

Piaggio & C. Spa Modern Slavery Statement

This statement is published by Piaggio & C. SpA (hereinafter also “Piaggio” or “Group”) in accordance with the Modern Slavery Act 2015. It is the Group’s first Modern Slavery Statement and it is intended to communicate the steps Piaggio has taken and is committed to take in the medium term to ensure the prevention of modern slavery and human trafficking within its business and supply chains.

Piaggio’s business and supply chains

Piaggio, the largest European manufacturer of two-wheeler motor vehicles, which ranks among the world’s leading brands in the light mobility market (two-, three- and four-wheeler vehicles), is headquartered in Pontedera (Pisa, Italy) and has production plants and research centres around the world: Pontedera, Noale (Venice, Italy), Scorzè (Venice, Italy), Mandello del Lario (Lecco, Italy), Baramati (India, in the state of Maharashtra), Vinh Phuc (Vietnam). Piaggio produces engines at its plants both for internal production and to meet the demand of other manufacturers; all other components that constitute a vehicle are purchased externally and assembled in-company.

The Group also operates in China, in Foshan in the province of Guangdong, and in the USA, in Pasadena and Boston, with research centres that aim to develop innovative mobility and transport solutions and technologies. The Group is also present in various other countries around the world with sales and distribution subsidiaries.

Policies

The Group supports and is committed to upholding the UN Guiding Principles on Business and Human Rights and the core labour standards set out by the International Labour Organisation. The Group recognises that it has a responsibility to take a robust approach to human rights (and modern slavery and human trafficking issues) and intends to continuously integrate and ameliorate the policies and controls it has in place to safeguard against any form of slavery, servitude, human trafficking and forced labour taking place within the business or the supply chain.

Piaggio companies must comply with local legislation and regulations, and must conduct their activities in line with the Code of Ethics and its core values of honesty, integrity and respect for people. The Code of Ethics provides support to Piaggio’s commitments to being responsible and respectful, and it helps staff and contractors to make informed, ethical and legal decisions. Suppliers worldwide that wish to do business with Piaggio have to sign the general conditions of supply of the Group that include the Code of Ethics.

The Group intends to integrate the current Code of Ethics with punctual, direct and unequivocal references to the issue of human rights (including modern slavery and human trafficking issues) and is committed to ensuring that its employees and contractors act ethically and with integrity and transparency in its business dealings. The updated Code of Ethics will stipulate that Piaggio respects fundamental human rights in its activities and supply chain.

To maintain the highest standards of ethical, moral and legal conduct, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The Whistleblowing Policy, initially developed for the Indian company of the Group, aims to provide a safe channel for employees and other stakeholders to raise concerns on violations of legal or regulatory requirements. It will be among the Group’s priorities, within the next three years, to extend the scope of the Whistleblowing Policy to human rights (including modern slavery and human trafficking issues) and its applicability to the entire Group.

Risk assessment

Piaggio considers that the greatest risk to the safeguarding of human rights (including modern slavery and human trafficking issues) could be found in its supply chain, as this is the area where operations and managerial oversight are out of the Group’s direct control. Also within the supply chain, certain areas and suppliers may result having a higher risk than others.

Over
100 countries served

Production plant:

4 in Italy
1 in India
1 in Vietnam

Research centres:

3 in Italy
2 in USA
1 in India
1 in Vietnam
1 in China

Vehicles produced:

Over
310,000
two wheeler

Almost
190,000
three- and fourwheeler

Over
1000 suppliers

Over
6700 employees

The Group is committed, within the next three years, to mapping its supply chain and performing a risk assessment of both its operations and of its supply chain with the goal of identifying the areas having the highest risks in terms of human rights (including modern slavery and human trafficking issues). This will enable a prioritization of future due diligence activities on suppliers and will allow the development of an action plan concerning the scheduling of supplier audits.

Due diligence and supplier audits

Piaggio is convinced that accountability is a commitment that should not be confined within the company but should positively involve its stakeholders; this is why the Group's vast and complex supply chain, of both direct materials/components and services, is highly regulated and supervised so as to ensure its transparent management and thorough monitoring.

Supplier relations are defined by specific processes and procedures related to the selection, qualification, management and monitoring/assessment of suppliers. "Vendor Rating Campaigns", during which suppliers are evaluated on the basis of business and quality criteria, are performed twice a year. The Quality function regularly conducts onsite audits on the Group's direct material/component suppliers in order to ensure their effective compliance with the requirements regarding the quality management system. For such suppliers the results of the audits undertaken are included in their Vendor Rating.

It will be among the goals of Piaggio, within the next three years, to introduce, within the above mentioned processes and procedures already in place, new criteria, specific to the issue of human rights (including modern slavery and human trafficking issues), with which to assess potential and current suppliers. The audits conducted by the Quality function could provide the instrument through which to monitor and evaluate such new criteria.

Performance indicators

Performance indicators are essential in order to assess the effectiveness of the measures implemented.

Within the next three years, Piaggio will develop a series of key performance indicators such as:

- › Number of hours of training on human rights (and modern slavery and human trafficking issues);
- › Open whistleblowing procedures on human rights;
- › Number of investigations carried out following whistleblowing concerns on human rights;
- › Percentage/overall number of audits on the supply chain concerning human rights and number of cases of non-compliance on such issues.

Training

The Group understands the importance of providing regular training on human rights topics, such as modern slavery and human trafficking, in order to raise awareness and increase commitment across the company and within the supply chain. For this reason, Piaggio is committed, within the next three years, to provide informal, ongoing, demand-based support to suppliers on human rights topics. The Group is also committed, in the same timeframe, to develop a training plan on such topics for its employees.

This statement was approved by the Board of Directors of Piaggio & C. SpA on 28 July 2017.

Chairman and Chief Executive Officer
Roberto Colaninno