



**PIAGGIO & C. S.p.A.**

**Organisational, Management and Control Model**

**pursuant to**

**Legislative Decree**

**231 of 8 June 2001**

**(July 2019)**



**“CODE OF ETHICS, GENERAL INTERNAL CONTROL PRINCIPLES, CONDUCT GUIDELINES”**

**“GENERAL SECTION”**



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## CODE OF ETHICS

### Article 1 – Code of Ethics

Piaggio & C. S.p.A. (the “Company” or “Piaggio”) bases its activities, both internal and external, on compliance with the principles contained in this Code of Ethics (the “Code of Ethics”), in the belief that the ethics of its business management must be pursued in conjunction with success in business.

### Article 2 – Objectives and values

The primary goal of the company is to create value for its customers, shareholders and employees, respecting the environment and working conditions. The Company’s industrial and financial strategies, and its resulting operative conduct, aiming at efficiency in the use of resources, are targeted to this goal.

Pursuing this objective, the Company abides by the following general guidelines in its conduct:

- as an active and responsible component of the communities in which it operates, the Company commits itself to the respect, both in its internal affairs and external relationships, of the laws in force in the States where it operates, as well as of those ethical principles which are commonly accepted in business management (transparency, fairness, loyalty and good faith) and to act in compliance with the rules for the protection of competition;
- the Company rejects and condemns any recourse to unlawful or unfair conduct (towards the community, Public Authorities, clients, workers, investors and competitors) aimed at reaching its own economic objectives, which are reached exclusively through the excellence of its performance in terms of quality and convenience of its products and services, on the basis of its professionalism, experience, innovation and attention to its clients;
- the Company enforces its organisational strategies aimed at preventing any violation of the principles of lawfulness, transparency, correctness and loyalty, good faith and competition rules among its workers and partners and ensures that such strategies are respected and updated;
- ensures, through the adoption of appropriate tools, including organisational tools, 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 or for others, of material benefits and/or any other advantage of any entity in favour of third parties, whether they be private or public entities or government representatives, both Italian and foreign;
- the Company guarantees full transparency as regards its actions to all investors and the community in general, in the respect of the principles of competition;
- it undertakes to promote fair competition, functional to the interests of the Company, and to the interests of all market operators, customers and investors in general;
- it pursues excellence and competitiveness on the market, offering its customers quality services, that efficiently meet their needs;
- the Company protects and empowers its human resources;
- it promotes activities and processes as environmentally compatible as possible through the use of advanced policies and technologies in the field of environmental protection, energy efficiency and sustainable use of resources;
- it pursues environmental protection standards through the implementation of adequate management and monitoring systems;



- the Company makes a responsible use of its resources, aiming at sustainable development, in the respect of the environment and the rights of future generations.

### **Article 3 – Shareholders**

The Company guarantees equal treatment for all shareholders, avoiding any preferential dealing.

### **Article 4 – Customers**

The Company aims at reaching excellency in the products and services that it offers, taking its clients' needs into account, and undertakes to do its utmost to meet their demands. Its objective is to guarantee a prompt, qualified and competent response as regards the needs of its clients, behaving in a correct, courteous and cooperating manner.

### **Article 5 – Community**

The Company intends to contribute to the economic welfare and growth of the communities in which it operates, through its activity, both in selling its products and in providing efficient and technologically advanced services.

In accordance with such objectives, and considering its responsibility towards shareholders and investors, the Company views research and development as primary conditions for growth and success.

The Company relates to local, national and international authorities with full and active cooperation and transparency, in observance of the laws in force, the mutual autonomies, the economic objectives and the values which are contained in this Code of Ethics.

The Company appreciates and may support social, cultural and educational initiatives aimed at promoting the individual and improving the quality of his/her lifestyle.

The Company does not give out contributions, profits or other benefits either to political parties, workers' trade unions or their representatives or candidates, in obedience to the applicable regulations.

### **Article 6 - Human resources**

The Company acknowledges the primary role of human resources, in the conviction that the main factor of success of any enterprise consists in the professional contribution of the people working there, in the context of mutual trust and respect.

The Company protects health and safety in the workplace, in carrying out its economic activity, it believes that the respect of the workers' rights is fundamental. The management of working relations is aimed at guaranteeing equal opportunities and at promoting everyone's professional growth.

### **Article 7 - Human rights**

The Company recognises and ensures respect for the principles that protect internationally-shared human rights and workers' rights, as expressed in the conventions, including the Universal Declaration of Human Rights of the United Nations and the Declaration on Fundamental Principles and Rights at Work and its Follow-up of the International Labour Organisation, in both its operations as well as in the supply chain.

The Company undertakes to ensure respect for the personal dignity, privacy and personality rights of every individual, as well as to ensure the conditions necessary for a non-hostile work environment and to prevent any form of exploitation, discrimination or harassment in accordance with the above conventions. In particular, the Company rejects and dissociates itself from any conduct that may constitute a threat of any kind, determined by reasons of a racial or sexual nature or related to other personal characteristics, and requires compliance with all laws prohibiting any



form of discrimination based on race, gender, religion, language, ideology, ethnicity or political opinion; and prohibits any form of slavery, torture, forced labour, child labour, cruel, inhuman or degrading treatment and working conditions that may pose a threat to life or health.

In addition, the Company recognises and respects the rights of employees to be represented by unions or by other representatives established in accordance with legislation”.

### **Article 8 – Conflict of interest**

Within the trustworthy relationship with the Company, the employees and external partners must use the resources of the Company and their working capabilities in the Company’s interest, pursuant to the principles of the Code of Ethics.

In this respect, all employees and partners must avoid situations in which their personal and/or family member interests may influence their professional conduct, abstaining from any activity which could cause personal interests to conflict with the Company’s interest or which could interfere with and affect the impartial, objective capacity to take decisions in the Company’s interest.

Any situation of conflict of interest, even indirect or potential, must be promptly reported to one's superior and to the (“ Supervisory Body” or “SB”) envisaged by the Organisation, Management and Control Model (“Organisational Model” or “Model”) of the Company and, in any case, the party concerned must refrain from intervening in the related operational/decision process.

### **Article 9 – Environment**

The Company is convinced that global growth must be sustainable in the common interest of all shareholders, both present and future. Investments and industrial and commercial initiatives are therefore aimed at respecting the environment and public health.

Without prejudice to compliance with the specific applicable regulation, the Company pays attention to environmental issues in its decisions, also adopting - where operationally and economically feasible and compatible - environmentally friendly production technologies and methods, with the aim of reducing the environmental impact of its activities.

### **Article 10 - Health and Safety at work**

The Company undertakes to guarantee a safe, healthy and productive working environment for employees, also disseminating a safety culture and awareness of risks and by promoting the responsible conduct of its employees.

All employees and external partners are liable towards the colleagues and the Company for the maintaining high quality standards of the working environment.

The employees should prevent and limit all the situations which may interfere with the working environment. Pursuant to the values of the Code of Ethics, the Company must guarantee the safety and the health of its employees and of the social communities.

All the decisions having a direct or indirect impact to the health and safety of the working environment must be adopted in compliance with the following principles:

- a) avoid risks;
- b) value the avoidable risks;
- c) remove the risks originally;
- d) adjust the work to the human being and, in particular, as concerns the concept of the working place, the choice of the facilities and the working and producing methods in order to limit the monotony and the repetitiveness of the work and also in order to reduce the effects of these works on the health;
- e) take into account the technology progress;



- f) replace what is dangerous with what is less or no dangerous;
- g) plan the prevention, the working organization, the working conditions, the social relationships and the influence of the working environment;
- h) give the priority to the collective safety compared to the individual one;
- i) train the employees suitably.

The above mentioned principles are used by the Company in order to adopt all the necessary measures for guaranteeing employees' health and safety, included the prevention of professional risks, the information and training activities, as well as an adequate organization and the necessary instruments.

#### **Article 11 – Industrial and intellectual property and copyright**

The Company undertakes to guarantee the protection of its trademarks, distinguishing signs, patents, models or drawings, as well as avoid the use of industrial and intellectual property of third parties, apart from cases allowed by law.

Therefore, the Company does not permit the use, under any circumstances and for whatever reason, of products with counterfeit trademarks and signs as well as the manufacture, marketing or any activity relating to products already patented by third parties or works covered by copyright and with regard to which it has no rights.

#### **Article 12 – Anti-money laundering**

The Company endeavours to prevent the use of its economic and financial system for the purpose of money laundering and financing terrorism by its customers and suppliers, verifying with utmost diligence the respectability of its commercial partners prior to establishing business relationships with the same.

#### **Article 13 – Corporate information**

The Company is firmly convinced of the importance of correct information as regards its own activities for the market, its investors and for the community in general.

Respecting the need for confidentiality, which is required for the management of its activity, the Company's objective in its relationship with all investors is transparency. In particular, the Company conveys this objective to the market and its investors through its respect of criteria of correctness, clarity and equal access to information.

#### **Article 14 – Compliance with the Code of Ethics**

This Code of Ethics must be complied with by Company bodies, management and employers, as well as all external partners, such as consultants, agents, suppliers, etc.

The Company is committed to maintaining, updating and if necessary supplementing procedures, regulations or instructions aimed at guaranteeing that the conduct of its Company bodies, executives, employees and partners respects the values herein, providing for appropriate sanctions in case of violations.

## GENERAL INTERNAL CONTROL PRINCIPLES

The Internal Control System is a set of "tools" designed to provide reasonable assurance on the achievement of objectives of operational efficiency and effectiveness, reliability of financial and management information, compliance with laws and regulations, as well as the safeguarding of assets against possible fraud.

The Internal Control System consists of general principles which are applied to all the various organisational levels however denominated (in the following reference will be made to the term *operating unit*).

This Organisation, Management and Control Model is supplemented by the internal regulations concerning business processes and issued by the various Organisational Units.

The Piaggio Group regulatory framework consists of: Manuals or Policies, Management Procedures, Operating Procedures and Work Instructions.

These documents are issued by the various organisational areas and in particular constitute the Organisational System, the Quality Management System, the Safety Management System and the Environment Management System.

### Scope of control

Powers of representation must be conferred defining their limits in relation to the normal extent of inherent transactions and according to operating areas strictly related to assigned duties and the organisational structure.

Responsibilities must be defined and duly distributed, avoiding functional overlapping or operational allocations which focus critical activities on a single subject:

- No significant transaction of the *operating unit* can be originated/activated without adequate authorisation.

Operating systems<sup>1</sup> must be consistent with Company policies and the Code of Ethics:

- In particular, financial information must be prepared:
  - a) in compliance with laws and regulations, applicable accounting standards and international best practice;
  - b) in accordance with established administrative procedures;
  - c) as part of a complete and updated chart of accounts.

### Risk assessment

The objectives of the *operating unit* must be adequately defined and communicated to all relevant levels, in order to clarify and share the general approach of the same.

Risks associated with the achievement of objectives must be identified, periodically providing for adequate monitoring and updating:

- negative events, potentially capable of threatening business continuity as well as protection of the environment, must be subject to specific risk assessment and alignment of protection and control systems;
- innovation processes concerning products/services, organisations and systems must provide for adequate implementation risk assessment.

### Control activities

Operational processes must be defined providing for adequate documentary or system support to allow constant traceability in terms of consistency, coherency and responsibility:

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<sup>1</sup> Procedures, organisation, processes, information systems, etc.



- operational processes must constantly ensure Company compliance with applicable laws, rules and, in general, regulations in force in Italy and in all countries in which it operates, as well as with internal procedures and provisions adopted;
- operational decisions must be traceable in terms of characteristics and justification and those having authorised, executed and verified individual activities must be identifiable;
- the exchange of information between contiguous phases/processes must provide for mechanisms (reconciliations, balancing, etc.) to ensure integrity and completeness of the data managed;
- human resources must be selected, recruited and managed in a transparent manner and in accordance with ethical values and Company defined objectives;
- know-how and skills available in the *operating unit* in terms of consistency with assigned objectives must be periodically verified;
- personnel must be educated and trained to perform the assigned duties;
- acquisition of goods and services for Company operations must take place according to a requirements analysis and from adequately selected and controlled sources;
- working conditions and environment must be periodically verified in order to ensure the safety and health of workers;
- the certified environmental management system must be constantly monitored in order to comply with the requirements of environmental legislation.

### **Information and Communication**

An adequate system of indicators by process/activity must be provided for as well as relative periodic information flows to management.

Administrative and management Information Systems must be geared towards integration and standardisation.

Security mechanisms must ensure adequate protection/access to data and assets of the *operating unit*.

### **Check**

The control system is subject to supervision on an ongoing basis for periodic assessments and constant alignment.





## CONDUCT GUIDELINES

This document is an integral part of the Organisation and Management Model adopted by Piaggio & C. S.p.A. pursuant to Legislative Decree 231/2001 and contains the rules of conduct that all Recipients (including Third Parties, see para. 1.4) are required to adopt in order to ensure that their conduct is inspired by principles of fairness, loyalty, transparency and collaboration and to avoid actions that constitute crimes and administrative offences (particularly those referred to in the decree) being put in place.

These Guidelines identify, albeit by way of example, conduct related to “do's” and “don'ts”, specifying in operational terms the principles of the Corporate Code of Ethics.

### “Do's”

All Recipients must commit themselves to respect the laws and the regulations in force in all the countries in which the Company operates.

The functional managers must make sure that:

- all employees are aware of the laws and of the resulting conduct to follow; when in doubt about the conduct to follow, they should be adequately advised;
- an adequate programme of constant formation and sensitisation on the issues related to the Company's Code of Ethics should be carried out.

When participating in public tenders or competitions called by Public Administration (“PA”), as well as in any negotiations or contracts entered into with both PA and private entities, all those involved must behave according to 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 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 PA officials or third contracting parties or which one has merely become aware of, must be immediately reported.

The functional managers who are commonly in touch with PA must:

- provide their partners with guidelines regarding which 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;
- ensure adequate tracing mechanisms as regards official information channels with the PA;
- maintain and request on the part of those having relations with PA conduct characterised by fairness, transparency, traceability and in good faith, respecting the roles and responsibilities attributed; strictly observe and enforce therefore, also with specific reference to relations with Public Administration, company procedures aimed at abstractly identifying and tracing the functions and positions responsible and appointed for relations with Public Administration, in compliance therefore with corporate roles;
- make clear, truthful, complete and traceable statements to public authorities and exhibit complete, truthful and unaltered documents and data;
- maintain 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 Company, are committed to the observance of the laws and regulations in force in all the countries where the Company operates; No relation will be initiated or continued with those who do not intend to comply with such principles. Any appointment of these subjects to operate as representatives and/or in the interest of the Company towards PA, the mandate must be given in written form, with a specific binding clause to act in observance of the ethical-conduct principles adopted by the Company.

Identical conduct guidelines to those indicated for relations with PA must also be adopted with regard to relations with any private third party, such as suppliers, customers, competitors, partners and/or any contractual counterparty.

When contributions, grants or financial support are requested from the State, the public corporations or the European Union, all Recipients 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 to which it was originally requested and obtained.

The 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 the process of decision, authorisation and implementation 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 individuation of those who have authorised, carried out, registered and verified the operation itself.

All Recipients involved in preparation of the financial statements or other similar documents (reports, prospectuses or other corporate disclosures addressed to shareholders, creditors or the public) must adopt appropriate conduct, provide utmost collaboration, ensure completeness, transparency and clarity of information provided, accuracy of data and calculations, in accordance with current legislation and internal procedures adopted by the company.

Directors and their assistants must:

- depict the Company's economic, equity or financial situation truthfully, clearly and completely when drafting the financial statements, disclosures to the market or similar documents;
- duly respect the requests of information on the part of the board of statutory auditors and facilitate as much as possible the activities of control or auditing which are legally attributed to owners, other company bodies or external auditors;
- they must present the shareholders' meeting with complete acts and documents that match the accounting entries;
- they must provide the supervisory boards with correct and complete information regarding the Company's economic, patrimonial or financial situation.

Relations with the press - and in general with mass media - must be managed in accordance with principles of integrity, transparency, completeness and timeliness.



Only specifically authorised Recipients may communicate or disclose news concerning the company, in compliance with the laws and regulations in force and with the internal procedures adopted by the Company concerning the management of price-sensitive information.

Employers, senior managers and persons in charge, all employees and external service providers are required to apply and observe regulations on the protection of health and safety at work. In particular, in order to minimise potential risk of injury in the workplace, compliance with accident prevention regulations, as well as individual and collective preventive measures established and communicated by the Company through specific instructions, equipment and training programmes is required. In this context, employees must consider themselves responsible for adequate management of safety and, therefore, must avoid exposing themselves or other workers to hazards which might cause injury or harm.

Relations with any third party (suppliers, external contract workers, commercial/financial partners) must be managed in compliance with internal procedures and characterised by impartiality, independence and transparency.

In particular, adoption of the predetermined rules and mechanisms to be complied with in selection procedures, as well as an adequate verification and monitoring system concerning proper execution of the services provided must be guaranteed.

Before establishing any business relationship with such parties, there must be a proper assessment of the information available relating to the commercial reliability of such counterparties, in order to ascertain their competence and fitness to properly and precisely fulfil the contractual obligations and the assigned tasks, as well as to avoid any possible involvement of the Company in operations suitable for encouraging receiving stolen goods or laundering and/or reusing money or benefits of illicit origin.

In the execution phase, the competent functions must verify the legitimate origin of the goods delivered, refraining from their reception in the presence of a mere suspicion of illicit origin, as well as verify the proper nature of payments, with reference to full correspondence between recipients/originators of the payments and counterparties effectively involved in the transaction.

Relations with customers (public or private) must be managed in full compliance with the criteria of honesty, courtesy, transparency and collaboration.

In particular, Recipients are required to:

- comply with all the internal procedures to be implemented vis-a-vis customers envisaged by the Company;
- ensure customers are provided with complete and truthful information about the nature and intrinsic and extrinsic characteristics of the goods delivered.

More generally, all information provided in connection with any commercial, advertising and promotional activities for the presentation of the Company's products and services must be truthful and correspond to the characteristics and technical features of the products themselves.

All employees are required to comply with Company procedures for the correct use of assigned information technology equipment. Employees must comply with the physical/logical security configurations adopted by the Company, in particular for activities which:

- require the processing of data and information, the misuse of which can result in fraud against natural or legal persons (private organisations and, in particular, if the counterparty belongs to PA);
- require access to infrastructures and/or software, the use of which may give rise to fraudulent use.



With particular reference to the control/organisational aspects of crimes concerning the environment, the Company ensures:

- periodic monitoring of authorisations/licenses and in particular the scheduling of steps necessary to obtain and/or renew the same;
- clear definition of roles, duties and responsibilities to ensure the necessary technical skills and powers for verifying, evaluating, managing, controlling and monitoring environmental risks;
- monitoring of compliance with legal and corporate regulatory requirements through the planning and execution of internal audits;
- precise compilation of compulsory registers and forms for waste management;
- monitoring of submission, by the transport company, of the waste identification form within the legal deadlines.

Moreover, with specific reference to the Company activities in question, for the management of which the Company relies on third parties, personnel of entities involved are required, each within the scope of their powers and responsibilities, to:

- ensure that suppliers and other third parties (e.g. consultants), if required by rules and regulations, depending on the nature of the goods and services, provide evidence of compliance - on their part - with regulations concerning waste water discharges and waste management and environmental protection, in accordance with Company procedures and contractual provisions;
- periodically update the file of authorisations, registrations and disclosures acquired from third party suppliers and promptly report to the competent function any deviations found;
- ascertain, prior to initiating the relationship, the respectability and reliability of service providers involved in waste management, also by acquisition and verification of environmental disclosures, certifications and authorisations made by the same or acquired in accordance with law, also requesting the commitment - by the same - to maintain said authorisation certificates valid and effective for the entire duration of the contract.

With specific reference to plant, those involved are required to plan and/or carry out plant maintenance in line with the corresponding maintenance plans, verifying correct operation of the same and reporting any anomalies to the appropriate persons in charge.

In order to protect intellectual and industrial property, the Company requires that all research, design and development activities relating to new products is carried out in full compliance with current applicable national/international regulations, as well as with contractual commitments in place; in particular, it is necessary to verify in advance the pre-existence of industrial property rights on the part of third parties (registration of trademarks or other hallmarks, inventions, industrial ornamental models, patents). Similarly, the Company requires appropriate controls on the origin of materials, components and products purchased in order to monitor and verify the absence of counterfeiting or alteration of trademarks and/or hallmarks.

Employees are expressly recommended to use only software, databases or intellectual property of others only after obtaining the relevant user licence or in any case in compliance with copyright legislation. It is also necessary to adopt preventive measures to protect and hold the Company harmless from any prejudicial consequences arising from claims by third parties concerning the alleged violation of intellectual property rights.



In the event of recruitment of nationals of third countries, the Company requires possession of a residence permit.

All Recipients (including members of the corporate bodies, senior managers, employees, external contract workers, partners, suppliers, consultants, etc.) are expressly reminded to report any violation or suspected violation of the Organisational Model to the Supervisory Body.

The Supervisory Body protects whistleblowers from any detrimental effect that may derive from their reporting information. The Supervisory Body ensures confidentiality as regards the identity of such people, in observance of the laws in force.

The function managers must notify the Supervisory Body of the conducts that add to all crimes, concerning operative processes in their jurisdiction, that have come to their notice either directly or through notification from their partners.

In particular, in the case of the attempted extortion of an employee (or other staff) by a public officer, the following guidelines must be followed:

- the request must be ignored;
- the person in charge must be promptly notified;
- the person in charge must duly and formally notify the Supervisory Body.

#### **“Don'ts”**

In relations with PA officials (including in this definition any party or representative of the same, including the senior managers, officers or employees of the State or Public Bodies - hereinafter "Public Administration employees" - and those in general exercising a public function<sup>2</sup>), be it in an institutional capacity or as a contracting counterparty, it is forbidden to:

- promise or offer (to them or to their relations, in-laws, friends, etc.) money, gifts or premiums, unless their value is moderate (trips, holidays and memberships in clubs, for example, are not considered of moderate value);
- examine or propose employment opportunities concerning such parties (or their relations, in-laws, friends, etc.), and/or commercial opportunities (or of any other kind) that may be advantageous to them;
- promise or offer them counselling of any kind and for any reason;
- make unjustified entertainment expenses or whose objectives are different from the mere promotion of the Company's image;
- promise or offer, also through other companies, jobs/services of personal utility (e.g. reconstruction works of buildings owned or used by them – or by relations, in-laws, friends, etc.);
- provide (or promise to provide), request or obtain information and/or classified documents, or data that may compromise the integrity or the reputation of either, or both parties;
- favour, in purchasing processes, suppliers and sub-suppliers that are recommended by such parties as a condition for the subsequent execution of activities (e.g. entrusting commissions, granting soft financing, or franchising).

Such actions and conduct are forbidden, whether they are carried out directly by the Company through its employees, or whether they are carried out indirectly through non-employees who act on behalf of the Company itself.

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<sup>2</sup> For the concepts of Public Administration and Public Service Officer, reference is made to the Special Section, Crimes against the Public Administration, pages 51 and subsequent



The same provisions must also be complied with in relations with any third party (suppliers, external contract workers, commercial/financial partners, customers, etc.). More generally, it is expressly forbidden to grant advantages of any kind and nature (also in the form, for example, of sponsorships, gifts, consulting appointments, awarding contracts, etc.) directly or indirectly in favour of those belonging to private companies or entities in order to unduly favour the interests of the Company (e.g. to obtain more favourable market conditions, disclosure of confidential information, award of a supply, etc.).

Towards the Public Administration it is also forbidden to:

- exhibit false or forged documents/data;
- subtract or omit to present authentic documents;
- behave deceptively, so as to lead the Public Administration astray in the technical/economic assessment of the products and the services that are offered/supplied;
- • omit due information, so as to unduly influence the decisions of PA;
- • behave so as to unduly influence the decisions of PA;
- be represented by consultants or ‘third parties’ when such a situation can create conflicts of interest;
- abuse one’s position as civil servant in order to obtain benefits and advantages for oneself or for the Company.

In general, it is forbidden for the Company to employ former Public Administration officers (or their relations, in-laws, friends, etc.) who have personally and actively taken part in business transactions with the Company, or who have endorsed requests made by the Company to the Public Administration.

During civil, criminal or administrative proceedings, it is prohibited to undertake (directly or indirectly) any unlawful action that may favour or damage one of the parties in the proceedings. It is also forbidden to induce - with violence or threat, or by promising or giving money - a person not to make statements before the judicial authorities or to make false statements in order to favour the interests of the Company.

When using computer or telematic systems, it is prohibited, unless authorised, to access computer systems used by PA or to change in any way their functioning, or carry out operations in any way on data, information or programmes contained in a computer or telematic system or relevant to said, in order to unduly obtain and/or modify information to the benefit of the Company or third parties, or in any case to obtain undue benefits for the same.

It is also expressly forbidden to use assigned Company information technology equipment for purposes contrary to the law, public order and morality; to engage in any conduct that may damage, alter or impair Company information and communication equipment, as it is also forbidden to abusively enter information systems protected by security measures.

It is forbidden for Directors and their assistants to:

- a) return contributions to their shareholders, or release them from the obligation to carry them through, except in cases of legitimate reduction of the share capital, and reduce the share capital or merge with other Companies (or separate from them), in violation of the laws in defence of creditors;
- b) distribute profits, or advances on profits that have not been made, or that have been destined for reserve; or distribute reserve funds that cannot be legally distributed;



- c) acquire or underwrite stocks or capital share issued by the Company or by the parent company, when prohibited by the law;
- d) fictitiously set up or augment the Company's capital by means of illegal operations.

It is expressly forbidden to:

- a) allow access to price-sensitive information to persons other than those who need the same in order to exercise their functions or normal business activity;
- b) allow access to such information by interested parties without the same having been informed of the consequent duties and obligations, as well as the sanctions resulting from violation of such duties and obligations;
- c) buy, sell or perform other transactions on securities of the issuer, directly or indirectly, on one's own behalf or on that of third parties, using confidential information (insider trading);
- d) disclose confidential information outside the normal course of business (tipping);
- e) recommend or induce others, on the basis of confidential information, to perform transactions on securities (tuyautage);
- f) disseminate, via the media, including the Internet or any other means, information, rumours or false or misleading information regarding financial instruments of the issuer (market information manipulation);
- g) put in place buying/selling transactions or orders which:
  - provide, or are susceptible to provide, false or misleading indications concerning the supply, demand or price of financial instruments;
  - allow, through the action of one or more persons acting in concert, fixing of the price of financial instruments at an abnormal or artificial level;
  - use artifices or any other form of deception or expedient;
- h) put in place artifices capable of providing false or misleading signals concerning the supply, demand or price of financial instruments of the issuer;
- i) operate on treasury shares except within the scope of authorised programmes (e.g. treasury share repurchase transactions).

It is expressly forbidden for recipients of the Model to put in place situations and conduct which might jeopardise the safety and quality of the workplace, organised according to the ISO 9001, ISO 14001 and OHSAS 18001 certified integrated quality, environment and safety management system adopted by the Company.

The Company and its employees must avoid being involved or adopting conduct which may constitute the crime of receiving stolen goods, money laundering or self-laundering, such as the acceptance or possession and/or reuse of proceeds (objects) deriving from illicit activities.

In general, it is expressly forbidden for Recipients to:

- accept and/or transfer for any reason, except via banks, electronic money institutions or Poste Italiane SpA, cash or bank or postal bearer passbooks or bearer securities in euros or in foreign currency, when the value of the transaction, even split, is in total greater than or equal to the limit prescribed by law;
- issue bank and postal cheques for amounts higher than those provided for by current legislation and which do not bear an indication of the name or company name of the beneficiary and the non-transferability clause;
- make payments to foreign current accounts of natural persons resident in Italy or of entities with registered offices in Italy;
- make payments to numbered current accounts or those at banks without a physical establishment;
- make payments to current accounts of banks operating in countries included in tax haven lists and



in favour of offshore companies.

It is also expressly forbidden to purchase and/or receive goods of any kind and nature which are known or even only suspected of being of illegal origin.

The Company expressly forbids improper disclosure or violation of industrial and intellectual property rights and copyright, as well as its own and third-party trade secrets.

With reference to the principles of conduct regarding the environment, it is forbidden for Recipients of this Model to:

- put in place conduct intended to violate the provisions concerning waste management, emission sources and discharges of industrial wastewater containing hazardous substances;
- falsify or alter the environmental disclosures to the Public Administration, including data and information relating to emissions into the atmosphere to be disclosed to the monitoring Authorities (e.g. ARPA, Provincial Administration);
- abandon or store waste in an uncontrolled manner and discharge the same, in solid or liquid state, in surface and underwater;
- conduct waste management activities in the absence of specific authorisation for disposal and recovery of the same, or in the event of revoked or suspended authorisation;
- mix different categories of hazardous waste (or hazardous with non-hazardous waste);
- violate the disclosure requirements, keeping of compulsory registers and forms for waste management;
- falsify/alter, and/or compile waste analysis certificates with incorrect and/or untruthful information concerning the nature, composition and physical-chemical characteristics of said waste, also with reference to the SISTRI - Handling Area;
- perform or participate in organised activities directed at illegal waste trafficking;
- prevent access to sites by control authorities;
- discharge industrial wastewater containing hazardous substances without authorisation or after the same has been suspended or revoked;
- violate the obligation to provide for, upon occurrence of a potential event which could contaminate the site, implementation of necessary preventive and remediation measures, providing timely notification to the competent authorities;
- violate the emission limit values or the provisions established by the authorisation in operating a plant as well as the air quality limit values provided for by current legislation;
- sell, buy, receive, transport, import, hold, transfer, abandon or unlawfully dispose of highly radioactive material.

### **Crimes committed abroad**

Pursuant to Article 4 of the Decree, the Company may be liable in Italy for some crimes committed abroad in cases where:

- a) the crime is committed abroad by a person functionally linked to the entity;
- b) the entity has its registered office in Italy.

Where the crimes are committed in part abroad, and in part in Italy, pursuant to Article 6, paragraph 2 of the Criminal Code, the liability indicated in the Decree could apply even when only a part of the conduct or event occurs in Italy.

With regard to offences committed entirely abroad by persons, top management or subordinates, attributable to the Company, the latter is liable in the cases provided for in articles 7, 8, 9 and 10 of the Criminal Code and provided that with regard to the same the Country of the place in which the offence was committed does not take action.





## **Sanctions**

Conduct which does not comply with the provisions of the Code of Ethics and these Guidelines, regardless of any other type of criminal action taken against the offenders, will result in disciplinary measures being taken in accordance with laws in force and/or collective bargaining agreements in effect and the provisions of the Model in the section dedicated to the Disciplinary System.

Violations of the provisions and rules of conduct contained in the Code of Ethics and Conduct Guidelines and any commission of the crimes provided for by Legislative Decree 231/2001, put in place by Third Parties which, although not belonging to the Company, act on behalf and/or in the interest of the same (such as outsourcers, consultants and service contractors) are sanctioned in accordance with the provisions of the specific contractual clauses included in their contracts. Such clauses may include, without limitation, the right to terminate the contract and/or the payment of penalties.

The imposition of sanctions may involve, in addition, the prohibition of establishing new contractual relations with the parties involved, unless the Board of Directors decides otherwise.

## **Communications to the Supervisory Body**

In order to facilitate communication to the Supervisory body of any fact or circumstance concerning the Model, Piaggio has put in place the following e-mail address: [organismodivigilanza@piaggio.com](mailto:organismodivigilanza@piaggio.com)



# GENERAL SECTION

## 1. INTRODUCTION

### **1.1 Legislative Decree No. 231 of 2001: Regulations on the administrative liability of legal entities, companies and associations with or without legal personality.**

Legislative Decree no. 231 of 2001 ("Legislative Decree no. 231/2001" or "Decree") introduced into Italian law the administrative liability of legal entities, companies and associations including those without legal personality, thereby aligning Italian legislation with a number of international conventions to which Italy had joined long been a signatory.

Without contradicting the constitutional principles whereby *criminal liability is personal* and *legal entities cannot be liable for criminal behaviour (societas delinquere non potest)*, the decree regulated corporate administrative liability for some crimes committed or even attempted, in their interest or advantage, by persons related to them by a particular relationship.

Corporate liability is administrative in nature, separate and additional to the criminal – strictly personal – liability of the individual that actually committed the criminal action. It follows, therefore, that under certain circumstances described in the decree and in relation to a set list of crimes, the personal liability of the perpetrator of the crime exists alongside the separate liability of the legal person.

For corporate administrative liability to exist, only the types of crime specifically indicated and listed in Decree 231 apply. Their commission or attempted commission carries – provided the conditions are fulfilled – not only high financial penalties but also severe prohibitory penalties, which can also be ordered as a precautionary measure and have permanent effects (e.g. the confiscation of the price or value of the crime, the suspension or revocation of authorisations, licenses or concessions, and exclusion from benefits, financing or contributions, up to and including permanent disqualification from the activity).

Corporate liability exists in cases where the crimes are committed in the interest or to the advantage of the company by people with responsibility for the representation, administration or management of the entity or an organisational unit of it that has financial and functional autonomy, or by individuals who are responsible for the management or control of the entity, and people subject to the management and supervision of one of the entities described above. In the first case, the entity is not liable for the crime if it can prove that:

- a) the management has adopted and efficiently put into effect, before the crime was committed, organisational and management models designed to prevent those types of crimes in question;
- b) the responsibility for supervising the functioning and observation of the models and their updating has been entrusted to a body of the entity with independent powers of initiative and control;
- c) the persons committed the crime by fraudulently circumventing the organisational and management model (the action to circumvent the model in order to commit the predicate crime is a criminal offence by the natural person but does not carry liability for the entity);
- d) there was neither insufficient supervision nor a lack of supervision by the body referred to in letter b).

In the second case, the enterprise is responsible if the commission of the crime was possible due to non-compliance with the obligation for management and supervision. In any case, failure to meet these obligations is excluded if the entity has adopted and effectively implemented an Organisation, Management and Control Model capable of preventing the crime. Schematically it can be said that the following criteria apply for the attribution of corporate liability:

- **objective criteria**, defined in Article 5 of Legislative Decree 231/01, which states that predicate crimes relate to the entity only if they are committed (by top managers and others) in its interest or to its advantage;
- **subjective criteria**, in which regard the adoption of the Model definitively exempts the entity from liability.

The types of crime covered by the provisions in question can be grouped for ease of reference into the following categories:

- crimes committed in relations with the Public Administration;
- crimes against public trust
- corporate crimes;
- crimes for the purposes of terrorism or subversion of democracy;
- market abuse;
- crimes against the individual;
- transnational crimes;
- crimes against life and individual safety;
- crimes of manslaughter or serious or grievous bodily harm, committed in breach of the rules on health and safety at work
- crimes of receiving, laundering, self-laundering and using money, goods or benefits of unlawful origin;
- cybercrime and unlawful data processing;
- crimes against industry and trade;
- organised crime;
- copyright infringement crimes;
- inducement to refrain from making statements or to make false statements to the legal authorities
- environmental crimes;
- crime of illegal immigration;
- crimes of racism and xenophobia.

In view of the analysis of the company context, the activity carried out by the Company and of the areas potentially subject to the risk of crime, only the crimes covered in the individual Special Parts – which should be referred to for their exact identification – were considered relevant and therefore specifically examined in the Model.

## 1.2 Function of the Organisation and Management Model

The adoption of the Organisation and Management Model (“Model 231” or Model”), which is optional under law and not mandatory, has been seen by Piaggio & C. S.p.A. as a significant opportunity to actively prevent crimes by strengthening its corporate governance and internal control system, and by disseminating suitable ethical and behavioural principles.

The Model is a tool to guide the behaviour of persons/entities that operate within the Company and to promote, at all levels of the company, legal and proper conduct. Its adoption will also impact positively on the prevention of any crime or offence under the legal system.

In line with the Code of Ethics and Conduct Guidelines adopted by the Company – which constitute an integral part of it – the Model identifies the rules and procedures that must be followed by all the recipients, or by those, such as employees, company bodies, service companies, consultants and partners who work on behalf of or in the interest of the Company in processes vulnerable to the commission of predicate crimes under Legislative Decree 231/01.



In preparing the Model, Piaggio & C. S.p.a. followed the Guidelines issued by Confindustria in compliance with Article 6, paragraph 3 of Legislative Decree 231/2001: the choice not to align it with certain contents of these Guidelines does not affect its validity. Each Model, in fact, must be prepared with a view to the actual reality of the company to which it refers and can quite easily differ from Guidelines which, by their nature, are of a general nature.

According to the provisions of Legislative Decree 231/2001, the Model envisages the existence of a Supervisory Body, appointed by the Board of Directors of the company, which is responsible for ongoing oversight on legal compliance through monitoring activities and the possible imposition of disciplinary penalties designed to actively censure any unlawful act. The Model establishes the Body's composition, duties and powers, its requirements in terms of autonomy, independence, professionalism and continuity of action, and its eligibility requirements, term in office and reasons for termination. The Supervisory Body thus constituted is then given internal rules that set out its functioning.

The Model has been drawn up with the aim of providing a certain measure of security against the commission of crimes: it is only possible to commit crimes by fraudulently circumventing its provisions and not complying with company procedures. All the business activities that carry a risk of crime are, in fact, proceduralised and structured in such a way as to ensure the separation of tasks between those who perform the crucial phases or activities of an at-risk process.

### **1.3 Methodology used to prepare the Piaggio Model**

This Model has been created and written on the basis of the specific company situation of Piaggio & C. S.p.A.

As suggested by the Confindustria Guidelines, the identification of potential risks and the analysis of the company environment were the starting points for the identification of areas and sectors of activities potentially involved in the commission of significant crimes for the purposes of administrative liability under Legislative Decree 231/2001, as well as of the possible ways they could be committed.

This initial phase of mapping at-risk processes was followed by the design of the control system, including the assessment of the existing system within the entity for the prevention of crimes and its possible adaptation in terms of its ability to effectively mitigate – or reduce to an acceptable level – the risks identified.

The Model adopted in 2004 has gone through regular updates to adapt it to the introduction of new predicate crimes for corporate administrative liability as well as physiological changes to the company.

### **1.4 Recipients of the Model**

As the entity may have liability as a result of crimes committed in its interest or to its advantage by "top management" or "subordinates", as defined in Article 5 of Legislative Decree 231/2001, the following are considered as recipients of the Model ("Recipients") and are therefore required to comply with the provisions therein:

- people who perform, even de facto, tasks involving the representation, administration, management and control of the Company of one of its organisational units with financial and functional autonomy (cf. Article 5 letter a) of Legislative Decree 231/01): this definition includes, without limitation, the directors, the executives, the plant managers and all those who actually carry out these functions ("top managers");



- individuals managed or supervised by one of the persons indicated above, even if seconded abroad or to other Group companies: this definition includes employed workers, quasi-employed workers and collaborators of the Company, at all levels and under any type of contractual relationship (including project workers and interns) (“persons subject to the senior managers”).

The Recipients, as identified above, are required to comply with all the provisions of the Model (in its respective components: General Section and Special Sections), the Code of Ethics and Conduct Guidelines, including the duties of honesty and diligence arising from their legal relationships established with the Company.

The Recipients of the Model also include “third parties” other than the "top managers" and “persons subordinate to top managers”, who do not belong to the Company but act on its behalf or in its interest by virtue of contractual relationships. This category includes, for example:

- outsourcers;
- consultants;
- agents;
- suppliers and service contractors;
- commercial partners.

These third parties are bound by the relevant ethical principles adopted by the Company in the Code of Ethics and Conduct Guidelines.

As envisaged in company internal procedures describing how all the activities conducive to the achievement of its aims are pursued, a commitment to observe these principles is required through the formal signature of specific contractual clauses. Failure to comply with these clauses not only results in the imposition of penalties by the Company but also the immediate termination of the contract.

## **1.5 Information and training**

The Model is brought to the attention of internal and external stakeholders through dedicated communications activities and its publication on the Company website. In order to ensure its proper understanding and dissemination, the HR function prepares and implements – also according to the instructions of the Supervisory Body – an annual training plan aimed at promoting awareness of the principles and ethical standards set out in the Model. The training initiatives are differentiated according to people’s role and responsibility, in the belief that effective implementation of the Model is also ensured by an adequate training of its Recipients.

The annual training plan provides for:

- basic e-learning training for all personnel, which allows timely and widespread dissemination of the contents common to all personnel - applicable legislation ( Legislative Decree 231/2001 and predicate offences), the Model and its functioning, the contents of the Code of Ethics - and is enhanced by self-assessment and learning tests.
- specific classroom activities for function managers operating in vulnerable processes/areas of activity where there is a greater risk of illegal conduct, during which the principles of control and conduct which they should observe in the performance of their activities are described.
- In-depth modules in the case of updates of regulations or internal procedures.

The training courses (classroom, e-learning, any in-depth modules) are mandatory. The violation of training obligations is a disciplinary offence.



The SB is responsible for driving and overseeing all initiatives to inform Recipients that it deems necessary or appropriate to promote knowledge and proper understanding of the Model, in order to enhance the culture of control and ethical values in the company.

### **1.6 Updates and amendments to the Model**

This Model is periodically updated and aligned with reforms and legislative amendments that directly or indirectly affect it, as well as to changes to the corporate structure and organisation that impact its effectiveness and efficiency.

Indeed, the Model 231 only exempts the entity from liability if it is actually effective in preventing the commission of crimes within the entity to which it refers. It must therefore be robust, effective and dynamic, reflecting any changes in the entity to which it relates. Clearly, the robustness of the Model means it must be updated in parallel with the development and changes in the risk structure. The Supervisory Body is responsible for updating and reviewing the Model.

### **1.7 Governance structure of Piaggio & C. S.p.A.**

Founded in 1884, Piaggio & C. S.p.A. designs, manufactures and sells motorised two-, three- and four-wheeler vehicles, ranking among the leading global manufacturers of two-wheeler.

The Company is organised in accordance with the traditional compliance programme contemplated in Articles 2380-*bis et seq.* of the Civil Code, with powers reserved respectively to the General Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The system aims to guarantee the proper and responsible management of the company, in order to promote confidence among shareholders, customers and partners. The company's governance is based on a coherent and integrated system that includes company delegated powers and powers of attorney that are regularly updated in light of both regulatory changes and changes in the company's organisational system. The system of delegated powers is documented and traceable so as to facilitate its reconstruction a posteriori.

Wide-ranging powers for the ordinary and extraordinary administration of the Company have been delegated to the Chairman and Chief Executive Officer, with the exception of the powers reserved to the Board of Directors.

The Board has a central role in connection with corporate organisation and is responsible for the functions and strategic guidelines, as well as the verification of the existence of the necessary controls to monitor the performance of the Issuer and Group companies of which it is the parent company. The Board has all powers for the management of the company and for this purpose can approve or execute all actions considered necessary and/or useful for the implementation of the objects of the company with the exception of those reserved by law and by the Articles of Association for the Shareholders' Meeting.

The Board of Statutory Auditors oversees correct governance and the adequacy the organisational, administrative and accounting structure adopted by the Company's directors, and its proper functioning.

The Corporate Governance system adopted by Piaggio & C. S.p.A. conforms to the principles in the Corporate Governance Code for listed companies (the "Corporate Governance Code") prepared by Borsa Italiana S.p.A., as modified most recently in July 2015 and national and international best practices. The Code helps to define the Company's overall corporate governance structure, by governing the set of rules and procedures to which the company bodies refer to steer their course of action and to comply with their various responsibilities towards its stakeholders. Piaggio has also adopted a Code of Ethics aimed at defining a set of corporate ethics principles with which the



Company identifies. The Company requires its company boards, its employees and all those who cooperate in any way in the pursuit of corporate interests to comply with this Code of Ethics. The Business Ethics Committee was established in 2008. It develops rules and regulations for organisational conduct within the Group in line with international best practices on Corporate Social Responsibility and monitors the actual implementation of the provisions of Code of Ethics.



## 2. DISCIPLINARY SYSTEM

### 2.1 Introduction

Article 6 of the decree relates the exemption of direct liability of the enterprise to the adoption and effective implementation of an organisation, management and control model that is able to prevent the commission of the criminal offences covered by the legislative decree and requires the introduction of “*an appropriate disciplinary system to punish failure to comply with the measures set out in the model*”, which therefore becomes an integral part of the Organisational Model as a whole.

Accordingly, the disciplinary system is an essential part of the Organisational Model for the entity to qualify for the “exemption” established by the above-mentioned legislation.

### 2.2 Disciplinary System

The Disciplinary System identifies infringements of the provisions contained in the Organisational Model and/or the procedures referred to therein, as well as the disciplinary measures that the Company can use for the respective types of violations.

All the infringements and the related penalties are specifically laid out in the annexed table.

The Organisational Model, including the disciplinary system, based on its applicability, shall be formally declared as binding for all Recipients and shall therefore be displayed, as provided for in Article 7, paragraph 1 of Law 300/1970, “*by being posted in a place accessible by all*”.

Compliance with the provisions and rules of conduct laid down in the Model constitutes fulfilment by employees of the Company of the obligations under Article 2104, paragraph 2 of the Civil Code; The content of the Model is a substantial and integral part of these obligations.

The foregoing is without prejudice to the fact that disciplinary sanctions for employees will take into account the principle of proportionality referred to in Article 2106 of the Italian Civil Code, considering, for each case, the objective severity of the fact the disciplinary infringement refers to, the degree of fault, any repeat conduct, as well as the intention of the conduct itself.

The application of the penalties provided by the Disciplinary System for violation of the provisions contained in the Model is independent of any criminal proceedings initiated by the legal authorities and their outcome.

The Company retains the right to claim for any damage and/or liability that may result from conduct by employees and external collaborators in breach of the Organisational Model.

### MEASURES TAKEN AGAINST NON-EXECUTIVE EMPLOYEES

Sanctions that may be administered to Company employees, in compliance with provisions in Article 7 of Law no. 300 of 30 May 1970 (“Workers’ Statute”) and any special applicable regulations, are indicated in the law and in regulations on sanctions in the Contract of employment, and specifically the following:

- verbal warning;
- written warning;
- fine worth up to three hours of basic salary;
- suspension from work and pay (for up to three days);
- dismissal with notice;

- summary dismissal.

### MEASURES TAKEN AGAINST EXECUTIVES

In the event of violation by executives of the provisions of the Model and/or in the procedures referred to therein, they will be subject to the most appropriate measures in accordance with the provisions of the law and by the "National Collective Legal and Economic Bargaining Agreement for Industrial Executives".

If the violation of the Model and/or the procedures referred to therein by the executive is serious enough to undermine the relationship of trust with the Company, then the penalty can also be dismissal for cause.

Without prejudice to the obligations of the Company arising from the Workers' Statute, the actions by employees and executives that constitute violations of the model are as follows (accompanied by the related penalties):

### DISCIPLINARY SYSTEM

INFRINGEMENTS	NON-EXECUTIVE EMPLOYEES (Penalties under articles 23-24-25 lett. a) and b) General Rules - Section 3 of the Metalworking Collective Bargaining Agreement)	SENIOR MANAGEMENT
Substantial non-compliance with the provisions identified in the "General Principles of Internal Control" with reference to the Scope of Control.	Verbal warning Written warning Fine worth up to three hours of basic salary Temporary suspension from work and deduction of pay for up to three days Dismissal with notice	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives
Non-compliance with the provisions identified in the "General Principles of Internal Control" with reference to Risk Assessment, Control Work, Information and Communications, and Monitoring.	Verbal warning Written warning Fine worth up to three hours of basic salary Temporary suspension from work and deduction of pay for up to three days Dismissal with notice	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives

INFRINGEMENTS	NON-EXECUTIVE EMPLOYEES (Penalties under articles 23-24-25 lett. a) and b) General Rules - Section 3 of the Metalworking Collective Bargaining Agreement)	SENIOR MANAGEMENT
Failure to comply with conduct set out in the "Code of Conduct"	Fine worth up to three hours of basic salary Temporary suspension from work and deduction of pay for up to three days Dismissal with notice	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives
Non-compliance with the specific controls set out in the Special Sections due to negligence, without exposing the Company to an objective situation of danger.	Written warning Fine worth up to three hours of basic salary Temporary suspension from work and deduction of pay for up to three days Dismissal with notice	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives
Omission of communication due to the SB	Verbal warning Written warning Fine worth up to three hours of basic salary Temporary suspension from work and deduction of pay for up to three days Dismissal with notice Summary dismissal	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives.
At-risk conduct (as listed in the Special Sections).	Verbal warning Written warning Fine worth up to three hours of basic salary Temporary suspension from work and deduction of pay for up to three days	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives

INFRINGEMENTS	NON-EXECUTIVE EMPLOYEES (Penalties under articles 23-24-25 lett. a) and b) General Rules - Section 3 of the Metalworking Collective Bargaining Agreement)	SENIOR MANAGEMENT
Forms of at-risk conduct (as listed in the Special Sections) that actually result in an act that also exposes the Company to an objective situation of danger.	Temporary suspension from work and deduction of pay for up to three days Dismissal with notice Summary dismissal	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives
Conduct unequivocally and intentionally directed at committing a crime sanctioned under the decree.	Dismissal with notice Summary dismissal	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives
Any other form of conduct that potentially gives rise to the imposition on the Company of the measures established by the decree.	Fine worth up to three hours of basic salary. Temporary suspension from work and deduction of pay for up to three days Dismissal with notice Summary dismissal	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives.
Conduct that has resulted in application of the measures established by Decree.	Temporary suspension from work and deduction of pay for up to three days Dismissal with notice Summary dismissal	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives

INFRINGEMENTS	NON-EXECUTIVE EMPLOYEES (Penalties under articles 23-24-25 lett. a) and b) General Rules - Section 3 of the Metalworking Collective Bargaining Agreement)	SENIOR MANAGEMENT
Substantial non-compliance with the provisions set out in the "RULES ON WHISTLEBLOWING" with particular reference to the breach of measures for the protection of whistleblowers and to reports that prove to be groundless and are made with gross negligence or malice.	Verbal warning Written warning Fine worth up to three hours of basic salary Temporary suspension from work and deduction of pay for up to three days Dismissal with notice Summary dismissal	Appropriate measures consistent with the National Collective Bargaining Agreement for Industrial Executives

\* Infringements and conduct adopted by employees that violate the rules in this Organisational Model, in accordance with Legislative Decree 231/2001, result in the administration of disciplinary sanctions that are adopted, according to the criterion of proportionality in Article 2106 of the Civil Code, considering - for each case - the objective severity of the fact the disciplinary infringement refers to, the degree of fault, any repeat conduct, as well as the intention of the conduct itself.

#### **MEASURES AGAINST COMPANY DIRECTORS**

For violations committed by top managers, the Supervisory Body shall promptly inform the entire Board of Directors and Board of Statutory Auditors, in order to adopt appropriate measures including, for example, convening the General Shareholders' Meeting in order to take the most appropriate decisions required by law, and/or the withdrawal of delegated powers conferred and/or revocation of office or role.

#### **MEASURES AGAINST MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

Upon notice of violation of the provisions of Legislative Decree 231/01 by one or more statutory auditors, the Supervisory Body must immediately inform all members of the Board of Statutory Auditors and the Board of Directors of what has happened.

The persons/entities that receive the notice from the Supervisory Body can take, in accordance with the articles of association, appropriate measures including, for example, convening the General Shareholders' Meeting in order to take the most appropriate decisions required by law, and/or the withdrawal of delegated powers conferred and/or revocation of office or role.

#### **MEASURES AGAINST THIRD PARTIES**

Violations of the provisions and rules of conduct contained in the Code of Ethics and Conduct Guidelines and any commission of the crimes provided for by Legislative Decree 231/2001, put in place by Third Parties which, although not belonging to the Company, act on behalf and/or in the interest of the same (such as outsourcers, consultants and service contractors) are sanctioned in



accordance with the provisions of the specific contractual clauses included in their contracts. Such clauses may include, without limitation, the right to terminate the contract and/or the payment of penalties.

The imposition of sanctions may involve, in addition, the prohibition of establishing new contractual relations with the parties involved, unless the Board of Directors decides otherwise.

### 3. SUPERVISORY BODY

#### 3.1 Role and structure.

Legislative Decree 231/2001 relates the entity's exemption from direct liability to the adoption and effective implementation of an organisation, management and control model that is able to prevent the commission of the criminal offences considered by such legislation and requires the establishment of a supervisory body within the entity ("SB") that has "*autonomous powers of initiative and control*" and is specifically assigned the "*task of supervising the operation and compliance of the organisational model and keeping it up-to-date*".

For smaller companies, there is an exception that allows the management body to be directly allocated the functions of the Supervisory Body but it is abundantly clear that this alternative solution does not apply to Piaggio & C. S.p.A. which has a supervisory body appointed by the Board of Directors at its meeting on 12 March 2004.

The Supervisory Body of Piaggio & C. S.p.A. monitors the functioning of the model in order to verify its suitability and to identify any shortcomings that should be reported to the management body in order to resolve them. As required by the Decree and the Confindustria Guidelines approved on 7 March 2002 and latterly updated in March 2014, the SB is characterised by its autonomy, independence, professionalism and continuity of action. As such, the Supervisory Body's decisions cannot be challenged by the organisational structures of the entity, as this would undermine the essential requirement for it to be autonomous and also the necessary independence of its members.

The basic requirements of the SB, must be understood in relation to its functions and the duties assigned to it by law.

In particular, **autonomy and independence** must be understood in the sense that the position of this body inside the entity must be such as to guarantee the independence of its control activities from all forms of interference and/or influence by any component whatsoever of the entity – especially the management body which, instead, is one of the parties subject to supervision. Autonomy and independence are assured by putting the unit in the highest possible hierarchical position, for example "reporting" to the absolute highest level of company management. This must be accompanied by not giving the SB operational tasks that, by making it party to operating decisions and activities, would undermine its objective judgement when carrying out checks on conduct and the Model.

As for the requirement of **professionalism**, this refers to the set of knowledge and techniques that the unit must possess in order to effectively carry out its work. This includes specialist techniques typical of people who perform "inspections" but also provide advice. This obviously includes - by way of example - statistical sampling; risk analysis and assessment techniques; measures for their containment (authorisation procedures; cross-checking mechanisms; etc.); the flow-charting of procedures and processes for the identification of weaknesses; interview techniques and questionnaire development; psychological aspects; fraud detection methodologies; etc. These are techniques that can be used *a posteriori*, to ascertain how a crime of the type in question was committed and who did it (inspection approach); or they can be used as a preventive measure, to adopt - when drawing up the Model and subsequent amendments - the most appropriate measures to prevent, with reasonable certainty, the commission of these crimes (advisory-type approach); or, even, they can be used to verify that current day-to-day behaviour effectively complies with written procedures. With reference to the legal skills, it should not be forgotten that the rules in question are essentially criminal rules and that control system envisaged by the Decree aims to prevent the commission of



actions that could facilitate the commission of predicate crimes or that could be considered to be at-risk. Knowledge of the structure of crimes and how they are committed is therefore essential, which may be ensured through the use of internal resources or external consultants.

**Continuity of action suggests** – especially in large and medium sized companies – the presence of an internal structure dedicated exclusively and full-time to supervision of the Model without (as mentioned) operational responsibilities that could lead it to take decisions with income/financial effects. In view of the above, the optimal and necessary solution to adequately oversee the Piaggio Model has been to have a Supervisory Body composed of external (or mixed members with an external Chairman), which may appoint representatives within the company who are responsible for reporting to the Supervisory Body and therefore ensuring reporting relationships. These representatives, appointed for each production unit, assume the status of “persons responsible” for the task in question.

The Board of Directors of the Company, in compliance with legal requirements, has appointed a Supervisory Body that takes the form of a board composed of three members identified based on the following criteria:

- a member of the Board of Statutory Auditors of Piaggio;
- a Piaggio executive who has developed specific expertise in legal matters or internal control;
- an external professional with the necessary requirements, who is appointed Chairman.

The Piaggio Supervisory Body meets at least every quarter. In addition to regular meetings, there may also be special meetings convened by the Chairman, as often as the Supervisory Body’s input is required, within the field of application of Legislative Decree 231/2001.

The Supervisory Body has a *Regulation on its composition, structure and functioning*, which it has approved, describing its operations and internal organisation, supervisory activities and the management of reports.

### **3.2 Reasons for ineligibility and/or incompatibility of the members of the Supervisory Body**

Reasons for ineligibility and/or incompatibility of the members of the SB include:

- working or having worked in the last three years for the Independent Auditors of the Company or other Group companies, or taking part as a statutory auditor or person responsible for statutory audit or management and supervision in the audit of the financial statements of the Company or another Group company;
- having family, spousal or family-in-law ties within the fourth degree with the members of the Board of Directors or the Board of Statutory Auditors of the Company or subsidiaries;
- being engaged in economic and/or contractual relations with the Company, its subsidiaries and/or their directors, directly or indirectly, except for full-time employment, for consideration or free of charge, to such an extent that would compromise independence;
- having performed – in the three years prior to their appointment – administrative, management or control functions in companies subject to bankruptcy, compulsory winding-up or equivalent proceedings or in companies operating in the credit, financial, securities or insurance sector subject to extraordinary administration;
- being temporarily barred or suspended from the managerial positions of legal entities and businesses;
- one of the conditions of ineligibility or forfait indicated in Article 2382 of the Civil Code being applicable;



- being subject to preventive measures under Law 1423 of 27 December 1956 or Law 575 of 31 May 1965 as amended, unless rehabilitated;
- having a conviction or having settled by plea bargain, even if not definitive and including suspended sentences, unless rehabilitated, for:
  - one of the crimes envisaged by Royal Decree 267 of 16 March 1942 (Bankruptcy Law);
  - one of the crimes listed under heading XI of book V of the Civil Code (companies and consortia);
  - one of the crimes against the public administration, against public trust, against property, against the public economy, or for a tax crime;
  - one of the crimes identified by the rules governing banking, financial, securities, and insurance activities and by the laws relating to markets, transferable securities, and payment instruments;
  - any other crime committed with criminal intent, subject to not less than one year;
- having – in Italy or abroad – a conviction or having settled by plea bargain, even if not definitive and including suspended sentences, unless rehabilitated, for relevant violations in terms of corporate administrative liability under Legislative Decree 231/2001;

If, during office, a reason for forfeit arises because one of the subjective eligibility requirements described above is no longer met, the member concerned shall immediately inform the other members of the SB and the Board of Directors.

### 3.3 Reasons for termination of office

The reasons for termination of the entire SB must be kept separate from those affecting individual members.

- The SB's term in office may be terminated for one of the following reasons:
  - end of term: the members of the Supervisory Body remain in office until the approval of the financial statements for the third year following the appointment year and can be reappointed; pending the appointment of the new members of the SB, the members must fulfil their mandate within the SB for a further three months, after which the Board of Directors must immediately appoint the new SB;
  - resignation of the majority of the members of the SB, formalised by written communication to the Board of Directors;
  - revocation of the SB by the Board of Directors.

In order to guarantee the absolute independence of the SB, revocation can only be for just cause. Just cause of revocation means the occurrence of one of the following:

- serious negligence in the performance of the tasks associated with the office, including breach of confidentiality obligations;
- the imposition on the Company, even if not definitively, of a sanction pursuant to Legislative Decree 231/01, related to an alleged omission or insufficient supervision, including by negligence, of the SB.

Revocation for just cause is ordered by resolution of the Board of Directors, after having heard the opinion of the Board of Statutory Auditors.

In case of expiry, revocation or resignation, the Board of Directors appoints the new SB without delay.

On the other hand, an individual member's appointment may end:

- if the office or corporate role held is abolished;
- due to resignation, formalised by written communication to the Board of Directors;

- if one of the reasons for forfeit and/or incompatibility set out in section 4.2 arises
- due to revocation by the Board of Directors.

An individual member of the SB can only be revoked for just cause, understood to mean the hypotheses applicable to the entire SB (as above) and the following hypotheses:

- if breaches are found of confidentiality obligations to which the members of the SB are subject, or cases in which the member has acted with gross negligence or malice;
- the occurrence of serious and proven reasons that compromise the autonomy or independence of judgement of the individual member;
- appointment to operational functions and responsibilities within the company's organisation that are incompatible with the requirements of "autonomy and independence" and "continuity of action" inherent to the SB;

In addition, the SB or one of its members may be revoked for one of the following reasons:

- having direct or indirect shareholdings in the Company, such as to permit significant control or influence, or that would compromise their independence;
- unjustified absence, during the business year, at two consecutive meetings of the SB.

Also in this case, revocation is ordered by resolution of the Board of Directors, after having heard the opinion of the Board of Statutory Auditors.

In the event of the resignation, forfeit or incompatibility of one of the internal members of the SB without simultaneous termination of their company role or the office, the Board of Directors shall redefine the composition of the SB in order to allow the appointment of a new member.

In the event of termination of an external member, they remain in office until their replacement, to which the Board of Directors attends without delay.

In both cases, the newly appointed member's term in office expires at the same time as the other members of the SB.

### **3.4. Duties and Powers of the Supervisory Body**

The following duties are assigned to the Supervisory Body:

- verify the practical suitability of the Model, overseeing its updating and constant adjustment, and where appropriate suggesting corrections and/or improvements to the Board of Directors (e.g. following the entry into force of new regulations, organisational changes or new activities, or in the event of significant breaches of the Model's requirements);
- supervise the functioning and observance of the Model, specifically:
- verifying the application of the Model and compliance with it through ethical auditing, which consists of identifying and promoting continuous ethical improvement within the Company through an analysis and evaluation of processes for monitoring compliance with the procedures set out in the Model;
- monitoring the initiatives for the spreading knowledge and understanding of the Code of Ethics; in particular: overseeing ethical communication and training activities; analysing proposals for reviewing company policies and procedures with significant impacts on corporate ethics and proposing hypothetical solutions for the assessment of the Internal Control Committee;
- autonomously organising a supervisory programme in the various sectors of activity, ensuring – also with the support of internal structures (see below) – its actual implementation through scheduled control activities;
- provide regular annual reports to the Board of Directors on the results of the audit activities carried out;



- examine and evaluate the information and reports received regarding compliance with the Model as well as breaches of its provisions, including those reported by the heads of the Company's individual production units;
- ensure that appropriate disciplinary measures are taken against persons who violate the provisions of the Model, proposing – where deemed necessary – the application of specific penalties in accordance with the provisions of the disciplinary system;
- evaluate the work plan prepared with the help of Internal Audit, for the dissemination of the Model within the Company, and its periodic reports;
- assess the proper management of financial resources, in accordance with the standards and procedures of Model.

For the performance of its duties, the SB has all powers necessary to conduct timely and effective supervisory activities, including, but not limited to:

- carrying out checks and inspections, even without prior notice or prior authorisation;
- performing spot checks on operating processes in order to ascertain any company actions that do not comply with current requirements;
- arranging, where deemed appropriate, hearings of personnel who can provide useful advice or information on any problems or violations of the Model;
- obtaining information and accessing any kind of corporate documentation, in accordance with privacy regulations, including through specific requests to the relevant functions, provided that no employee can refuse to provide the Supervisory Body with the documentation and information requested;
- appointing a general contact person responsible for assisting the Supervisory Body in carrying out its duties.

The Supervisory Body also has the power to request (including through a pre-appointed member) to attend ordinary or extraordinary meetings of shareholders and of the Board of Directors (under no circumstances do the members of the Supervisory Body have the power to intervene by expressing opinions on corporate decisions taken within these bodies), as well as at meetings of the Board of Statutory Auditors.

The SB is also granted an annual budget to carry out its tasks, thereby guaranteeing its autonomy and independence. The budget is set annually on a proposal of the SB. The Supervisory Body can request additional resources where necessary, subject to written request with explanations.

To undertake its tasks, the Supervisory Body avails of the support of the Internal Audit function and the compliance function of the legal and corporate office for the tasks entrusted to it. From time to time, it may also avail of the collaboration of other personnel of the Company or the Group, when the supervisory activities require professionals with specific skills. In this case, all the personnel used will continue to report to their hierarchical superior but will be functionally overseen by the SB and will report to it for the assigned tasks. Furthermore, in order to carry out its duties and under its direct management and supervision, the SB may avail of the technical support of external consultants and professionals who will provide the opinions requested from time to time by the Supervisory Body, in accordance with the budget and their financial resources.

The activities of all members of the Supervisory Body (including "internal" members) must also be adequately remunerated. The remuneration paid to the members of the SB is set and allocated by the Board of Directors upon appointment or renewal.

### 3.5 Information flows to the SB

Article 6, paragraph 2, letter d) of Legislative Decree 231/2001 identifies specific “*information disclosure obligations towards the body designated to supervise the functioning of the Models and compliance with their provisions*”.

In accordance with regulations, the Company has established a system of information flows to the Supervisory Body in order to enable efficient and effective performance of the supervisory tasks for which it is responsible.

In particular, the company has a systematic and structured reporting system for significant issues/matters, which may trigger inspections and examinations by the Supervisory Body in order to ascertain any malfunctions or violations of the Model's requirements.

Observance of these reporting obligations is part of the broader duty of diligence and honesty of the employee; failure to comply with them may result in a disciplinary sanction.

a) In general, the following information (“**ad-hoc reports**”) must be sent immediately to the SB by the persons responsible:

- issuances and/or information from police bodies or any other authority stating that investigations are being carried out, including against unknown persons, for crimes covered by the decree and which may involve the Company, its employees or members of the corporate bodies;
- requests for legal assistance sent by employees in the event of legal proceedings against them and in relation to crimes under the decree, unless expressly prohibited by the legal authorities;
- information concerning disciplinary proceedings in relation to the areas covered by the decree, or relating to decisions to suspend proceedings, including the reasons;
- the initiation of any judicial, tax or administrative inspection in which the persons appointed for this purpose by the head of the relevant organisational unit have participated;
- any orders received from the hierarchical superior of one of the Recipients of the Model found to be in conflict with the law, internal regulations or the Model.

The Supervisory Body must also be sent all relevant information to ensure the Organisational Model is in line with the purposes set out in the Decree, including information concerning:

- various kinds of significant organisational changes for the purposes of the Model;
- Changes in the company structure;
- Any acquisitions/sales of investments;
- Disclosure on the sending of the minutes of the Board of Directors to the members of the SB;
- updates to the system of delegated powers with changes in powers;
- Procedural changes made also on previous reports to the SB, with relevance pursuant to Legislative Decree 231/01;
- Internal/external audits that have critical aspects and opportunities for improvement, with relevance pursuant to Legislative Decree 231/2001;
- Change/development of company information systems;
- List of reports, the content of which substantiates even the mere suspicion of an offence provided for by the Model pursuant to Legislative Decree No. 231/2001;

All Recipients of the Model must also inform the SB of any fact or circumstance that may constitute – or may only give rise to suspicion of – a breach or potential breach of any provision of the Model (including the Code of Ethics and the Conduct Guidelines) that could be relevant for the purposes of



the decree. All Addressees must also give the SB any information concerning the commission or alleged commission of crimes/administrative offences under the Decree.

b) A system of **regular information flows** is also established, in accordance with the Supervisory Body's express requests, to ensure the effective performance of its control responsibilities. In particular, the Special Section (to which reference should be made for further details) identifies, for each at-risk process/area, the information that the appointed representatives must send to the Supervisory Body.

The organisational manual MO-04 *Information Flows to the Supervisory Body* identifies the corporate functions responsible for periodically reporting to the SB, the frequency with which this information is sent, and its content.

Regular reports must be also be sent if there is nothing to disclose.

### 3.6 Reporting procedures

To implement the reporting requirements established by this Model (the "ad-hoc" and "regular" information flows or whistleblowing reports), all Recipients must comply with the following requirements:

#### a) Recipient of the report

- Employees who intend to report a violation – or alleged violation – of the Model may contact his/her direct hierarchical superior or report it directly to the SB;
- All other Recipients of the Model, as defined in paragraph 1.4, who have relationships with the Company, report directly to the Supervisory Body.

#### b) Communication channels

To ensure an effective and adequate system of reporting to the Supervisory Body, the following communication channels are available to the Recipients:

- a dedicated e-mail address: [organismodivigilanza@piaggio.com](mailto:organismodivigilanza@piaggio.com)
- a fax number: **0587.219025**
- at plant premises there are Internet access points, known as "totems", where workers and other employees who do not have access to computers for work reasons can file any reports.

Anonymous reports are also allowed under relevant circumstances.

No form of retaliation is permitted against anyone who makes reports in good faith.

### 3.7. SB reporting obligations

To ensure the Model's preventive effectiveness and its practical implementation, the SB is required to regularly inform the Board of Directors of its supervisory activities and its findings, and to propose any corrections and improvements to the Model.

To this end, the SB sends an annual written report to the Board of Directors and the Board of Statutory Auditors on the following matters:

- reports received by the SB and any proposals for amending/updating the Model;
- any proven violations and proposed disciplinary sanctions against the persons responsible;
- the status of updates to the Model and any legislative updates regarding Legislative Decree 231/01;
- the findings of the "ad-hoc" and "regular" information flows received by the SB in relation to



risk areas;

- the functioning and implementation of the Model, with attached summary of the checks carried out and their outcomes;
- the checks planned for the next financial year.

In the event of serious anomalies in the functioning and observance of the Model or of breach of its provisions, the SB reports these promptly to the Board of Directors.

Likewise, notice from the legal authorities or other sources of the commission of a crime or suspected crime that could potentially involve the Company must be immediately notified by the Supervisory Body to the Board of Directors.

The SB may be convened at any time by the Board of Directors. In turn, the SB may request – if it deems it appropriate or necessary – to be heard by the Board of Directors, in order to report on particular events or situations relating to the functioning of the Model and compliance with it, and if necessary asking the Board of Directors to take action. In addition, the SB may – if it considers it necessary or appropriate – ask to be convened by the Board of Statutory Auditors.



## 4. RULES ON WHISTLEBLOWING

Law No. 179/2017 regulates the protection of whistleblowers who report offences and irregularities that come to their attention in the context of a public and private employment relationship, known as “whistleblowing”.

It provides, in the case of private companies, for the implementation of Article 6 of Legislative Decree 231/2001 with the obligation for a company to provide channels that allow the reporting of offences while ensuring the utmost confidentiality with regard to a whistleblower’s identity.

### 4.1 Definitions

Before proceeding with the illustration of the substantial and operational aspects related to the management of reports, the following definitions are intended to clarify the meaning of certain terms used:

- **Whistleblower:** persons indicated in Article 5, paragraph 1, letters a) and b) of Legislative Decree 231/01 as identified in paragraph 4.2.
- **Reported person:** individual who is identified in the report as being responsible for the reported offence.
- **Report:** communication by the whistleblower concerning a suspicion or knowledge of an offence committed by the reported person, as defined in paragraph 4.3. The report can potentially be:
  - Confidential if the Company manages the Report without revealing the identity of the whistleblower, in the absence of his/her express consent;
  - Anonymous if the identity of the whistleblower is not explicit or identifiable.

### 4.2 Subjects involved

Taking into account the decision of lawmakers to include the rules on Whistleblowing in Legislative Decree 231/01, the Company has identified the persons indicated in Article 5, paragraph 1, letters a) and b) of the Legislative Decree as potential whistleblowers as specified in paragraph 1.4 "Recipients of the Model".

In particular, the said persons include:

- all employees of the Company, including employees of group companies seconded to the Company, regardless of the type of contract and the functional level;
- all those who collaborate with the Company under a quasi-employment relationship (project workers, temporary workers, contract workers, interns, etc.)
- directors.

Third Parties identified as Recipients of the Model who act on behalf of the Company under formalised contracts or letters of appointment (e.g., agents, intermediaries, consultants, suppliers, etc.) are not considered to be involved.

### 4.3 Subject matter and content of reports

Pursuant to Article 6, paragraph 2-bis, of Legislative Decree 231/01, which was introduced with the new provision, the Report must concern illegal conduct which is relevant pursuant to Legislative Decree 231/01, or violations of the Company's Organisation, Management and Control Model which have come to the knowledge of the Company as a result of the functions performed.

These are therefore actions or omissions, whether committed or attempted, which:



- are subject to sanctions also vis-à-vis the Company pursuant to Legislative Decree 231/01 (e.g., bribery, violation of environmental protection regulations, violation of health and safety at work regulations, etc.) or which could in any case give rise to the suspicion that significant offences pursuant to Legislative Decree 231/01 have been committed;
- are carried out in violation of the Code of Ethics, company procedures relevant for the purposes of Legislative Decree 231/01, of the Organisational, Management and Control Model pursuant to Legislative Decree 231/01 or other company provisions referred to in the Model.

The Report may not concern, instead, personal complaints of the whistleblower or requests concerning the rules of the employment relationship or relations with a hierarchical superior or colleagues, which need to be referred to the Personnel Department.

The Report must be detailed and based on precise and consistent facts and therefore should preferably contain the following elements:

- a clear and complete description of the facts that are the subject of the Report;
- if known, the circumstances of the time and place where they were committed;
- if known, the personal details or other elements (such as the position and service in which s/he carries out his/her activity) that make it possible to identify the person(s) who has/have carried out the reported facts;
- the indication of any other parties who may report on the facts that are the subject of the Report;
- an indication of any documents which may confirm that the facts are substantiated;
- any other information that may provide useful feedback on the existence of the facts reported.

Reports based on mere suspicions or rumours and personal grievances of the whistleblower or claims made by him/her are not protected.

In this perspective, the Reports should be as detailed as possible and provide the greatest number of elements, in order to allow the Company to carry out the necessary checks.

#### **4.4 Recipients of the report**

To guarantee the confidentiality of the identity of the person reporting information, 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 for the protection of whistleblowers introduced by Law 179/2017 is based on Article 6 of Legislative Decree 231/2001 and assigns indirectly (though not expressly) the Supervisory Body pursuant to Legislative Decree 231/2001 the task of receiving and managing Reports on possible offences and violations of the Model or Code.

Considering the above, the Company has established two communication channels: a channel via fax (**0587.219027**) and an IT channel via the dedicated SB e-mail address (**organismodivigilanza@piaggio.com**). In this regard, reference should be made to the third chapter of this General Section of the Model (paragraph 3.6).

If the whistleblower qualifies as a public official or a public service officer, sending the report does not exempt him/her from the obligation to report the criminally relevant facts to the competent judicial authority.



#### **4.5 Duties of the recipient of the Report**

The Supervisory Body takes charge of the report for the necessary preliminary investigation. Once the checks are concluded, the Chairman of the SB informs the Whistleblower by e-mail of the outcome or status of the checks.

If indispensable, the SB requests clarifications from the Whistleblower and/or any other parties involved in the report, by taking the necessary precautions.

The SB checks the validity of the circumstances presented in the Report through all activities that it deems appropriate, including the hearing of any other parties who may report on the facts reported, in compliance with the principles of impartiality, confidentiality and protection of the identity of the Whistleblower.

Based on an assessment of the facts reported, the SB may decide, in the event of obvious and manifest groundlessness and gross negligence or wilful misconduct, to close the report and send the information to the Personnel Department for disciplinary proceedings.

If elements that are not manifestly groundless are found, the SB manages the Report, also involving the competent third parties - also for the adoption of the consequent measures - such as:

- Senior management and/or the person in charge of the function in which the fact occurred for the acquisition of investigative elements, always with the adoption of the necessary precautions to protect the confidentiality of the whistleblower;
- the Personnel Department, for any disciplinary issues;
- where appropriate, the judicial authority for matters falling within its respective fields of competence.

The data and documents that are the subject of the Report are kept in accordance with the law.

#### **4.6 Protection of the Whistleblower**

The Company does not tolerate any prejudicial consequences against whistleblowers in terms of disciplinary measures and protects them in the event of the adoption of "direct or indirect discriminatory measures that may have an effect on working conditions for reasons directly or indirectly linked to the report". This protection, however, is limited to "cases of liability for libel or defamation or for the same cause of action pursuant to Article 2043 of the Italian Civil Code».

Protection does not apply, therefore, in cases where the report contains false information given with intent or gross negligence.

In the event of suspected discrimination or retaliation against a whistleblower related to the report, or of abuse of the reporting instrument by him/her, the Company will provide for the application of disciplinary penalties.

The adoption of discriminatory measures against persons making reports may be reported to the Italian National Labour Inspectorate, for the measures falling within its remit, by the whistleblower as well as by the trade union organisation indicated by him/her.

Retaliatory or discriminatory dismissal of a whistleblower is null and void. The change in duties pursuant to Article 2103 of the Civil Code is also null and void, as well as any other retaliatory or discriminatory measure adopted against a whistleblower. In the event of disputes relating to the imposition of disciplinary penalties, to the demotion, dismissal or transfer of the whistleblower, or to other organisational measures against him/her having direct or indirect negative effects on working conditions, subsequent to the submission of the report, it is the Company's responsibility to demonstrate that such measures are based on reasons that are not related to the report itself.



#### **4.7 Disciplinary system**

An effective Whistleblowing system must provide for sanctions both against the whistleblowers, in the event of abuse of the reporting instrument, and against the reported persons in the event of findings of the reported offences.

As defined in the previous paragraphs, the Whistleblowing system has now been integrated into Legislative Decree 231/2001. Consequently, the sanctions provided for by the system described in chapter 2 of this General Section of the Model are extended and applied and reference should be made to it for further details.

## 5. TRANSACTIONS DERIVING DIRECTLY FROM TOP MANAGERS

### 5.1 Background

Top managers are identified by Article 5 of Legislative Decree 231/2001 as “*individuals who hold the position of representatives, directors or managers of the entity or of one of its organisational units that enjoys financial and functional independence, in addition to individuals who are responsible for the management or control of the entity*”;

Legislative Decree 231/2001 has not amended the regulations governing the management and governance of companies. As a result, the decision-making autonomy of the persons in the Top Management is a material and immutable expression of the freedom of management of the enterprise as a company.

The persons in the top management decide on an ordinary basis on operations that follow the normal criteria established by the Organisational Model, which they are aware of and agree with. However, those persons are sometimes required – in the interests of the Company – to carry out transactions that follow a different procedure to the one detailed in the Organisational Model, as a result of exceptional situations due to extraordinarily urgent needs or specific confidentiality requirements or also due to the individual characteristics of the transaction.

This Internal Control Scheme refers to this type of transactions.

### 5.2 Control activities

The control system is based on the defining characteristics of formal separation of roles at key **stages of the process** and the **traceability of the documents**.

The specific controls are listed below:

- traceability of the transaction in terms of documentation and support information necessary to enable ex post "retrievability" of the reasons for the transaction and the circumstances in which it was carried out;
- Specific attention must be given to setting out the reasons and purposes, in summary (but not generic) form, that resulted in the operational choice made. The reasons for the decision do not necessarily need to be specified, but a description must be provided of the characteristics (e.g. confidentiality and urgency) that made it impossible to implement the decision in accordance with the established operational scheme.
- specific reporting, by the member of the top management who implemented the transaction on an exceptional basis, to the Supervisory Body, so that it can systematically and promptly perform the necessary checks.
- In addition, another way in which the system is strengthened is the "capture" of operations ordered by top management through information flows concerning the “exceptional” transactions set out in the individual Internal Control Schemes on Instrumental Processes. Indeed, these flows require the details of the "exceptional" transactions (regardless of their origin) to be sent to the Supervisory Body by the Heads of the Functions actually executing them.



### **5.3 Management of financial resources**

Pursuant to Article 6, paragraph 2, letter c of Legislative Decree 231/2001, the following are the manuals and procedures which, in the context of the management of financial resources, help to prevent offences from being committed.

- MF-01 “Management of treasury activities”
- MF-03 “Credit management manual”
- MF-07 “Accounts payable process”
- POF-16 “Accounts receivable process”
- MO-02 “Principles for the exercise of authorisation powers for liabilities cycle”
- MO-09 “Policy for intercompany services management”
- POO-07 “Management of import activities”.