and to continue to organise tourist rallies and exciting races in Europe and around the world, guaranteeing Vespa fans a high quality event.

The Vespa World Club has the following mission:

- promote initiatives and coordinate social, tourist, sports and competitive events;
- establishes bodies which represent National Vespa Clubs in dealings with all national and international organisations;
- hold trophy events, rallies, competitions, shows, exhibitions, congresses, conferences and meetings;

- deal with and act in the interests of members;
- promotes and provides training on road safety and awareness;
- promote studies and historical research work on relations between Vespa and the community;
- provide a channel for the Company to reach fans.

In 2022, the number of official Vespa Clubs in Italy had reached 600, with over 85,000 members, despite the curbs of the pandemic. Worldwide, the number of Vespa fans exceeds 110,000.

Among the events organised during the year just ended, the most significant include:

- Vespa Days, Pontedera 23-24 April. Celebrating the Birthday of the Vespa born in 1946. A thousand Vespa fans invaded the small Tuscan town during the two-day event celebrating the Vespa (International Gathering);
- Vespa World Days Bali, 9-12 June. A Vespa World Event with 37,700 Vespa fans from 17 countries;
- European Vespa Days, Guimaraes Portugal 30 June - 3 July. During the important Portuguese stage, attended by 6.800 Vespa fans representing 30 nations, the Ordinary General Meeting of Vespa Clubs was held, chaired by the newly elected president Mauro Calestrini of Vespa Club Italia;
- Vespa Trophy: the European Vespa Days event was complemented by the famous touring trophy for all event participants. A fun game, with the Piaggio Network as the check point on the road and Vespa fans as competitors battling it out to take home the coveted trophy. VC Verona was victorious for the third time in twelve years, proving it can tirelessly burn up the kilometres with all its members;
- Vespa in the World, 12 November at the San Rocco Auditorium in Carpi (Modena). A conference promoted by the Vespa World Club with the participation, as host, of the President Mauro Calestrini and guests Roberto Leardi, President of Vespa Club d'Italia, Lorenzo Boscarelli (AISA) and Luigi Frisinghelli, Curator of the Vespa Historical Register.

### **Moto Guzzi World Club**

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

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

Today, after 20 years of activity, and in addition to its direct members and 82 recognised clubs in Italy, the Moto Guzzi World Club also boasts:

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

After activities were forced stop to stop because of the pandemic emergency, the "Mondo Moto Guzzi" rally was organised once again (May/Genoa), and on 17 December, in Leuca (Lecce), the General Assembly was held to re-appoint the Executive Board, where the Piaggio Group is represented by 4 members.

### **Moto Guzzi Fast Endurance Trophy**

The fourth Moto Guzzi Fast Endurance Trophy took place from May to October 2022.

The event, organised by FMI, was dedicated to the Moto Guzzi V7 III (750cc and 850cc), fitted out with a special kit created by Guareschi Moto, the long-established dealer considered a specialist in fitting out racing vehicles. The kit featured the windshield, side number plates, handlebar halves, raised floorboards, front mudguard, underpan, front suspensions, rear suspensions, control unit, brake pads and single seat.

The event had 6 races held at Italy's main motorcycle racing circuits, held over 4 separate weekends. Teams of two riders compete, taking turns at the wheel every 15 minutes, with the duration of the races ranging from 60 to 90 minutes depending on the circuit. 36 teams were involved, from Italy, France and Spain.

## Charity and sponsorship activities

The Piaggio Group consists of 23 companies, 19 of which are operational. The latter are located in 15 countries. In four of these countries, the Group launched charity projects for approximately €1.6 million in 2022.

The percentage of involvement of local communities is calculated as follows:  $4 / 15 = 26.7\%$ .

The funded projects are analysed below.

In 2022, the partnership between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued, which, thanks to the help of partners and supporters, has allocated more than USD 700 million to the fight against AIDS and COVID-19. (RED) aid to the Global Fund has impacted more than 220 million lives through prevention, treatment, counselling, HIV testing and support services. Since the beginning of its collaboration with (RED), Piaggio has donated \$1.7 million. This year the partnership has been extended with the introduction of the new model (VESPA ELETTRICA)<sup>RED</sup> which will be marketed from Spring 2022.

The Piaggio Group's interest in research and progress in the health sector led it to donate €250,000 to the IEO CCM Foundation (European Institute of Oncology).

In the field of international cooperation, €40,000 was also donated to ISPI (Institute for International Political Studies) and €10,000 to AIICP (Italy-India Association for Cooperation between the two countries), as well as €3,000 to IJBG (the Italy-Japan Association).

A Piaggio 1 was donated to the Mantova Oncological Institute, a Vespa JB to support the San Patrignano Community through an auction organised by Charity Stars, a Vespa JB to the Laureus Italia Onlus Foundation, a My Moover to the social promotion association Il Sogno di Tommi.

Lastly, for some years now, for the end of year festive season, the Piaggio Group, together with the entire Immsi Group, has been fostering educational and rehabilitative activities for disabled children affected by brain damage by making a donation to the "Casa del Sole Onlus" association, in the name of all the employees of the Immsi and Piaggio Groups. This year the Piaggio Group contributed €20,000. In forty years of activities, the non-profit-making organisation Casa del Sole Onlus has assisted over five thousand children affected by brain damage and been a valuable source of help for their families.

The Indian and Vietnamese subsidiaries have also been active in the social field, supporting and promoting charitable initiatives, despite the impossibility of organising events due to the pandemic.

In particular, Piaggio Vietnam organised charity activities for children in schools, hospitals and orphanages, and distributed 100 gift kits to the most needy in Vinh Phuc Province on the occasion of the Tet holiday.

Particular mention should go to the Indian subsidiary.

The Company Act of 2013 enacted by the Government of India in 2013 stipulated that large companies operating in India must spend in each financial year, at least two percent of the average net profits of the last three years, in accordance with the Company's Corporate Social Responsibility Policy and favouring local areas adjacent to the production site. Schedule VII of the Companies Act 2013 lists the CSR activities that can be undertaken by companies in compliance with the Company's Corporate Social Responsibility Policy: (i) eradicating hunger and extreme poverty; (ii) promoting training; (iii) promoting gender equality and women's empowerment; (iv) reducing infant mortality and improving maternal health; (v) combating HIV, malaria and other diseases; (vi) ensuring environmental sustainability; (vii) promoting employment and the improvement of professional skills; (viii) social entrepreneurial projects; (ix) contribution to the Prime

Minister's National Relief Fund or any other fund created by central government or local governments for socio-economic development. Piaggio Vehicles Private Limited (PVPL) has focused its commitment on social projects generally in the areas of water and sanitation, education, women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the plant.

The following projects were developed by the Indian subsidiary during 2022:

### **Community Empowerment. Making the "Invisible" visible**

As a result of the pandemic, in many Indian cities the situation of extremely vulnerable, street children has worsened. PVPL has worked to dignify these children through a project that aims to give them a legal identity so that they can more easily access their legitimate benefits and rights, particularly through the variety of government programmes. Furthermore, students are expected to have the opportunity to develop the right skills, but also to live responsibly as citizens of society. The project involved around 8.000 children.

### **Feeding kits for tuberculosis patients**

PVPL encourages meeting the Indian government's requirement to contribute to the needs of tuberculosis patients. So the organisation supports the cause with 150 food kits that include 3kg of wheat flour, 1kg of peanut oil, 1kg of mung beans and 500g of peanuts.

### **Scholarships for children of 3-wheeler taxi drivers**

A scholarship programme was launched to support the children of 3-wheeler taxi drivers who are studying for a diploma, bachelor's degree or at upper secondary school. The market demands more technically qualified workers and through this scholarship programme, PVPL is offering young people the chance to acquire the skills to find a job and support their families.

Thanks to the project, 549 students received a scholarship to continue their higher education after school.

Only 25% of students opt for higher education. Studies have shown that 57% of students drop out of education because they cannot afford it.

### **Menstrual hygiene management**

A report by the NGO Dasra, published in 2019, pointed out that 23 million girls drop out of school each year due to a lack of proper facilities for menstrual hygiene management. Millions of girls in India are absent from school due to cycle stigma and lack of sanitation. In line with this, PVPL has adopted school girls from Zilla Parishad and provided them with free sanitary towels for one year, to reduce the gradual drop-out rate of female students from the education system.





## TABLE OF CORRESPONDENCE LEGISLATIVE DECREE NO. 254/2016 AND MATERIAL TOPICS - GRI STANDARDS

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/PARAGRAPH
ENVIRONMENT	Innovation of product and sustainable mobility	Risk related to an inadequate level of innovation that could result in reduced recyclability/recoverability of end-of-life vehicles and the production of vehicles with obsolete engines	Practised policy of technological leadership in the sector and substantial investment in R&D activities	GRI 3-3 (2021): Management of material topics	Materiality analysis Research, Development and Innovation Guidelines The Environmental Dimension
				GRI 305-3 (2016): Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants
	Climate change	Risk of environmental damage attributable to the direct responsibility of the Group and indirectly through the supply chain	Environmental policy - for a description of the policies practised see the chapter The Environmental Dimension - ISO 14001 Suppliers sign the Code of Ethics or general terms and conditions of supply	GRI 3-3 (2021): Management of material topics	Materiality analysis The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants - Energy consumption
				GRI 302-1 (2016): Energy consumption within the organisation	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants
				GRI 305-1 (2016): Direct (Scope 1) GHG emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants
				GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants
				GRI 305-3 (2016): Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants
				GRI 305-4 (2016): GHG emissions intensity	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants
				GRI 305-7 (2016): Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants
	Waste handling	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental Policy - for a description of the policies practised see the chapter The Environmental Dimension - ISO 14001	GRI 3-3 (2021): Management of material topics	Materiality analysis The Environmental Dimension - Waste handling and recovering
				GRI 306-1 (2020): Waste generation and significant waste related impacts	The Environmental Dimension - Certifications - Waste handling and recovering Materiality analysis
				GRI 306-2 (2020): Management of significant waste related impacts	The Environmental Dimension - Waste handling and recovering
				GRI 306-3 (2020): Waste generated	The Environmental Dimension - Waste handling and recovering

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
ENVIRONMENT	Conserving water resources	Risk of environmental damage attributable to the Group's responsibility with potential impact on the surrounding community due to uncontrolled use of the resource	Environmental Policy - for a description of the policies practised see the chapter The Environmental Dimension - ISO 14001	GRI 3-3 (2021): Management of material topics	Materiality analysis The Environmental Dimension - Conserving water resources
				GRI 303-1 (2018): Interactions with water as a shared resource	The Environmental Dimension - Conserving water resources
				GRI 303-2 (2018): Management of water discharge-related impacts	
				GRI 303-3 (2018): Water withdrawal	
				GRI 303-4 (2018): Water discharge	
GRI 303-5 (2018): Water consumption					
SOCIAL	Product safety and reliability	Risk associated with (real or presumed) product defects due to errors/ omissions attributable to supplier activity, the product development phase, the production/assembly phase and the quality control phase	Policy adopted to produce vehicles that guarantee a high level of active, passive and preventive safety. The adoption of this policy is demonstrated by the Group's commitment to maintaining certification of its quality management systems (ISO 9001)	GRI 3-3 (2021): Management of material topics	Materiality analysis Research, Development and Innovation Guidelines
				GRI 416-1 (2016): Assessment of the health and safety impacts of product and service categories	Research, Development and Innovation Guidelines
SOCIAL	Customer Satisfaction	Service quality level not in line with customer requirements and expectations	Quality audits, market analysis, focus groups, concept and product tests, investments in research and development activities Sales and service network control activities Widespread diffusion of the network	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability governance
				GRI 417-3 (2016): Incidents of non-compliance concerning marketing communications	Sustainability governance - The system for responsible business management

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
SOCIAL	Supporting on local communities	Reduced number of initiatives aimed at developing the area where the Group operates and promoting social inclusion values (e.g. partnerships with non-profit/non-government, volunteer associations, etc.)	Policies adopted to establish roots in the area and increase value for the community. The Fondazione Piaggio is an example of the Group's focus on the community	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension
				GRI 413-1 (2016): Operations with local community engagement, impact assessment, and development programs	The Social Dimension - Supporting Local Communities, Charity activities and sponsorships
	Creation of economic value	Risk of possible inadequacy of corporate strategies and possible insolvency with suppliers and lenders and/or unsatisfactory shareholder remuneration due to failure to achieve set growth targets	Externally audited mandatory financial information Group management is subject to an ongoing skills training programme	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension
				GRI 201-1 (2016): Direct economic value generated and distributed	The European Taxonomy - The Social Dimension - Determination and distribution of the economic value generated
			GRI 203-1 (2016): Infrastructure investments and services supported	The Social Dimension - Charity and sponsorships	
			GRI 204-1 (2016): Proportion of spending on local suppliers	The Social Dimension - Responsible management of the supply chain	

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
EMPLOYEES	Developing human resources	Risk arising from employee dissatisfaction, a lack of skills, professionalism and experience of company resources, the inadequate sizing of the structure and trade union tensions	Policies adopted to manage personnel (e.g. recruitment and internal mobility, development and careers, training, industrial relations, internal communication systems)	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension
				GRI 401-1 (2016): New employee hires and employee turnover	The Social Dimension - Personnel management policies - Staff
				GRI 401-2 (2016): Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Social Dimension - Personnel management policies - Benefits
				GRI 401-3 (2016): Parental leave	The Social Dimension - Diversity and equal opportunity
				GRI 404-1 (2016): Average hours of training per year per employee	The Social Dimension - Training
				GRI 404-2 (2016): Programs for upgrading employee skills and transition assistance programs	The Social Dimension - Personnel management policies - Development and careers
				GRI 404-3 (2016): Percentage of employees receiving regular performance and career development reviews	The Social Dimension - Personnel management policies - Evaluation

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
EMPLOYEES	Health and Safety	Risk of injuries/accidents sustained by personnel of the Group's offices / sites	Occupational health and safety (ISO 45001) Compliance of products with current regulations (Reach, End of life)	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension - Occupational health and safety
				GRI 403-1 (2018): Occupational health and safety management system	
				GRI 403-2 (2018): Hazard identification, risk assessment, and incident investigation	
				GRI 403-3 (2018): Occupational health services	
				GRI 403-4 (2018): Worker participation, consultation, and communication on occupational health and safety	
				GRI 403-5 (2018): Worker training on occupational health and safety	The Social Dimension - Occupational health and safety
				GRI 403-6 (2018): Promotion of worker health	
				GRI 403-7 (2018): Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
				GRI 403-8 (2018): Workers covered by an occupational health and safety management system	
				GRI 403-9 (2018): Work-related injuries	



TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
RESPECTING HUMAN RIGHTS	Responsible management and respect for human rights in the supply chain	Risk related to suppliers' non-compliance with human rights and ESG principles	Policy to ensure that all suppliers sign the Group Code of Ethics or the General Terms and Conditions of Supply	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability governance
				GRI 407-1 (2016): Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management
				GRI 408-1 (2016): Operations and suppliers at significant risk for incidents of child labour	
				GRI 409-1 (2016): Operations and suppliers at significant risk for incidents of forced or compulsory labour	
	Diversity and equal opportunity	Risk arising from acts of discrimination or exclusion committed by employees	Policies for personnel management - Diversity and equal opportunities	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability governance - The system for responsible business management The Social Dimension - Personnel management policies
				GRI 202-2 (2016): Proportion of senior management hired from the local community	The Social Dimension - Developing human resources - Diversity and equal opportunity
				GRI 405-1 (2016): Diversity of governance bodies and employees	The Social Dimension - Diversity and equal opportunity Sustainability governance
				GRI 405-2 (2016): Ratio of basic salary and remuneration of women to men	The Social Dimension - Personnel management policies
				GRI 406-1 (2016): Incidents of discrimination and corrective actions taken	Sustainability Governance - Guidelines for compliance with laws and regulations

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
FIGHTING CORRUPTION	Business integrity	Risk from unlawful activities carried out by employees	Code of Ethics	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability Governance - Anti-Corruption - The Social Dimension
				GRI 205-3 (2016): Confirmed incidents of corruption and actions taken	Sustainability governance - The system for responsible business management - Guidelines for compliance with laws and regulations
				GRI 206-1 (2016): Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	
				GRI 207-1 (2019): Approach to tax	
				GRI 207-2 (2019): Tax governance, control, and risk management	The Social Dimension - Taxes
				GRI 207-3 (2019): Stakeholder engagement and management of concerns related to tax	
				GRI 207-4 (2019): Country-by-country reporting	





## GRI CONTENT INDEX

**Statement of use:** Piaggio & C. reported in accordance with GRI Standards for the period from 01.01.2022 to 31.12.2022

**GRI 1 used:** GRI 1: Foundation 2021

**Applicable GRI Sectors standard:** Not applicable

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
2-1	Organisational detail	Methodology -Report on Operations -Generation of sustainable value -Corporate Structure		
2-2	Entities included in the organisation's sustainability reporting	Methodology - Report on Operations - Corporate Structure		
2-3	Reporting period, frequency and contact point	Methodology - Report on Operations -Piaggio and the financial markets		
2-4	Restatements of information	Methodology		
2-5	External assurance	Independent Auditors' Report		
2-6	Activities, value chain, and other business relationships	The Business Model - Generation of sustainable value The Social Dimension - Responsible Management of the Supply Chain - Meeting Customer Needs		
2-7	Employees	The Social Dimension - Diversity and equal opportunity		
2-8	Workers who are not employees	The Social Dimension - Staff		
2-9	Governance structure and composition	Sustainability Governance - Corporate Governance Report 2022		
2-10	Nomination and selection of the highest governance body	Corporate Governance Report 2022 - Board of Directors		
2-11	Chair of the highest governance body	Sustainability Governance - Corporate Governance Report 2022 - Composition		
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance - The Materiality Analysis		



GRISTANDARD	DISCLOSURE	LOCATION	OMISSIONS	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
2-13	Delegation of responsibility for managing impacts	Sustainability Governance - The Materiality Analysis		
2-14	Role of the highest governance body in sustainability reporting	Materiality analysis		
2-15	Conflicts of interest	Corporate Governance Report 2022 - Directors' Interests and Related Party Transactions - Role of the Board of Directors - Related Party Procedure - Code of Ethics		
2-16	Communication of critical concerns	Corporate Governance Report 2022 - Internal Control and Risk Management System - Risk manager and compliance officer		
2-17	Collective knowledge of the highest governance body	Corporate Governance Report 2022 - Appointment and Replacement of Directors		
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report 2022 - Director self- evaluation and succession		
2-19	Remuneration policies	Remuneration Report (Section 1 paragraphs 2-3-4)		
2-20	Process to determine remuneration	Remuneration Report (Section 1 paragraph 1)		
2-21	Annual total compensation ratio	Sustainability governance		
2-22	Statement on sustainable development strategy	Report on Operations (Chairman's Letter)		
2-23	Policy commitments	Sustainability Governance		
2-24	Embedding policy commitments	Sustainability Governance		

GRISTANDARD	DISCLOSURE	LOCATION	OMISSIONS	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
2-25	Processes to remediate negative impacts	The Materiality Analysis (Materiality Table) - Sustainability Governance - Compliance Programme - Guidelines for respecting human rights - Meeting Customer Needs		
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Governance - Compliance Programme - Guidelines for respecting human rights		
2-27	Compliance with laws and regulations	Sustainability Governance - Guidelines for compliance with laws and regulations		
2-28	Membership associations	Report on Operations - Risks and uncertainties - Risk relative to the regulatory and legal framework		
2-29	Approach to stakeholder engagement	Expectations and ways of involving stakeholders		
2-30	Collective bargaining agreements	Industrial Relations		
<b>MATERIAL TOPICS</b>				
<b>GRI 3: MATERIAL TOPICS 2021</b>				
3-1 (2021)	Process to determine material topics	Description of the process to identify material issues for Non-Financial Statement purposes		
3-2 (2021)	List of material topics	Materiality analysis Methodology		



GRISTANDARD	DISCLOSURE	LOCATION	OMISSIONS	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION
<b>CREATION OF ECONOMIC VALUE</b>				
3-3 (2021)	Management of material topics	Materiality analysis The Social Dimension		
201-1 (2016)	Direct economic value generated and distributed	The Social Dimension - Determination and distribution of the economic value generated		
203-1 (2016)	Infrastructure investments and services supported	The Social Dimension - Charity and sponsorship		
204-1 (2016)	Proportion of spending on local suppliers	The Social Dimension - Responsible management of the supply chain		
<b>INNOVATION OF PRODUCT AND SUSTAINABLE MOBILITY</b>				
3-3 (2021)	Management of material topics	Materiality Analysis The Environmental Dimension Research, Development and Innovation Guidelines		
305-3 (2016)	Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants		
<b>CLIMATE CHANGE</b>				
3-3 (2021)	Management of material topics	Materiality analysis The Environmental Dimension - Energy consumption - Emissions of CO <sub>2</sub> and other pollutants		
302-1 (2016)	Energy consumption within the organisation	The Environmental Dimension - Energy consumption		
305-1 (2016)	Direct (Scope 1) GHG emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants		
305-2 (2016)	Energy indirect (Scope 2) GHG emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants		
305-3 (2016)	Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants		
305-4 (2016)	GHG emissions intensity	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants		
305-7 (2016)	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	The Environmental Dimension - Emissions of CO <sub>2</sub> and other pollutants		

GRISTANDARD	DISCLOSURE	LOCATION	OMISSIONS	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION
<b>CUSTOMER SATISFACTION</b>				
3-3 (2021)	Management of material topics	Materiality analysis Sustainability governance		
417-3 (2016)	Incidents of non-compliance concerning marketing communications	Sustainability governance - The system for responsible business management		
<b>SUPPORTING ON LOCAL COMMUNITIES</b>				
3-3 (2021)	Management of material topics	Materiality analysis The Social Dimension		
413-1 (2016)	Operational with local community engagement, impact assessments, and development programs	The Social Dimension - Support local communities - Charity and sponsorship activities		
<b>PRODUCT SAFETY AND RELIABILITY</b>				
3-3 (2021)	Management of material topics	Materiality Analysis Research, Development and Innovation Guidelines		
416-1 (2016)	Assessment of the health and safety impacts of product and service categories	Research, Development and Innovation Guidelines		
<b>DEVELOPING HUMAN RESOURCES</b>				
3-3 (2021)	Management of material topics	Materiality analysis The Social Dimension		
401-1 (2016)	New employee hires and employee turnover	The Social Dimension - Staff		
401-2 (2016)	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Social Dimension - Personnel management policies - Benefits		
401-3 (2016)	Parental leave	The Social Dimension - Diversity and equal opportunity		
404-1 (2016)	Average hours of training per year per employee	The Social Dimension - Training		
404-2 (2016)	Programs for upgrading employee skills and transition assistance programs	The Social Dimension - Personnel management policies - Development and careers		
404-3 (2016)	Percentage of employees receiving regular performance and career development reviews	The Social Dimension - Personnel management policies - Evaluation		

GRISTANDARD	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	OMISSIONS REASON	EXPLANATION
<b>RESPONSIBLE MANAGEMENT AND RESPECT FOR HUMAN RIGHTS IN THE SUPPLY CHAIN</b>					
3-3 (2021)	Management of material topics	Materiality analysis Sustainability governance			
407-1 (2016)	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management			
408-1 (2016)	Operations and suppliers at significant risk for incidents of child labour	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management			
409-1 (2016)	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management			
<b>HEALTH AND SAFETY</b>					
3-3 (2021)	Management of material topics	Materiality analysis			
403-1 (2018)	Occupational health and safety management system	The Social Dimension - Occupational health and safety			
403-2 (2018)	Hazard identification, risk assessment, and incident investigation	The Social Dimension - Occupational health and safety			
403-3 (2018)	Occupational health services	The Social Dimension - Occupational health and safety			
403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety	The Social Dimension - Occupational health and safety			
403-5 (2018)	Worker training on occupational health and safety	The Social Dimension - Occupational health and safety			
403-6 (2018)	Promotion of worker health	The Social Dimension - Occupational health and safety			
403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The Social Dimension - Occupational health and safety			
403-8 (2018)	Workers covered by an occupational health and safety management system	The Social Dimension - Occupational health and safety			
403-9 (2018)	Work-related injuries	The Social Dimension - Occupational health and safety			

GRISTANDARD	DISCLOSURE	LOCATION	OMISSIONS	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION
<b>BUSINESS INTEGRITY</b>				
3-3 (2021)	Management of material topics	Materiality Analysis Sustainability governance - The Social Dimension		
205-3 (2016)	Confirmed incidents of corruption and actions taken	Governance of sustainability - The system for responsible business management - Anti-corruption		
206-1 (2016)	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainability governance - The system for responsible business management - Guidelines for compliance with laws and regulations		
207-1 (2019)	Approach to tax	The Social Dimension - Taxes		
207-2 (2019)	Tax governance, control, and risk management	The Social Dimension - Taxes		
207-3 (2019)	Stakeholder engagement and management of concerns related to tax	The Social Dimension - Taxes		
207-4 (2019)	Country-by-country reporting	The Social Dimension - Taxes		
<b>WASTE HANDLING</b>				
3-3 (2021)	Management of material topics	Materiality Analysis The Environmental Dimension - Waste handling and recovering		
306-1 (2020)	Waste generation and significant waste-related impacts	The Environmental Dimension - Environmental Certifications - Waste handling and recovering Materiality analysis		
306-2 (2020)	Management of significant waste related impacts	The Environmental Dimension - Waste handling and recovering		
306-3 (2020)	Waste generated	The Environmental Dimension - Waste handling and recovering		

GRISTANDARD	DISCLOSURE	LOCATION	OMISSIONS	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION
<b>CONSERVING WATER RESOURCES</b>				
3-3 (2021)	Management of material topics	Materiality Analysis The Environmental Dimension - Conserving water resources		
303-1 (2018)	Interactions with water as a shared resource	The Environmental Dimension - Conserving water resources		
303-2 (2018)	Management of water discharge-related impacts	The Environmental Dimension - Conserving water resources		
303-3 (2018)	Water withdrawal	The Environmental Dimension - Conserving water resources		
303-4 (2018)	Water discharge	The Environmental Dimension - Conserving water resources		
303-5 (2018)	Water consumption	The Environmental Dimension - Conserving water resources		
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
3-3 (2021)	Management of material topics	Materiality Analysis The Social Dimension - Personnel management policy Sustainability governance - The system for responsible business management		
202-2 (2016)	Proportion of senior management hired from the local community	The Social Dimension - Developing human resources - Diversity and equal opportunity		
405-1 (2016)	Diversity of governance bodies and employees	The Social Dimension - Diversity and equal opportunity Sustainability governance		
405-2 (2016)	Ratio of basic salary and remuneration of women to men	The Social Dimension - Personnel management policies		
406-1 (2016)	Incidents of discrimination and corrective actions taken	Sustainability Governance - Guidelines for compliance with laws and regulations		







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**INDEPENDENT AUDITOR'S REPORT  
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND  
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

**To the Board of Directors of  
Piaggio & C. S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Piaggio & C. S.p.A. and its subsidiaries (hereinafter "Piaggio Group" or "Group") as of December 31, 2022 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 2, 2023 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European Taxonomy".

**Responsibility of the Directors and the Board of Statutory Auditors for the NFS**

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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### **Auditor's Independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditor's responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Piaggio Group;



4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Piaggio & C. S.p.A. and with the employees of Piaggio Vehicles Private Limited and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, Pontedera (Pisa) headquarters and production site for Piaggio & C. S.p.A. and Baramati (India) production sites for Piaggio Vehicles Private Limited, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

**Deloitte.**

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### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Piaggio & C. Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS of Piaggio Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European Taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
March 23, 2023

*This report has been translated into the English language solely for the convenience of international readers.*

