

CONSOLIDATED NON-FINANCIAL STATEMENT

pursuant to Italian Legislative Decree 254/16



This Consolidated Non-Financial Statement has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document

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Consolidated non-financial statement of the Immsi Group (Legislative Decree 254 of 30 December 2016)

Reporting period	2019 Financial year (from 1 January to 31 December 2019). Data relative to 2018 and 2017 are presented for comparison.
Annual reporting	Cycle.
Date of publication	This document was published on 23 April 2020. The 2018 Non-Financial Statement was published on 9 April 2019.
Document formats	The Non-Financial Statement (NFS) is included in the “Directors’ Report on Operations” published together with the Immsi Group’s Consolidated Financial Statements at 31 December 2019, available in PDF format, in Italian, on the website www.immsi.it (in the “Investors/Financial reports/2020” section)
Document perimeter	The information and data refer to the companies of the Immsi Group included in the scope of consolidation at 31 December 2019.
Contents of the NFS	The contents of the 2019 NFS are based on the requirements of the Global Reporting Initiative Standards (hereinafter “GRI Standards”), “core” option. The contents have been selected based on the Materiality process, focussing on non-financial topics, as required by Article 3 of Legislative Decree 254/16.
Statement	The 2019 Non-Financial Statement was subject to limited auditing by the independent auditors PricewaterhouseCoopers SpA, that carried out its work according to the criteria indicated in the “International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board to verify the conformity of the Non-Financial Statement to requirements of GRI standards defined in 2016 by GRI - Global Reporting Initiative.
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Letter from the Chairman

Immsi S.p.A. prepared the 2019 Consolidated Non-Financial Statement for the entire Group, pursuant to Legislative Decree 254/16.

Continuing on from the previous year, the Parent Company, with this statement, has provided a specific and essential overview of the business operations of the Immsi Group, highlighting the main information and data not included in its financial reports.

Piaggio & C. S.p.A. also produced its own Corporate Social Responsibility Report in 2019, explaining its sustainability strategy adopted. In the field of mobility, the need to find innovative solutions for mobility is emerging, with responses that are at the same time efficient, technologically advanced and focussed on respect for the environment. These are all aspects that the Piaggio group has embraced for some time now, steering its growth strategy towards the achievement of sustainable growth, which is part of a wider-ranging concept of business responsibility and very much a part of the Group and its mission. Piaggio has therefore opted to focus on the development of products with a low emission of pollutant gases and CO₂, designing increasingly sophisticated combustion engines and introducing electric engines, with the aim of helping to offset pollution and climate change, taking part in the development of a new urban mobility concept that can improve people's quality of life.

Piaggio is also committed to social issues. This includes activities to support those in need, such as the "Vespa for Children" programme, an initiative that has been active for many years helping to support underprivileged children. In 2019, the partnership forged between Vespa and the international charity (RED), committed for years to fighting against AIDs, particularly in newborns in Africa, was consolidated.

The Immsi Group's Non-Financial Statement therefore gives stakeholders an overview of the CSR approach adopted in other Group areas, such as the marine sector (through the subsidiary Intermarine S.p.A.) and property sector (through the company Is Molas S.p.A.).

Starting in 2018, Intermarine S.p.A. adopted its "Integrated Quality, Environment and Safety Policy", in which it has committed to supplying vessels that meet customers' needs and at the same time to ensuring production processes that are increasingly safer and environmentally friendly, while reducing impact on the environment and on worker safety.

Although Is Molas S.p.A. is a far smaller entity than the previous companies, its services for tourism and the hotel industry and property development projects continue to focus on actions that target a reduction in environmental impact on surrounding areas.

Lastly, during the first few months of 2020, the Covid-19 emergency developed on a global level. Its overall impact on the social and economic fabric is still difficult to assess, but national and international repercussions can reasonably be expected.

All Immsi Group companies are following the impact of the crisis carefully and adopting appropriate actions to counter the spread of the virus as required by the various regulatory measures issued both in Italy and abroad.

The Chairman

Roberto Colaninno

Methodological note

Immsi Group has been committed since 2017 to preparing consolidated non-financial statements (hereinafter "NFS" or "Statements"), as required by the European Directive 2014/95/EU, adopted in Italian law with Legislative Decree no. 254/16. The NFS constitutes an instrument to communicate with stakeholders for disclosures not contained in the Consolidated Financial Statements.

Foundations

The 2019 NFS has been prepared in compliance with GRI Standards (core option), published in 2016 by GRI – Global Reporting Initiative. The Immsi Group has based the contents of the NFS on principles of materiality, the inclusion of stakeholders and the context of sustainability and completeness. The quality of information and adequacy of its presentation is guaranteed by principles of fairness, clarity, accuracy, timeliness, comparability and reliability.

Reporting activities involved all functions and companies of the Immsi Group, coordinated by the Director of the Administration, Finance and Control Department of Immsi S.p.A. and by the Department itself.

In reference to the principle of materiality in particular, the depth to which the different topics were looked into in the reporting was determined based on their weight in the objectives and strategies of Group companies and the relevance to the stakeholders, selected by a structured materiality analysis process.

Materiality analysis

The Group updated the materiality analysis again for 2019, based on the GRI Standards with respect to the definition of the relevant topics and application of the principle of materiality. The analysis involved the Parent Company Immsi S.p.A. and the operating subsidiaries considered significant in terms of relations with stakeholders.

Considering the significance of the group Piaggio & C. S.p.A. within the Immsi Group, the Parent Company decided to adopt the same material topics, as they may also be referred to other Group companies covered by the materiality analysis.

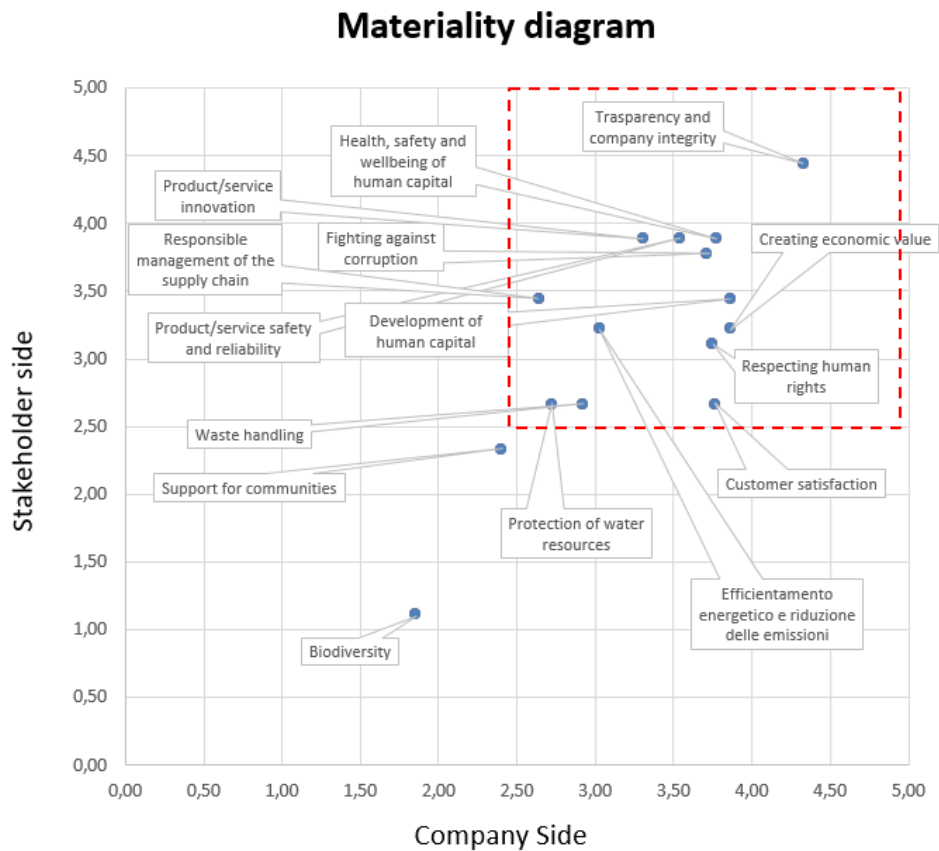
The Managers of Functions identified (in the Parent Company and in operational subsidiaries) and a sample of external stakeholders were requested to compile the "Materiality Form"; by aggregating the results, the materiality matrix was constructed.

these forms were then combined to construct the materiality matrix.

- Two dimensions of material topics were investigated: the stakeholder dimension, i.e. the importance of each topic as perceived by stakeholders;
- The company dimension, i.e. the significance of topics for the Immsi Group, based on indications from Function Managers;

The analysis of the two dimensions made it possible to "prioritise" the topics and position them in a materiality matrix.

This matrix is shown below:



The area in the red box contains the topics which are most significant, for both stakeholders and the company.

Subsequently, the topics to highlight in the NFS were selected. In particular, it was decided to not report on the topic that "create economic value" as these consider the assessments of individual subsidiaries included in the materiality analysis, and are therefore only significant for the Piaggio group, while for other companies they are outside the red boundary.

In addition, the topics "supporting communities" and "biodiversity" were not reported on, as they are not in the red boundary.

Contents of the Statement

The structure of the NFS for the year 2019 was defined through the performed materiality analysis. The most significant aspects identified in the analysis were further investigated by looking into each sub-topic and using appropriate KPIs, the latter taken from GRI Standards. Reference is made to the Directors' Report and Financial Statements of the Immsi Group at 31 December 2019 for further details of economic and financial aspects and corporate governance issues.

Piaggio & C. S.p.A. prepares a CSR Report and a Non-Financial Statement (NFS) for its own group. Where appropriate, specific reference is made to these documents, as they contain more details.

A table is given summarising the material topics, associated with the reference chapter. The NFS is divided into five macro sections, each revolving around a specific dimension.

TOPIC	IMPACT ON	CHAPTER OF REFERENCE
<ul style="list-style-type: none"> ➤ Fighting corruption ➤ Transparency ➤ Respecting human rights 	<p>Internal:</p> <ul style="list-style-type: none"> - All Immsi Group companies - Human resources <p>External:</p> <ul style="list-style-type: none"> - Suppliers - Public administration sector - Customers - Financers - Shareholders/financers 	<i>Corporate Governance</i>
<ul style="list-style-type: none"> ➤ Product/service innovation ➤ Product/service safety and reliability ➤ <i>Customer satisfaction</i> 	<p>Internal:</p> <ul style="list-style-type: none"> - Piaggio & C. S.p.A. - Piaggio Vietnam Co. Ltd; - Piaggio Vehicles Private Ltd; - Piaggio Advance Design Center; - Piaggio Fast Forward Inc.; - Foshan Piaggio Vehicles Technologies Co. Ltd; - Intermarine S.p.A.; - Is Molas S.p.A. <p>External:</p> <ul style="list-style-type: none"> - Customers 	<i>The product and service dimension</i>
<ul style="list-style-type: none"> ➤ Energy efficiency and emissions reduction ➤ Conserving water resources ➤ Waste handling 	<p>Internal:</p> <ul style="list-style-type: none"> - Piaggio & C. group; - Intermarine S.p.A.; - Is Molas S.p.A.; <p>External:</p> <ul style="list-style-type: none"> - Local Communities - P.A. - Suppliers 	<i>The Environmental Dimension</i>
<ul style="list-style-type: none"> ➤ Developing human capital ➤ Workers' health and safety 	<p>Internal:</p> <ul style="list-style-type: none"> - All Immsi Group companies - Human resources <p>External:</p> <ul style="list-style-type: none"> - External: - Employees; - Local Communities 	<i>The social dimension - Developing human resources</i>
<ul style="list-style-type: none"> ➤ Responsible management of the supply chain 	<p>Internal:</p> <ul style="list-style-type: none"> - IMMSI S.p.A. - Piaggio & C. S.p.A. - Piaggio Vietnam Co. Ltd - Piaggio Vehicles Private Ltd; - Piaggio Advance Design Center; - Piaggio Fast Forward; Inc. - Foshan Piaggio Vehicles Technologies Co. Ltd.; - Intermarine S.p.A.; - Is Molas.S.p.A. <p>External:</p> <ul style="list-style-type: none"> - Suppliers 	<i>The Supply Chain</i>

Scope of the NFS

The disclosures and figures contained in the NFS refer to Immsi Group Italian and foreign companies, reported at 31 December 2019. Given the nature of some data presented in the Statement, the companies considered in the reporting boundary are indicated, for the various dimensions.

Where possible, a comparison with 2018 and 2017 has been provided, in order to allow for an assessment of dynamic trends over time.

Financial data have been taken from the audited Consolidated Financial Statements of the Immsi Group. Some data, which could not be obtained from reports, are the result of estimates and are appropriately indicated.

The Group companies included in the reporting boundary are indicated below, by chapter:

CHAPTER OF REFERENCE	BOUNDARY
<i>Corporate Governance</i>	Immsi Group companies
<i>The product and service dimension</i>	<ul style="list-style-type: none"> - Property and holding sector: Is Molas S.p.A.; - Industrial sector: Piaggio & C. S.p.A, Piaggio Vietnam Co. Ltd., Piaggio Vehicles Private Ltd., Piaggio Advance Design Center, Piaggio Fast Forward Inc., Foshan Piaggio Vehicles Technologies Co. Ltd; - Marine sector: Intermarine S.p.A..
<i>The Environmental Dimension</i>	<ul style="list-style-type: none"> - Property and holding sector: Is Molas S.p.A.; - Industrial sector: The companies of Piaggio group; - Marine sector: Intermarine S.p.A..
<i>Social dimension - Developing Human Capital</i>	<ul style="list-style-type: none"> - Property and holding sector: Immsi S.p.A., Immsi Audit S.c.a.r.l., Is Molas S.p.A. ed Apuliae S.r.l.; - Industrial sector: The companies of Piaggio group; - Marine sector: Intermarine S.p.A.
<i>The Supply Chain</i>	<ul style="list-style-type: none"> - Property and holding sector: Immsi S.p.A. and Is Molas S.p.A.; - Industrial sector: Piaggio & C. S.p.A, Piaggio Vietnam Co. Ltd., Piaggio Vehicles Private Ltd., Piaggio Advance Design Center, Piaggio Fast Forward Inc., Foshan Piaggio Vehicles Technologies Co. Ltd.; - Marine sector: Intermarine S.p.A..

Process of reporting and assurance

The process of reporting key Performance Indicators (KPIs) relevant to sustainability involves the holding Immsi (as regards topics covering all sectors) and Group companies (as regards topics and specific indicators of various sectors of activity). Moreover, the persons responsible for collecting data are indicated for each company in the reporting boundary. The KPIs were calculated by Immsi S.p.A., that is responsible for coordinating the process to collect information, processing the quantitative indicators and producing the NFS.

The document is first approved by the Board of Directors and then presented to the General Shareholders' Meeting at the same time as the Group's Consolidated Financial Statements.

The Consolidated Non-Financial Statement for the year 2019 was subject to limited audit by PricewaterhouseCoopers Advisory Spa. This activity concluded with the issue a "Independent report on the limited audit of the consolidated non-financial statements" based on indications provided by ASSIREVI, the Italian Association of Auditors (Research document no. 226). The report that describes the principles adopted the activities carried out and the relative conclusions is in the Appendix.

Group profile

Immsi Group

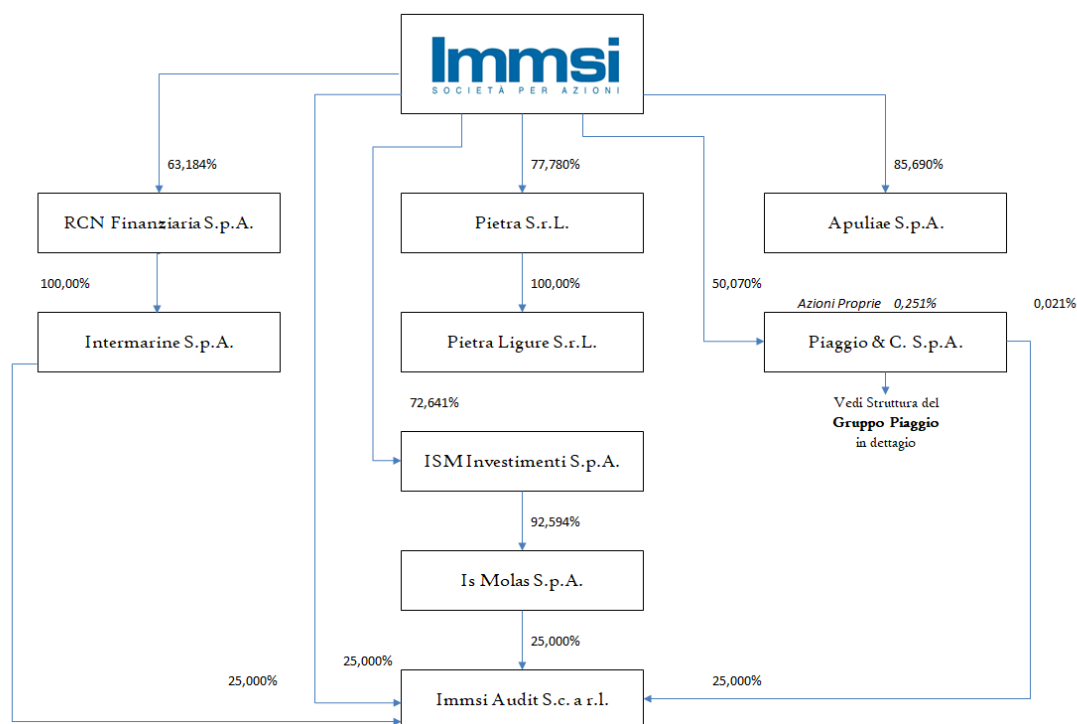
Immsi S.p.A. is the holding of a Group with approximately 40 operational companies in different sectors of activity. Its registered office is in Mantua.

The Company's investment portfolio includes businesses related to:

- the property sector (tourism/hotel industry) and the holding sector, through the Parent Company Immsi S.p.A. and the subsidiaries Is Molas S.p.A. and Pietra Ligure S.r.l.;
- the industrial sector (the manufacture and marketing of motorcycles, scooters, mopeds and light commercial vehicles) through Piaggio group companies;
- the marine sector (the manufacture and marketing of vessels for the defence sector, pleasure craft, hydrofoils and ferries) through Intermarine S.p.A..

The Immsi S.p.A. Group includes Immsi Audit S.c. a r.l., a consortium that oversees internal auditing for Group companies.

At 31 December 2019, the Immsi Group had the following corporate structure:



The Immsi Group has a considerable degree of diversification, both in geographic terms and as regards its core business. The Group's business sectors are briefly discussed below.



The property and holding sector: Immsi S.p.A. and Is Molas S.p.A.

During 2019 Immsi S.p.A. worked directly in the real estate sector directly, with the management of a company-owned building located in Rome sold on 19 December 2019, and indirectly through subsidiaries and relative

investment projects. Investment property includes the Is Molas tourist complex, in southern Sardinia. This complex was purchased in 2004 and includes:

- a 4-star hotel with 80 rooms, restaurant and pool;
- a 27-hole golf course with club house and other facilities.

Following the acquisition of the tourist complex, an important development project was established, for the expansion of tourist/hotel facilities and the development of property.

The Pietra Ligure project refers to the work site area in Pietra Ligure (Savona) which, based on the project presented, will be transformed into a property complex. The area concerned (approximately 162,000 m²) was awarded to the Immsi Group in a public tender held in 2007.

The aim is to transform the area and a part of existing facilities, based on the reorganisation of work site activities, integration with the surrounding urban fabric, the development of a new marina and of emerging tourist services and facilities.

Industrial sector: Piaggio group

The group's registered office is in Pontedera (Pisa). The group operates at international level at its sites located in Italy and abroad. It has four production sites in Italy, at:

- Pontedera, which produces two-wheeler vehicles under the Piaggio, Vespa and Gilera brands, light transport vehicles for the European market and engines for scooters, mopeds and Ape vehicles;
- Noale (Venice) with a technical centre for the development of motorcycles for the entire group and the headquarters of Aprilia Racing;
- Scorzè (Venice), a factory for the production of two-wheeler vehicles for the brands Aprilia, Scarabeo and Derbi, and for Wi-bikes;
- Mandello del Lario (Lecco), a factory which produces Moto Guzzi vehicles and engines.

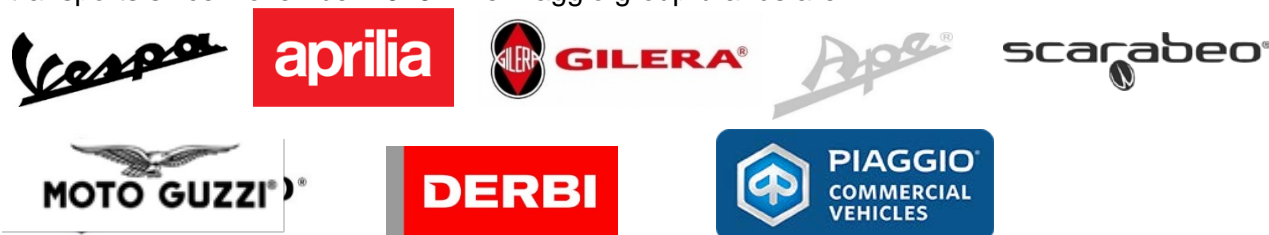
The Piaggio group also has two other production plants: in Baramati (in the Indian state of Maharashtra), which manufactures three- and four-wheeler light transport vehicles, the Vespa and Aprilia vehicles, as well as engines for group vehicles; in Vinh Phuc (Vietnam) where Vespa and Piaggio scooters are produced.

In the USA, Pasadena, California, is home to the Piaggio Group Advanced Design Center for R&D, while in Boston (Massachusetts) Piaggio Fast Forward Inc., a Piaggio & C. S.p.A. subsidiary, is the research centre for the development of new solutions for people mobility and goods and the production of robots for goods transport.

The Piaggio group also operates via a joint venture company in China (Zongshen Piaggio Foshan Motorcycles, in Foshan, in the province of Guangdong), which is 45% owned by Piaggio.

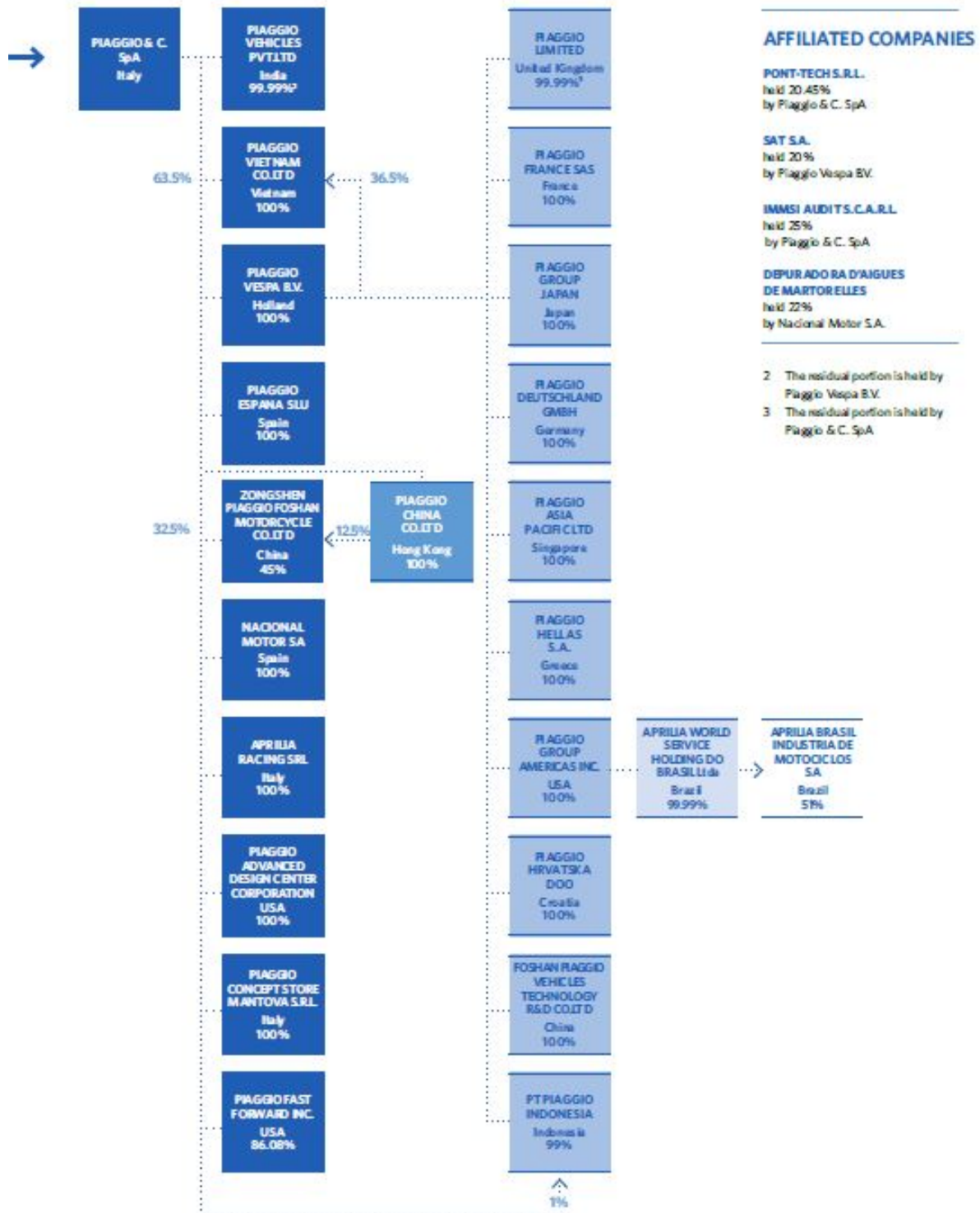
Thanks to the international dimension of Piaggio & C., the group's products are sold in over 100 countries.

The product range includes scooters, motorcycles and mopeds with engine displacements ranging from 50 to 1,400 cc, as well as three- and four-wheeler vehicles, plus smart robots for goods transports since November 2019. The Piaggio group brands are:



For further details of the Piaggio group business model, see the Piaggio 2019 NFS and CSR Report.

The corporate structure of the Piaggio group at 31 December 2019 is shown below:



The Marine sector: Intermarine



Intermarine S.p.A. is a shipyard specialised in designing and building ships in steel, aluminium and composites for both civil and defence applications.

In the defence sector, Intermarine is the largest and most important shipyard in Italy, and one of the biggest worldwide, for vessels in fibre reinforced plastic.

Specialised in mine counter-measure vessels, a sector in which it holds an unrivalled leadership position, today Intermarine produces all types of vessels for the defence sector.

Intermarine's excellent technical and design choices, which have been further developed and improved over the years, are confirmed by the fact that the navies of 8 countries, including some of the most important (Italy, Australia and the United States) have all chosen Intermarine for their fleets of mine counter-measure vessels.

At 31 December 2019, Intermarine had two production sites, in Sarzana and Messina.

Stakeholder engagement

When preparing the first NFS, for 2017, internal and external stakeholders interacting with Group companies were identified. With reference to 2019, the same stakeholders identified in the previous NFSs, are indicated, considering that no changes took place in the Group structure.

Group companies must take account of individual stakeholders, as they have various interests and expectations (social, economic, professional, human) concerning the Group.

Moreover, they must also indicate how stakeholders are engaged with them and how they attempt to meet their expectations.



Note: the stakeholders identified for the real estate and property sector refer to the Parent Company Immsi S.p.A. and subsidiary Is Molas S.p.A..

Customers and dealers

Sector	Engagement methods	Stakeholder expectations	Actions taken
Property and holding	<ul style="list-style-type: none"> ➤ Written notices when works are carried out and concerning site management. ➤ Frequent contact. ➤ Customer contact: direct; through tour operators and agencies; P.R. ➤ Dealer contacts: direct; trade fairs; P.R. ➤ Involvement with commercial actions via the website. 	<ul style="list-style-type: none"> • Providing tenants of buildings with an adequate service. • Transparency and fairness in dealings. • Compliance with contractual conditions. • Service quality. 	<ul style="list-style-type: none"> - Alignment with existing regulations. - Commitment to guarantee the safety and security of property. - Meetings/requests to participate in updates. - Internal organisational procedures in compliance with customer expectations. - Compliance with contractual conditions. - Guaranteeing the transparency and quality required by customers.
Industrial	<ul style="list-style-type: none"> ➤ Contact centre ➤ Customer satisfaction surveys ➤ Communication channels (websites, social media). ➤ Events (travelling tests, trade fairs). <i>Dealer websites.</i> ➤ <i>Dealer support services/Help desk.</i> ➤ Motoplex (new sales format). 	<ul style="list-style-type: none"> • Quality, safety and reliability of the products. • Low/zero consumption and emissions. • Rapid response and problem solving. • Sales support. 	<ul style="list-style-type: none"> - Investment in ever safer and more reliable products. - Obtaining quality certification. - Study of innovative engines with low/zero consumption and emissions. - Effort to improve professionalism, timeliness and courtesy of the contact centre personnel and dealers. - Development of a dedicated website and a new sales format.
Marine	<ul style="list-style-type: none"> ➤ Periodic meetings and scheduled technical tests ➤ Company presentation (websites, trade fairs, events). ➤ Preparing and negotiating bids; exchanging correspondence; interviews and direct meetings. ➤ Support from deals for marketing and sales. 	<ul style="list-style-type: none"> • Reliability, expertise, service, quality, value. • Confidentiality. • Timeliness, precision. • Transparency, fairness and generating business. 	<ul style="list-style-type: none"> - Service and compliance with quality. - Organisation, R&D, reliability. - Timeliness and precision, fairness, transparency, attention to detail.

Suppliers

Sector	Engagement methods	Stakeholder expectations	Actions taken
Property and holding	<ul style="list-style-type: none"> ➤ Involvement in the formalisation of property maintenance contracts. ➤ Daily relations. 	<ul style="list-style-type: none"> • Regular payments of invoices. • Clarity in contractual relations. • Continual supplies. • Compliance with contractual conditions. • Cooperation, also based on long term supplier/Company relations. 	<ul style="list-style-type: none"> - Transparent management of relations. - Payments to suppliers according to terms and conditions established. - Selecting suppliers and monitoring results. - Internal procedures governing relations with suppliers (selecting suppliers, guarantees for supplies, compliance with payment terms, etc.).
Industrial	<ul style="list-style-type: none"> ➤ Daily relations. ➤ Suppliers Portal. 	<ul style="list-style-type: none"> • Continuity of the supply. • Collaboration and sharing of best practices. 	<ul style="list-style-type: none"> - Implementation of the Supplier Portal, also used for the automated management of supply orders. - Vendor rating campaigns. - Appropriate conduct guidelines to prevent incidents of corruption.
Marine	<ul style="list-style-type: none"> ➤ Contracts; meetings concerning technical specifications; technical/professional suitability. ➤ Framework agreements; seasonal work contracts; funded training agreements. ➤ Meetings, operational involvement. ➤ Management of financial/administrative relations.. ➤ Direct contacts through meetings, emails and websites. 	<ul style="list-style-type: none"> • Compliance with the contract, and with applicable laws and regulations. • Compliance with partnership agreements. • Reliability, expertise and punctuality. • Technical support, clarity concerning quality and times. • Transparency, planning, economic value. 	<ul style="list-style-type: none"> - Guaranteeing transparency and the proper coordination of activities. Compliance with contractual terms. - Planning - Cooperation targeting product improvement. - Reducing performance times and making technical/quality-related improvements.

Local Communities

Sector	Engagement methods	Stakeholder expectations	Actions taken
Property and holding	<ul style="list-style-type: none"> ➤ Charity activities. ➤ Communication targeting the local community. ➤ Direct, occasional contact. ➤ Events, sponsorships, charity initiatives 	<ul style="list-style-type: none"> • Charity. • Local employment and training. • Cooperation and awareness of needs. • Respecting the environment. • Support for local communities/initiatives. 	<ul style="list-style-type: none"> - Local employment and training. - Contributions in favour of local initiatives/events and non-profit organisations. - Obtaining required authorisations.
Industrial	<ul style="list-style-type: none"> ➤ Meetings, exhibitions and events ➤ Rallies. ➤ Charity activities. 	<ul style="list-style-type: none"> • Contributions to supporting charity initiatives. • Organisation of rallies and events for connoisseurs. • Development of local communities. • Respecting the environment. 	<ul style="list-style-type: none"> - Support for numerous charity initiatives. - The Group organises rallies and races for its customers, such as the Aprilia All Star, Vespa World Day and Moto Guzzi open house events. - The Piaggio Foundation and the Piaggio Museum are a meeting place and cultural reference for the territory. - Attainment of environmental certification for production sites.
Marine	<ul style="list-style-type: none"> ➤ Meetings and press releases. ➤ Meeting with local authorities (mayors, councillors, etc.). ➤ Meetings for redundancy procedures. ➤ Meetings for individual projects. 	<ul style="list-style-type: none"> • Direct company involvement. • Engagement with the community and its needs. • Respect for the role played by institutions. 	<ul style="list-style-type: none"> - Ongoing pursuit of a balance between community needs and company objectives. - Involvement of personnel in company decisions.

Institutions and Public Administration

Sector	Engagement methods	Stakeholder expectations	Actions taken
Property and holding	<ul style="list-style-type: none"> ➤ Official channels and website ➤ SDIR-NIS. ➤ Ongoing dialogue on legal developments ➤ Occasional direct contact or via the Hccp Manager - Personnel Department. ➤ Ongoing relations depending on the Company, as regards technical/administrative requests. ➤ Routine controls by Organisations. ➤ Contacts via the websites of Public Entities and in-company controls. 	<ul style="list-style-type: none"> • Transparency, fairness, punctuality, attention to details. • Involvement. • Cooperation and transparency. • Compliance with regulations and established procedures. • Compliance with conventions. 	<ul style="list-style-type: none"> - Transparency. - Employee training. - Compliance with regulations. - Appropriate conduct. - Cooperative relations. - Compliance with applicable regulations and agreements in place. - Internal procedures that govern relations with the Pa in order to prevent bribery or similar offences. - Compliance with procedures for legal obligations concerning personnel.
Industrial	<ul style="list-style-type: none"> ➤ Ongoing dialogue on legal developments ➤ Periodic ad hoc meetings. ➤ Participation in parliamentary committees appointed to discuss and formulate new regulations. ➤ Meetings and presentations. 	<ul style="list-style-type: none"> • Compliance with laws and regulations; • Being open and receptive to environmental and social themes. • Support on specific technical themes. • Pursuing common objectives. 	<ul style="list-style-type: none"> - Appropriate conduct guidelines to prevent incidents of corruption. - Investments in the R&D of innovative products that are abreast of any restrictions of current regulations. - Proactive participation in parliamentary committees appointed to discuss and formulate new regulations. - Participating in trade associations.
Marine	<ul style="list-style-type: none"> ➤ Requests for authorisations. ➤ Involvement in meetings. ➤ Involvement of institutions in contractual negotiations with other countries and associated practices. ➤ Statements and controls. ➤ Tax, insurance and welfare obligations. ➤ Inspections. 	<ul style="list-style-type: none"> • Clarity and transparency. • Compliance with regulations. • Cooperation. • Providing information that is accurate and comprehensive; a responsible, honest attitude. • Compliance with obligations and rules. • Tax, insurance and welfare 	<ul style="list-style-type: none"> - Formalisation of authorisation requests with all information concerning military supplies. - Press releases. - Cooperation and transparency. - Providing information that is accurate and comprehensive; - Compliance with obligations and rules. - Proactive benchmarking.

Media

Sector	Engagement methods	Stakeholder expectations	Actions taken
Property and holding	<ul style="list-style-type: none"> ➤ Websites and press channels. ➤ SDIR-NIS. ➤ Frequent, direct contacts. 	<ul style="list-style-type: none"> • Timely, transparent, correct and exhaustive disclosure. • Ongoing cooperation. 	<ul style="list-style-type: none"> - Clarity and transparency. - Being open to engagement.
Industrial	<ul style="list-style-type: none"> ➤ Press releases. ➤ Events and company communication initiatives ➤ Wide - Piaggio Magazine. ➤ Websites. ➤ Press product launches. ➤ Product test rides. 	<ul style="list-style-type: none"> • Availability, transparency and timeliness of information on the company and its products. 	<ul style="list-style-type: none"> - Abiding by the governance code of business communications. - Strengthening relations with the media in the different countries where the Group is active.
Marine	<ul style="list-style-type: none"> ➤ Press Office and websites. ➤ Involvement in exhibitions and conferences. ➤ Contacts with the specialist press. 	<ul style="list-style-type: none"> • Correct, timely and exhaustive information, in adequate times. 	<ul style="list-style-type: none"> - Institutional communication. - Information provided to safeguard customers.

Shareholders, lending and financial system

Sector	Engagement methods	Stakeholder expectations	Actions taken
Property and holding	<ul style="list-style-type: none"> ➤ Meetings, shareholders' meetings, Board of Directors' meetings, website, press, official documents. ➤ Ongoing communication with Management. 	<ul style="list-style-type: none"> • Information that is complete, timely and accurate. • Company growth. • Transparency. • Cooperation. • Results. • Focus on company values. 	<ul style="list-style-type: none"> - Clarity and transparency. - Sharing future programmes and results achieved. - Being open to engagement. - Compliance with regulations. - Cooperation. - Commitment to actions to achieve objectives. - Focus on company values.
Industrial	<ul style="list-style-type: none"> ➤ Conference calls/Road Shows. ➤ Piaggio Analyst and Investor Meetings. ➤ Corporate website. 	<ul style="list-style-type: none"> • Clear and timely information. • Remuneration and safeguarding the asset value of the investment. 	<ul style="list-style-type: none"> - Promotion of ongoing dialogue with analysts and lenders. - Treasury shares purchasing policy.
Marine	<ul style="list-style-type: none"> ➤ Meetings, shareholders' meetings, engagement. ➤ Financial Statements and reports; corporate obligations. 	<ul style="list-style-type: none"> • Ongoing disclosure. • Creation and integrity of company value. • Meeting commitments. 	<ul style="list-style-type: none"> - Transparency. - Company growth. - Definition of shared objectives.

Employees and trade union organisations

Sector	Engagement methods	Stakeholder expectations	Actions taken
Property and holding	<ul style="list-style-type: none"> ➤ Frequent communication. ➤ Collective choices. ➤ Involvement of trade union organisations if requested. ➤ Possibility to contact the Personnel Department, Function Managers. Periodic meetings for departments, and for specific needs are planned. ➤ Periodic meetings to coordinate technicians and property manufacturers. 	<ul style="list-style-type: none"> • Participation. • Involvement. • Meritocracy. • Respecting human rights. • Clear and transparent communication with superiors. • Opportunity for professional development and training. • Safe working environment. • Cooperation. 	<ul style="list-style-type: none"> - Involvement. - Promoting engagement. - Professional growth. - Compliance with regulations. - Personnel recruitment in compliance with the Code of Ethics adopted by the Company and without any discrimination. - Open and constructive dialogue. - Professional training courses based on company needs. - Guarantee a safe, healthy and productive environment, also through the dissemination of a culture of safety and awareness of risks. - Periodic coordination meetings.
Industrial	<ul style="list-style-type: none"> ➤ Company intranet. ➤ Piaggio InfoPoint ➤ Piaggio Net International. ➤ Web mail. ➤ <i>Evaluation Management System.</i> ➤ Wide - Piaggio Magazine. ➤ Meetings with trade unions. 	<ul style="list-style-type: none"> • Clear and timely company communication. • Safe and healthy work environment. • Opportunity for professional development and training. • Transparent reward policies. • Respecting human rights and diversity. • Open and constructive dialogue. 	<ul style="list-style-type: none"> - Promoting ongoing, constructive dialogue with employees. - Attainment of health and safety certification for Group sites. - Preparation of professional and managerial career paths for young talents. - Remuneration policy characterised by meritocracy and equal opportunities. - Abiding by a code of ethics that explicitly prohibits any form of discrimination or forced labour. - Piaggio promotes ongoing, constructive dialogue with trade unions.
Marine	<ul style="list-style-type: none"> ➤ Company notices on the environment and safety. ➤ Requests via the Workers' Safety Representative. ➤ Periodic coordination/planning meetings. ➤ Periodic, individual meetings. ➤ Training courses. ➤ Trade union negotiations. 	<ul style="list-style-type: none"> • Cooperation and organisation. • Transparency and participation. • Understanding urgencies and needs. • Remuneration. • Opportunities for professional growth. 	<ul style="list-style-type: none"> - Dialogue and understanding. - Engagement with trade union organisations. - Response in accordance with laws and regulations. - Participation and involvement - Compliance with established objectives, meeting employees' needs if possible. - Correct adoption of laws and contracts. - Ensuring recognition where due. - Accountability for special projects.

Corporate Social Responsibility risks

With the support of Immsi Audit S.c.ar.l., during 2019, risks connected with Corporate Social Responsibility, pursuant to Legislative Decree 254/16, were identified in the "property and holding" and "marine" sectors of the Group. In particular, the risk analysis concerned: Immsi S.p.A., Is Molas S.p.A. and Intermarine S.p.A..

The inherent risks identified in these companies are shown in the following tables, broken down by reference dimension. The management procedures adopted by the companies made it possible to keep residual risks to within the acceptability levels established.

The analysis did not identify any significant risks for Immsi S.p.A..

The Piaggio group started an Enterprise Risk Management (ERM) project to define and implement a structured, integrated system to identify, measure and manage company risks in line with applicable best practices. During 2019, the campaign to update the Group's risk profile, involving company managers across the Group, identified 160 risk scenarios, comprising 25 categories which were grouped into 4 level-one macro-categories (External, Operational, Financial, Strategic Risks). In this framework, issues concerning environmental and social aspects, human resources, human rights and the fight against corruption were all analysed.

Findings concerning the companies Is Molas S.p.A (property and holding sector) and Intermarine S.p.A. (marine sector) are given below.

The following risks associated with certain management procedures were identified for the company Is Molas S.p.A..

THEMES	SUB CATEGORIES		GLOBAL REPORTING INITIATIVE (GRI)	RISKS IDENTIFIED	MITIGATION ACTIONS
ENVIRONMENTAL MATTERS	Water Sustainability	WATER	WATER USE	Risks related to administrative restrictions on the use of water (in the presence of climate change which leads to the rationing of water) which could result in limitations to managed business activities.	The Company has completed its activities to improve the efficiency of the irrigation system and hotel area, using watering in a rationalised way to ensure necessary irrigation while saving resources. It has also planned to replace the irrigation system on the golf course in the coming year. The Company also complies with commitments of "former agreements" as regards the expansion of public water purification plants, benefiting from the possible re-use of relative water output for irrigation purposes. With specific reference to worksites, the relevant Environmental Impact Assessment requires the implementation of measures to ensure respect for the environment, which are documented by sending a Hydraulic Report on the water sustainability of the real-estate project to the competent local public bodies (SAVI Sardinia Region, Regional Forestry Department, ARPA, Province of Cagliari).
				Risk related to climate change liable to affect the need for irrigation of green spaces and the availability of water supply reservoirs.	
				Risk related to failure to identify the impacts of activities on local water resources.	
	Biodiversity Sustainability	BIODIVERSITY	LAND USE	Risk of negative environmental impact on the area resulting from failure to comply with environmental requirements based on administrative authorisations for property development activities (including with reference to counterparties involved in contracted works) and maintenance activities of the green areas for the management of sports and hotel activities.	The Company pays maximum attention to ensure that activities are compatible with the protection of natural areas and animal species where it operates, seeking to minimise its environmental footprint through the responsible management of impact on biodiversity and sustainable use of natural, water and energy resources. The Company has drawn up an Environmental Monitoring Plan, shared with competent public authorities, on respecting the environmental requirements of administrative authorisations for property development (also with reference to other parties involved in the contracted works). The use of green maintenance activities/methods is also increasing in the sports-hotel sector.
Effluents And Waste Sustainability	EFFLUENTS AND WASTE	USE OF RENEWABLE AND/OR NON-RENEWABLE ENERGY	Environmental impact risk resulting from inadequate management of waste generated by property development activities (including with reference to the counterparties involved in contracted works) and management of hospitality and sports activities.	Waste production, management and disposal are overseen in compliance with applicable regulations. In addition, the correct traceability of waste is ensured according to the established categorisation, with particular reference to handling – as per regulations – overseen by specialised, authorised firms. As regards real-estate development works, the disposal of site waste, regulated in the Contract and borne by the Contractor, is monitored by the Company.	
Supply Chain/Commercial relationships - Sustainability matters	SUPPLY CHAIN/ COMMERCIAL RELATIONSHIPS (ENVIRONMENTAL M.)	SUPPLIER ENVIRONMENTAL ASSESSMENT	Risk of reputational harm due to the possible involvement of the Company in polluting events (especially environmental crimes), including in association with others, or for the use of suppliers or sub-suppliers that do not adequately comply with environmental sustainability standards.	The Company uses reliable, established counterparties that can guarantee respect for the environment. Company activities assigned to third parties (e.g.: contracts, services, consultancy services) are defined in contracts, with clear requirement of compliance with the principles and guidelines of conduct defined in the Company Code of Ethics, including compliance with environmental sustainability criteria and applicable regulations.	

THEMES	SUB CATEGORIES		GLOBAL REPORTING INITIATIVE (GRI)	RISKS IDENTIFIED	MITIGATION ACTIONS
S O C I A L M A T T E R S	CUSTOMER HEALTH AND SAFETY Sustainability	CUSTOMER HEALTH AND SAFETY	CUSTOMER HEALTH AND SAFETY	Risks related to failure to comply with the quality/safety standards of services provided (e.g., harmful or dangerous for customers) and relative legal requirements, with consequent liability that could expose the Company to claims for damages.	The Company has adopted quality and safety protocols for catering and hotel services provided to customers, with particular reference to compliance with health and hygiene regulations, also making use of qualified consultants to ensure strict observance of relevant regulations through the analysis of hazards and critical control points, as well as observing the strictest standards of product verification with regard to the procurement and storage of perishable goods.
	LOCAL COMMUNITIES Sustainability	LOCAL COMMUNITIES	DIALOGUE WITH LOCAL COMMUNITIES ACTIONS TAKEN TO ENSURE THE PROTECTION AND THE DEVELOPMENT OF THOSE COMMUNITIES	Risk related to insufficient or ineffective "local" relations (e.g.: related to institutions, local agencies, sociocultural groups of the territory) with local communities.	The Company has developed and maintains dynamic relations with local institutions, community representatives and local sociocultural groups, also to avoid tensions deriving from insufficient dialogue and collaboration, that could have negative effects on managed activities.
	Compliance - Sustainability matters	COMPLIANCE (SOCIAL M.)	SOCIOECONOMIC COMPLIANCE	Risk related to possible changes in the local legal and regulatory framework on a local basis which could result in burdensome changes in strategic or operating approaches of the Company.	
				Reputational risk or damage to persons (employees and third parties), to the Company, to public safety – through the management of social issues – arising from the loss or damage of confidential information and/or personal data stored at the Company's premises, as well as non-compliance with data processing regulations.	The Company has put in place measures to ensure compliance in the area of management of the personal data processing, complying with obligations connected to existing contractual relationships and the protection of third parties through the management of notices and consent to processing, and has also implemented security measures on storage of personal data in accordance with applicable legislation.
	Product & Services - Sustainability matters	PRODUCT/SERVICES (SOCIAL M.)	MARKETING AND LABELLING	Risk of failure to obtain or renew quality certifications or certifications of legislative/regulatory compliance for products and processes.	The Company has adopted quality and safety protocols for catering and hotel services provided to customers, with particular reference to compliance with health and hygiene regulations, also making use of qualified consultants to ensure strict observance of relevant regulations through the analysis of hazards and critical control points, as well as observing the strictest standards of product verification with regard to the procurement and storage of perishable goods.
	Supply Chain/Commercial relationships - Sustainability matters	SUPPLY CHAIN/COMMERCIAL RELATIONSHIPS (SOCIAL M.)	SUPPLIER SOCIAL ASSESSMENT	Risk related to the difficulty of obtaining specialised local workers or qualified local suppliers and, consequently, tensions in relations with local communities/stakeholders due to the level of involvement in the supply chain and development of projects in partnerships.	The selection of suppliers and the determination of procurement conditions are based on a prior objective assessment of the quality, price and capacity to supply and guarantee adequate level goods/services according to required standards; in compliance with these requirements and aware of the role that it may have in the development of local activities where it operates, the Company interfaces and cooperates with local suppliers, guaranteeing equal opportunities to work together.
	Sustainability matters - General	GENERAL SOCIAL M.		Risk of restrictions on the development of the Company's business activities resulting from changes in the international legislative framework.	The Company actively monitors changes in the international legislative framework, with the support of specialist law firms.
			Reputational risk and negative effects on relations with stakeholders arising from aspects related to the management of social issues.	The Company has developed and maintains dynamic relations with local institutions, community representatives and local sociocultural groups, also to avoid tensions deriving from insufficient dialogue and collaboration, that could have negative effects on managed activities.	

THEMES	SUB CATEGORIES		GLOBAL REPORTING INITIATIVE (GRI)	RISKS IDENTIFIED	MITIGATION ACTIONS
EMPLOYEE-RELATED MATTERS	OCCUPATIONAL HEALTH AND SAFETY Sustainability	OCCUPATIONAL HEALTH AND SAFETY	HEALTH AND SAFETY AT WORK	Risk resulting from unsuitable working conditions in terms of worker health and safety or inadequate control for monitoring the concrete compliance of the provided procedures or instructions by employees' and suppliers' or sub-suppliers' workers, with the possibility of occupational accident impacts and potential negative impacts (e.g., lawsuits, loss of reputation, payment of damages, fines).	The Company has shaped its occupational health and safety activities in accordance with applicable regulations, including signing supply agreements and contracts that require counterparties to ensure the equivalent compliance with regulations. The Company has also started to update its organisational structure and processes for the protection, monitoring and verification of workers' health and safety.
	Product & Services Sustainability matters	PRODUCT/SERVICES (EMPLOYEE M.)	WORKING CONDITIONS	Risk of lack of or insufficient control of materials and components used to ascertain compliance with regulations regarding their composition and ban on the use of hazardous substances.	
	Supply/Commercial relationships Sustainability matters	SUPPLY CHAIN/COMMERCIAL RELATIONSHIPS (EMPLOYEE M.)	SUPPLIER SOCIAL ASSESSMENT	Reputational risk and sanctions related to the use of counterparties employing workers in an unlawful manner.	
				Risk connected with the possible use of suppliers or sub-suppliers that do not comply with the ethical and conduct standards in relations with workers that are required by the Company.	
TRAINING AND EDUCATION Sustainability	TRAINING AND EDUCATION	RESPECT FOR THE RIGHT OF WORKERS TO BE INFORMED AND CONSULTED	Risk of inadequate implementation of projects according to expected standards due to lack of staff development, qualitative or quantitative insufficiency of human capital compared to the operating model and the evolution of strategic business needs, or loss of key skills and know-how due to the interruption of professional relationships (e.g. due to inadequate HR development or poor management of organisational changes).	The Company values its human capital, adopting fair and equal treatment, policies for the retention and continuing development of personnel and their expertise, to avoid tensions that could lead to the loss of key skills and know-how, due to employment ending. In order to increase the value and working efficiency of its staff, the Company is carrying out a targeted analysis to identify and redefine the tasks assigned to its staff, also with a view to reviewing and possibly redistributing roles and responsibilities.	
ANTI-CORRUPTION AND BRIBERY	ANTI-CORRUPTION Sustainability	ANTI-CORRUPTION	INSTRUMENTS IN PLACE TO FIGHT CORRUPTION AND BRIBERY	Risk of insufficient assessment of possible detrimental situations related to the commercial and professional integrity and reliability of business counterparties (e.g., suppliers, consultants, customers, intermediaries, etc.).	The Company has included issues concerning business ethics, such as environmental sustainability, occupational health and safety, compliance with equal opportunities and human rights and the fight against bribery in its criteria for selecting suppliers, also requesting them to comply with the principles and guidelines for conduct set out in its Code of Ethics. Procedures are adopted to manage company processes (e.g.: authorisation processes, document traceability, control of financial flows) intended to combat practices that go against these principles (e.g. bribery or unfair competition), which may be reported via dedicated channels to the Supervisory Board.

The following risks associated with certain management procedures were identified for the company Intermarine S.p.A..

THEMES	SUB CATEGORIES		GLOBAL REPORTING INITIATIVE (GRI)	RISKS IDENTIFIED	MITIGATION ACTIONS
ENVIRONMENTAL MATTERS	Water Sustainability	WATER	WATER USE	Risk of water pollution caused by failure to comply with the ban of releasing waste water (on the ground, in the subsoil, in ground water, in the sea) or negative effects on managed activities due to a need to protect water. A particular at-risk activity could be related to spillage into water by ships during testing at sea or in dock or to the washing of hulls and mechanical parts in factories.	Production activities are carried out in compliance with applicable regulations on discharges into water bodies. In addition, there are regulations on management and operational procedures that carry a higher risk of pollution and for dealing with emergencies in the event of spills into water bodies. In particular – according to the Company's Model Z31/01 – it is forbidden both to take actions intended to violate rules on waste management, emission sources and discharges of industrial waste water containing dangerous substances, and to discharge industrial waste water containing dangerous substances without authorisation or after such authorisation has been suspended or revoked.
				Risk linked to the occurrence of natural disasters or catastrophic events (e.g. floods), also deriving from climate change that may cause unusually intense/regular atmospheric events compared to known or foreseeable trends, which may prevent the company from carrying out its operating activities and/or supplying its products	In addition to carrying out some infrastructural works to protect the production site, the Company has also implemented the guidelines set out in internal emergency operating procedures, which require preparatory drills to be carried out; this Corporate Emergency Plan was fully operational during recent weather alerts. The Company has recently renewed an insurance policy with UNIPOOL SAI including flood risk coverage for the Sarzana location.
	Biodiversity Sustainability	BIODIVERSITY	LAND USE	Risk of damage to natural species, caused by the impact of managed activities, i.e. altering biodiversity in the areas where the company works	The Company pays maximum attention to ensure that activities are compatible with the protection of natural areas where it operates, seeking to minimise its environmental footprint through the responsible management of impact on sustainable use of natural, water and energy resources. With reference to its production sites, the Company holds a specific authorisation (in particular an AIA for the Sarzana site) for atmospheric emissions from industrial plants and the associated activities are governed by specific procedures that identify the roles, responsibilities and activities related to the management of emissions. Monitoring is carried out both by means of self-controls and internal inspections to check the environmental impact of the company's activities and by means of inspections by external bodies (e.g. ARPAL, RINA); the Company cooperates at all times with these bodies by regularly implementing suggested improvement actions.
	Emissions Sustainability	EMISSIONS	GREENHOUSE GAS EMISSIONS AIR POLLUTION	Risk of air pollution in the event of non-compliance with permitted values or compliance with regulatory requirements for "greenhouse effect" emissions from managed activities	
	Effluents And Waste Sustainability	EFFLUENTS AND WASTE	USE OF RENEWABLE AND/OR NON-RENEWABLE ENERGY	Risk of pollution caused by waste generated by company activities, in the event of inadequate monitoring of its "life cycle" in order to prevent its improper disposal, deposit or storage	Waste production, management and disposal are overseen in compliance with applicable regulations, subject to analysis of the waste to identify hazard levels, conducted by qualified, external laboratories. In addition, care is taken over the correct traceability of waste in accordance with laws and regulations, with particular reference to handling carried out by specialised, authorised firms.
				Risk of negative effects on the managed activities due to requirements to limit discharges and waste and/or for insufficient prior adoption of environmental protection measures, possibly entailing compensation, fines or reputational damage.	The Company's environmental management system includes established procedures to manage operations involving potential pollutants. This is supported by planning investment choices and industrial/commercial initiatives in compliance with the relevant regulations, and by adopting – where operationally and economically possible and compatible – suitable technologies and production methods to reduce the environmental impact of managed activities.
	Compliance - Sustainability matters	COMPLIANCE (ENVIRONMENTAL M.)	ENVIRONMENTAL COMPLIANCE	Risk of failure to issue/maintain environmental certifications for the production sites involved	For the Sarzana and Messina sites, an Environmental Management System has been implemented in compliance with the requirements of the international UNI EN ISO 14001:2004 standards. The adequacy of this system has been certified by a third party body (RINA), which carries out periodic audits to verify that certification is being maintained correctly and that a person responsible for each site has been identified. This person is responsible for ensuring that the management system is implemented and maintained in compliance with the requirements of the standard and the company's environmental policy, providing specific instructions to the personnel concerned and checking compliance through periodic audits.
Supply Chain/Commercial relationships Sustainability matters	SUPPLY CHAIN/ COMMERCIAL RELATIONSHIPS (ENVIRONMENTAL M.)	SUPPLIER ENVIRONMENTAL ASSESSMENT	Risk connected to the use of suppliers or sub-suppliers that do not comply with appropriate sustainability standards, causing effects that are not compatible with the Company's sustainability strategy and also generating negative repercussions for reputation and relations with stakeholders	The Company has included issues concerning business ethics, such as environmental sustainability, occupational health and safety, compliance with equal opportunities and human rights and the fight against bribery in its criteria for selecting suppliers, also requesting them to comply with the principles and guidelines for conduct set out in its Code of Ethics. Procedures are adopted to manage company processes (e.g.: authorisation processes, document traceability, control of financial flows) intended to combat practices that go against these principles (e.g. bribery or unfair competition), which may be reported via dedicated channels to the Supervisory Board.	

THEMES	SUB CATEGORIES		GLOBAL REPORTING INITIATIVE (GRI)	RISKS IDENTIFIED	MITIGATION ACTIONS	
SOCIAL MATTERS	CUSTOMER HEALTH AND SAFETY Sustainability	CUSTOMER HEALTH AND SAFETY	CUSTOMER HEALTH AND SAFETY	Risks related to failure to comply with the quality/safety standards of goods produced and associated legal and contractual requirements, with consequent liability that could expose the Company to claims for damages and expensive reprocessing or repairs.	The Company has gradually taken specific actions to reduce management complexity and ensure higher quality of ordered products (e.g. supplier qualification procedure, matrix of requirements associated with technical specifications for the issue of purchase orders, involvement in design review of technical functions of selected suppliers, intensification of factory test programmes, preventive testing and controls upon goods acceptance) as well as methods for monitoring progress. The Company has also taken further steps to counter the possibility of "non-compliance" with contractual provisions, including a specific training plan that provides specific content for professional areas most directly involved in the development of the procurement programme.	
	Product & Services - Sustainability matters	PRODUCT/SERVICES (SOCIAL M.)	CUSTOMER HEALTH AND SAFETY MARKETING AND LABELLING	Risks related to failure to comply with the quality/safety standards of goods produced and associated legal and contractual requirements, with consequent liability that could expose the Company to claims for damages and expensive reprocessing or repairs.		
	Sustainability matters - General	GENERAL SOCIAL M.		Risk of negative impacts on the development of business activities resulting from situations of severe social instability or conflict between states		
EMPLOYEE-RELATED MATTERS	OCCUPATIONAL HEALTH AND SAFETY Sustainability	OCCUPATIONAL HEALTH AND SAFETY	HEALTH AND SAFETY AT WORK	Risk related to the working conditions and health and safety of workers in the event of inadequate creation of safe work environments and/or inadequate oversight for monitoring concrete compliance with the relevant procedures and instructions provided by the Company	The Company has shaped its occupational health and safety activities in full accordance with applicable regulations, including signing supply agreements and contracts that require counterparties to ensure the equivalent compliance with regulations, developing information and training activities for employees and collaborators and appointing managers to monitor work activities according to the established protocols. Regular analyses are carried out of airborne dispersion (e.g.: artificial glass fibres, wood dust, asbestos fibres, volatile organic solvents) to check compliance with the relevant concentration limits permitted.	
			WORKING CONDITIONS			
			RESPECT FOR TRADE UNIONS RIGHTS. SOCIAL DIALOGUE			Risk connected with the possibility of tensions or termination of relations that the Company has with workers and trade union representatives, with consequent recourse to strikes and interruptions of production activity
	TRAINING AND EDUCATION Sustainability	TRAINING AND EDUCATION	TRAINING AND EDUCATION	RESPECT FOR THE RIGHT OF WORKERS TO BE INFORMED AND CONSULTED	Risk of inadequate implementation of projects according to expected standards due to lack of staff development, qualitative or quantitative insufficiency of human capital compared to the operating model and the evolution of strategic business needs, or loss of key skills and know-how due to the interruption of professional relationships (e.g. due to inadequate HR development or poor management of organisational changes).	The Company values its human capital, adopting fair and equal treatment, policies for the retention and continuing development of personnel and their expertise, to avoid the loss of key skills and know-how, due to employment ending.
	Compliance - Sustainability matters	COMPLIANCE (EMPLOYEE M.)	SOCIOECONOMIC COMPLIANCE			
	Product & Services - Sustainability matters	PRODUCT/SERVICES (EMPLOYEE M.)	WORKING CONDITIONS		Risk related to the possible use of suppliers, sub-suppliers or third-party independent contractors (consultants, etc.) that do not comply with the environmental sustainability standards, ethical and conduct standards in relations with workers, or human rights and responsible conduct principles for the business with impacts not in line with the Company's strategy in this area.	The Company has included issues concerning business ethics, such as environmental sustainability, occupational health and safety, compliance with equal opportunities and human rights and the fight against bribery in its criteria for selecting suppliers, also requesting them to comply with the principles and guidelines for conduct set out in its Code of Ethics. Procedures are adopted to manage company processes (e.g.: authorisation processes, document traceability, control of financial flows) intended to combat practices that go against these principles (e.g. bribery or unfair competition), which may be reported via dedicated channels to the Supervisory Board.
	Supply Chain/Commercial relationships - Sustainability matters	SUPPLY CHAIN/COMMERCIAL RELATIONSHIPS (EMPLOYEE M.)	SUPPLIER SOCIAL ASSESSMENT			

THEMES	SUB CATEGORIES		GLOBAL REPORTING INITIATIVE (GRI)	RISKS IDENTIFIED	MITIGATION ACTIONS
HUMAN RIGHTS MATTERS	NON-DISCRIMINATION Sustainability	NON-DISCRIMINATION Sustainability	PREVENTION OF HUMAN RIGHTS ABUSES	Risk related to the possible use of suppliers, sub-suppliers or third-party independent contractors (consultants, etc.) that do not comply with the environmental sustainability standards, ethical and conduct standards in relations with workers, or human rights and responsible conduct principles for the business with impacts not in line with the Company's strategy in this area.	The Company has included issues concerning business ethics, such as environmental sustainability, occupational health and safety, compliance with equal opportunities and human rights and the fight against bribery in its criteria for selecting suppliers, also requesting them to comply with the principles and guidelines for conduct set out in its Code of Ethics. Procedures are adopted to manage company processes (e.g.: authorisation processes, document traceability, control of financial flows) intended to combat practices that go against these principles (e.g. bribery or unfair competition), which may be reported via dedicated channels to the Supervisory Board.
	FREEDOM OF ASSOCIATION Sustainability	FREEDOM OF ASSOCIATION Sustainability			
	CHILD LABOUR Sustainability	CHILD LABOUR Sustainability			
	FORCED OR COMPULSORY LABOUR Sustainability	FORCED OR COMPULSORY LABOUR Sustainability			
	SECURITY PRACTICES Sustainability	SECURITY PRACTICES Sustainability			
	RIGHTS OF INDIGENOUS PEOPLES Sustainability	RIGHTS OF INDIGENOUS PEOPLES Sustainability			
	HUMAN RIGHTS ASSESSMENT Sustainability	HUMAN RIGHTS ASSESSMENT Sustainability	SOCIOECONOMIC COMPLIANCE		
	Compliance - Sustainability matters	COMPLIANCE (HUMAN RIGHTS M.)	MARKETING AND LABELLING		
	Product & Services - Sustainability matters	PRODUCT/SERVICES (HUMAN RIGHTS M.)	SUPPLIER SOCIAL ASSESSMENT		
Supply Chain/Commercial relationships - Sustainability matters	SUPPLY CHAIN/COMMERCIAL RELATIONSHIPS (HUMAN RIGHTS M.)				
ANTI-CORRUPTION AND BRIBERY	ANTI-CORRUPTION Sustainability	ANTI-CORRUPTION Sustainability	INSTRUMENTS IN PLACE TO FIGHT CORRUPTION AND BRIBERY	Risk of possible corruption or unfair competition practices in the event of an inadequate company approach to prevention (e.g. training and ethical foundations, planning, objective decision-making, escalation of authorisations, separation of roles) of at-risk operations or any detrimental situations related to the commercial and professional integrity of business counterparties (e.g. suppliers, consultants, customers, intermediaries, etc.) taking into account the relative risk profiles of the countries where the Company works.	The Company has included issues concerning business ethics, such as environmental sustainability, occupational health and safety, compliance with equal opportunities and human rights and the fight against bribery in its criteria for selecting suppliers, also requesting them to comply with the principles and guidelines for conduct set out in its Code of Ethics. Procedures are adopted to manage company processes (e.g.: authorisation processes, document traceability, control of financial flows) intended to combat practices that go against these principles (e.g. bribery or unfair competition), which may be reported via dedicated channels to the Supervisory Board.
	PUBLIC POLICY Sustainability	PUBLIC POLICY Sustainability			
	ANTI-COMPETITIVE BEHAVIOR Sustainability	ANTI-COMPETITIVE BEHAVIOR Sustainability	SOCIOECONOMIC COMPLIANCE	Reputational risk or damage to persons, to the Company, to public safety – through the management of competition-related issues – arising from the loss or damage of confidential information and/or personal data stored at the Company's premises, as well as non-compliance with data processing regulations	The Company has put in place measures to ensure compliance in the area of management of the personal data processing, complying with obligations connected to existing contractual relationships and the protection of third parties through the management of notices and consent to processing, and has also implemented security measures on storage of personal data in accordance with applicable legislation. The recent audit carried out by the DPO revealed the substantial adequacy of the management model for personal data protection implemented by the Company in compliance with current legislation.
	Compliance - Sustainability matters	COMPLIANCE (ANTI-CORRUPTION M.)			

The risk topics identified for the Piaggio group, following the 2019 Risk Assessment, are listed below.

ASPECTS	RISKS IDENTIFIED	DIMENSION AFFECTED
Environment	<p>The analysis refers to the actual and potential effects of the Group's operations on the environment considering, for example, atmospheric emissions, the impact of noise, discharge and waste disposal processes, using and safeguarding natural resources and protecting biodiversity, as well as environmental compliance aspects in a national and international dimension. Greenhouse gases (mainly CO₂) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators. Structural actions on the Group's production plants, carried out over time, guarantee limited pollutant emissions.</p> <p>The structure of Piaggio's production sites has been designed based on support mechanisms that use energy from fossil fuels. The use of resources at the production facilities and offices of all affiliates is monitored daily, with the aim of optimising energy use and reducing consumption. Operations to clean up sites were necessary because of historical site contamination: the pollutants removed had not been used for several decades by the sites, proving the historical nature of the contamination. Other cases of ground contamination have never concerned the Group's operations: the classification, management and transport of waste produced comply with sector regulations.</p> <p>The volume of water used in the production process is monitored monthly, to safeguard its conservation; a part of this water is re-used.</p> <p>Lastly, all Piaggio sites have ISO 140001 environmental certification and investments are made each year to reduce the environmental impact of production sites.</p> <p>Despite a considerable risk level, in line with other industry operators, control measures adopted significantly reduce environmental risks.</p>	<p>The Environmental Dimension</p>
Employees	<p>This area covers numerous aspects, such as the management of human capital, including career development, the remuneration and training system, the promotion of diversity and inclusion, as well as aspects relative to occupational health and safety and trade union relations.</p> <p>Piaggio operates globally with employees in Europe, the Americas and Asia. It promotes diversity in age, culture, ethnics, religion, political opinion, civil status, gender, physical ability, sexual orientation, encouraging different ways to achieve and reach the highest levels of performance within a single and broader-ranging organisational set-up of the Group. The integration of disabled people into the workforce is also made possible in practice by the accessibility of company facilities and the existence of a relative company procedure.</p> <p>Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Development tools are used to build on and continually improve skills, while empowering potential, recognising and rewarding outstanding performance. Reward policies remunerate people and their contribution based on principles of meritocracy and transparency. The above mechanisms reduce potential risks related to these aspects to a residual level which is not significant.</p> <p>The Piaggio group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focussed on attention, dialogue and a common understanding; in fact, assessment and continual engagement are considered essential for identifying the best solutions for the company's specific needs. For these reasons and despite the high number of employees with trade union membership, strikes are infrequent. As regards occupational health and safety, testing motorcycles with a medium and large engine capacity entails the highest risk levels. Generally, the risk of accidents/injuries to personnel is mitigated by aligning processes, procedures and structures to applicable occupational safety laws and international best standards, and promoting safe behaviour, through targeted training.</p>	<p>The social dimension - Developing human resources</p>

ASPECTS	RISKS IDENTIFIED	DIMENSION AFFECTED
Social	<p>The social sphere includes aspects concerning Piaggio's relations with consumers, as well as the effects of the business on the community.</p> <p>In the first case, product quality and reliability are essential and key to obtaining and guaranteeing customer satisfaction and safety. In the "Product – Operational Risk" category, risk scenarios relating to potential product defects have been mapped. To mitigate these risks, Piaggio has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on technical/professional standards. The Group is also committed to being awarded and maintaining certification of its quality management systems at global level (ISO 9001).</p> <p>The Group undertakes to redistribute economic value generated to support social solidarity initiatives and promote local areas. During 2019, the Piaggio group continued to support activities of the Vespa for Children project, a humanitarian charity active in the fields of health and social care for children in developing countries. The collaboration between the Piaggio group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - which has contributed US\$ 360 million to the Global Fund for the fight against AIDS, Tuberculosis and Malaria - continued.</p> <p>Numerous cultural events were held in Italy, through the Piaggio Foundation and Piaggio Museum (exhibitions, conferences), as well as scientific and artistic initiatives.</p> <p>The Asian subsidiary was involved in projects supporting local associations that help families in need and provide education for smaller children.</p> <p>The Indian subsidiary aided charity work in the Baramati area to support schools and villages, and was also involved in activities to raise awareness of road safety.</p>	<p>The products and services dimension / The social dimension - Relations with local communities</p>
Human rights	<p>As set out in the Code of Ethics, adopted in 2004 and updated during 2017, Piaggio specifically prohibits any form of discrimination or forced labour. This Code has been distributed to all subsidiaries and clearly states the principles and values the entire organisation takes inspiration from.</p> <p>Based on the significant and specific nature of the Indian market, the following have been adopted: the Code of Business Conduct & Ethics and Whistle Blower Policy since December 2016; the latter is designed to protect people reporting infringements of the Code, and therefore to guarantee the Code's validity; a Policy on the Prevention of Sexual Harassment of women at the workplace.</p> <p>Based on prevention and control mechanisms established in the Code of Ethics and adopted by all Group subsidiaries, no risk scenarios relative to the violation of human rights were identified.</p>	<p>Corporate Governance / The social dimension - Developing human resources</p>
Fighting corruption	<p>The fight against both active and passive corruption comes under the risk categories "Internal/external offences" of the Group's risk model. In its Code of Ethics, Piaggio strictly prohibits any practice of corruption, request for and/or provision of preferential treatment, of any collusive behaviour, solicitation, whether direct/indirect and/or through third parties, of personal benefits of any kind for oneself and/or for others, of material benefits and/or any other advantage of any extent in favour of third parties.</p> <p>A number of processes, procedures, roles and responsibilities have been defined to achieve the above objective, as regards business negotiations/relations with the public administration sector and with private entities.</p> <p>The controls briefly described above decrease residual risk relative to episodes of active/passive corruption to a negligible level.</p>	<p>Corporate Governance</p>

Corporate Governance

Corporate Governance Model

Immsi S.p.A. (hereinafter "Immsi" or the "Company" or the "Issuer") has adopted a corporate governance system in accordance with the principles in the Corporate Governance Code, promoted by the Corporate Governance Committee, and national and international best practices, for an effective, correct and responsible approach to meeting the interests of all its stakeholders.

Neither Immsi nor strategically important subsidiaries are subject to non-Italian legal provisions affecting the corporate governance structure of the Company, which is based on a traditional administration and control system, that is described in the 2019 Report on Corporate Governance and Ownership.

Organisational, Management and Control Model pursuant to Legislative Decree 231/01

As of 2004, the Issuer has adopted an Organizational, Management and Control Model (the "Model") for the prevention of offenses pursuant to Legislative Decree 231/2001 as amended. This strategy has also been adopted by subsidiaries with strategic importance, that in turn resolved to adopt their own Models pursuant to Legislative Decree no. 231/2001, all constantly monitored and most recently updated in the second half of 2019 and first quarter of 2020 for Intermarine S.p.A., Is Molas S.p.A. and Immsi S.p.A..

For a description of the Immsi Programme, see the 2019 Report on Corporate Governance and Ownership.

Code of Ethics

The role played by Immsi on the national and international market and the nature and importance of its business activities presuppose the commitment of those working for Immsi, or working on their behalf for whatever position, to work with loyalty, seriousness, honesty, good faith, competence and transparency, as well as to fully comply with the laws, market regulations and the fundamental principles of fair competition, respecting the legitimate interests and expectations of customers, suppliers, shareholders and anyone that is involved in the Company's business activities.

To ensure that relations with external parties and within the Company and Group take place properly, all company boards, management and employees, as well as external staff, including consultants, agents, suppliers, etc. must develop and make available to the Company their own cultural, technical and operational expertise and ethics, in order to achieve goals, within the areas of their functions and responsibilities, and in compliance with the functions and responsibilities of other persons.

For the above reasons, IMMSI believes it is important to clearly establish the set of values that the Company acknowledges, accepts and shares, as well as the set of rules and codes of conduct which, since its establishment, characterise the relations towards its employees and third parties and, more generally, characterise the Company's business operations.

These principles are set out in the Code of Ethics (the "Code"), which the Company hopes is spontaneously shared, complied with and disseminated, and which it also requires individuals operating for Immsi or in contact with it to adopt. Therefore, all actions, operations and transactions referable to Immsi must be undertaken and pursued in compliance with principles of lawfulness, impartiality and fair competition, managed with the utmost integrity, based on complete, transparent information, and supported by documentary evidence and must also be verifiable. Employees - from top managers to their subordinates - and third parties are informed of the adoption of the Code and relative Guidelines of Conduct, and when contracts and agreements are signed, specific clauses are

included referring to the principles of ethics/conduct adopted.

The Code, available on the Company's website under the section "Governance/Procedures" has been distributed extensively and sets out the principles and values that inspire the entire organisation in a clear and transparent manner. Moreover, Immsi ensures that subsidiaries examine its Code, so they can adapt it to their specific needs and formally adopt it as a tool for management and effective company organisation. Immsi requires and expects all subsidiaries and affiliated companies to adopt a conduct in line with the principles of the Code.

The Code of Immsi and of the companies belonging to the Group was most recently updated in 2017 in order to more effectively align it with the ethical and social values on which the Group's activities are based. In particular, this revision reiterated - through the introduction of a specific Article - that 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.

Fighting corruption

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

When participating in public tenders or competitions called by the Public Administration as well as in any negotiations or contracts entered into with both the Public Administration 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 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. These relationships must only be carried on by those persons previously and expressly authorised to do so, in accordance with allocated roles and corporate procedures; Adequate mechanisms for the traceability of information flows towards the contracting party must also be put in place. Any request for advantages, any intimidating and/or constrictive or oppressive behaviour on the part of Public Administration officials or independent contracting parties or which come to the knowledge of operators must be immediately reported.

Function managers who liaise with the Public Administration must:

provide their partners with guidelines regarding 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;

provide for adequate tracing mechanisms as regards official information channels with the Public

Administration;

maintain and request on the part of those having relations with the Public Administration a conduct characterised by fairness, transparency, traceability and good faith, respecting the roles and responsibilities attributed; strictly observe and therefore enforce, also with specific reference to relations with the Public Administration, company procedures aimed at abstractly identifying and tracing the functions and positions responsible and appointed for relations with the Public Administration, in compliance therefore with corporate roles;

Make clear, truthful, complete and traceable statements to public authorities and exhibit complete, truthful and unaltered documents and data;

maintain a correct and clear conduct such as to avoid inducing the counterparty into even potential error. All consultants, suppliers, customers, and whoever is related to the Group, are committed to complying with laws and regulations in force in all countries where the Group operates. No relation will be initiated or continued with those who do not intend to comply with such principles. When appointing these subjects to operate as representatives and/or in the interest of the Group towards the Public Administration, the appointment must be in writing, with a specific binding clause requiring compliance with the principles of ethics and conduct adopted by the Group.

Conduct guidelines which are identical to those for relations with the Public Administration must also be adopted with regard to relations with any private third party, such as suppliers, customers, competitors, partners and/or any contractual counterparty.

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

be correct and truthful when using and presenting documents and declarations that are complete and pertinent to the activities for which such benefits can be legitimately requested and obtained;

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

No incidents of corruption occurred in the reporting year.

With reference to the marine sector, the company Intermarine S.p.A., given the nature of the products it manufactures, is assisted by agents for marketing activities and subsequent contacts with customers during the preparation of bids and stipulation of contracts. During 2018, the company adopted a new procedure to stipulate the Agency Agreement, defining the steps which Intermarine must take to formalise contracts with its agents. The main steps concern the identification of the potential agent, the request for documents necessary to carry out due diligence, review of the due diligence report, and lastly, negotiation of the agency agreement.

The company Is Molas S.p.A. adopts a specific procedure for personnel involved - in any capacity - in the process of awarding contracts to third parties that are used for the real estate development project. The adoption of this procedure enables the company to mitigate the risk of bribery when selecting business counterparties.

This procedure indicates the main criteria adopted to identify potential suppliers to request bids from. The Manager of the Property department assesses bids received based on technical and economic criteria, also supported by internal/external experts with specific technical and legal expertise.

When defining the contract, clauses on compliance with applicable laws, with Legislative Decree 231/2001, the Code of Ethics and company procedures must be specifically included.

In addition to the above, the company Is Molas adopts a specific procedure to manage commercial activities and property sales. Besides defining the process to identify potential customers and

subsequent sales, the procedure requires contracts to include a specific statement declaring knowledge of legislation as of Legislative Decree 231/2001 in the case of an agreement with an intermediary/external professional/agency.

As regards the Piaggio group, see the 2019 NFS for specific aspects concerning the fight against bribery.

Compliance with laws and regulations

During 2019, none of the Immsi Group companies were affected by episodes concerning employee discrimination or the breach of employee rights. Moreover, no infringement procedures have been filed against the Immsi Group for the breach of anti-competitive or anti-trust laws.

At 31 December 2019, there were no sanctions referred to non-compliance with laws and regulations concerning marketing, advertising, promotion, sponsorship, supply activities and the use of own products. No cases regarding the breach of consumer privacy or loss of consumer data were reported in 2019.

During the year, the Immsi Group received no significant environmental sanctions.

The product and service dimension

The scope of consolidation applicable for "products and services" is as follows:

- Property and holding sector: Is Molas S.p.A.;
- Industrial sector: Piaggio & C. S.p.A, Piaggio Vietnam Co. Ltd., Piaggio Vehicles Private Ltd., Piaggio Advance Design Center, Piaggio Fast Forward Inc., Foshan Piaggio Vehicles Technologies Co. Ltd.;
- Marine sector: Intermarine S.p.A..

The boundary does not consider the companies Immsi S.p.A., ISM Investimenti S.p.A., RCN Finanziaria S.p.A., Pietra S.r.l., Pietra Ligure S.r.l. and Apuliae S.r.l..

The property and holding sector The Is Molas resort

During 2019, the real-estate expansion project, consisting of the construction of new villas, continued. This activity is flanked by the resort's hotel and golf services.

Aspects to reduce the environmental impact of new buildings have been implemented. For example, the use of water necessary for air conditioning and for hygiene facilities is based on the installation of heat pumps connected to the technical water circuit of surrounding reservoirs, resulting in:

- considerable savings, due to an optimal energy exchange with the water from the reservoirs;
- the use of energy sources without the use of fossil fuels, which also reduces the risks of supply, fire and explosion.

In addition to these technical choices, for each villa an electricity generation system using PV panels has been built.

In terms of quality, Is Molas S.p.A. has entrusted the construction of the new villas to a leading construction company with ISO9001 and ISO14001 quality certifications. Technical controls during the construction period are carried out by an accredited inspection body, with site inspections to verify the progress of the construction process, check the materials, ensure that the work matches the project requirements, as well as the testing procedures and the issue of the relevant final certificates.

In terms of customer health and safety, the design of the villas takes into account all applicable regulations to safeguard the safety and health of the end user. All the villas currently built have obtained the final certification that confirms compliance with current regulations.

While customers are at the villa, the company does not use chemicals and pesticides for the management and maintenance of the attached gardens; monitoring the pool water is entrusted to a highly qualified company.

As regards the management of the hotel and golf complex owned by Is Molas, the company adopts practices to reduce the environmental impact of its activities, in particular for the use of water.

In order to mitigate risk associated with non-compliance of the quality and safety standards of the delivered services, a series of control protocols relative to the quality of the restaurant and hotel services were implemented, particularly with reference to compliance with hygienic norms and standards for auditing supply goods and the preservation of perishable goods (Hazard Analysis and Critical Control Points or HACCP).

Reference is made to the chapter on the environmental dimension, where further details are given.

Industrial sector: Piaggio vehicles

In 2019, the Piaggio group continued its policy of retaining technological leadership in the sector, allocating total resources of €57.6 million to research and development, of which €39.6 million capitalised under intangible assets as development costs.

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

During its life cycle, every product directly and indirectly affects both the health and safety of people and the environment, understood as ecosystem quality. For this reason the Piaggio group focuses its R&D activities on developing innovative solutions to reduce the emission of pollutants and to increase the safety, reliability and recyclability of its products.

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

- sustainability: products that can avoid or at least reduce pollutant gas and CO2 emissions in town and out-of-town use; this result is achieved both through the evolution of traditional engine technologies (increasingly advanced internal combustion engines) and through the development of innovative engine solutions such as electric propulsion, hybrid and range extenders, in order to increase the use of renewable and sustainable energy sources;
- reliability and safety: vehicles that allow a growing number of people to get about town easily, and out of town, and on leisure trips, contributing to easing traffic congestion and ensuring high levels of active, passive and preventive safety;
- recyclability: products that minimise environmental impact at the end of their life cycle;
- cost-effectiveness: vehicles with lower running and maintenance costs.

For further details of the types of products offered, research guidelines and applications, reference is made in full, in the 2019 CSR Report published by Piaggio & C. S.p.A..

FUNDED NATIONAL AND EUROPEAN PROJECTS

The Piaggio group promotes funding applications for its own activities at a regional, national and European level, in a nod to the quality of its research. The projects, besides funding research, are a way to engage with partners and suppliers that can identify and develop cutting-edge technologies in the fields of most interest for Piaggio.

The following funded projects were implemented in 2019:

ADAMo (Region of Tuscany): aerodynamic research

The project developed an active aerodynamic control system for motorcycles, that can adapt aerodynamic flow based on general operating conditions and target objectives (consumption, safety, comfort, performance). The project ended in August 2019 and the results were presented to the public in October 2019.

C-Mobile (H2020): smart, cooperative transport systems

Trials in real contexts (e.g. Barcelona, Bilbao, Bordeaux, Newcastle, Copenhagen, Thessaloniki) of smart, cooperative transport systems (C-ITS) that are inter-operable and can therefore be used on a wide scale. The project is being coordinated by IDIADA (the Spanish research centre), with the involvement of ERTICO. Piaggio's role is to provide technical support for the testing of C-ITS for motorcycles at the Barcelona site. The project started in 2017. The project is scheduled for completion for the end of 2020.

Safestrip (H2020): road safety based on cutting-edge connectivity and sensors

Development of a low-cost, low energy consumption system based on micro and nano sensors incorporated into the road surface in order to collect information (e.g. on road conditions, environmental parameters, traffic data etc.) and alert car and motorcycle users to potential hazards, through vehicle/infrastructure communication. The project started in March 2017 and will end in 2020.

PIONEERS (H2020): passive protections systems for motorcyclists

The project is being coordinated by IDIADA, with leading manufacturers of protective clothing taking part (including Dainese, Alpinestar, Motoairbag), as well as universities and research centres (University of Florence, Fraunhofer, BAST). Piaggio is involved in the design and development of a vehicle onboard protection system to reduce minor injuries from low-speed, side impact. The project began in 2018 and will last for 36 months.

Future Radar (H2020): medium/long term research topics

The project is a Coordination and Support action, which aims to provide support to the European Commission in the definition of the guidelines and areas for research in the road transport sector, in view of the upcoming Horizon Europe Framework Programme. Piaggio is involved in the project as the main player for the two-wheeler sector. The project will end in late 2020.

DriveToTheFuture (H2020): the role of motorcycles in cooperative and automated transport

The project aims to analyse the needs, expectations and behaviour of active and passive users in the current mobility and connected, cooperative and automated transport scenario, considering different transport modes (road, rail, water and air)).

Piaggio is taking part to define the role of 2-wheelers (opportunities and limits) in this context and is studying alternatives to interaction with automated vehicles, with a particular focus in interfaces for vehicles (HMI). The project started in May 2019

SAFE (CEF): regulations for emergency calls

The "SAFE - After-Market eCall for Europe" project will define the standards and specifications for developing and introducing aftermarket emergency call (eCall) systems for the automotive industry. Piaggio is taking part together with other manufacturers and ACEM, the European Association of Motorcycle Manufacturers, to evaluate the eCall specifications (Technical Standards) defined by the competent European group CEN/WG15 for L category vehicles (including scooters and motorcycles), with testing involving PSAP (Public Safety Answering Points) and alignment of the specifications based on the results obtained. The project is the natural continuation of activities conducted in the I_HeERO project (which ended in March 2018).

CUSTOMER SAFETY

Piaggio has a comprehensive quality management system to monitor product quality levels in the various stages of the production process and prior to dispatch to the customer. The standard procedures introduced at all Piaggio group sites make it possible to monitor the quality of manufactured vehicles, ensuring product standards that are conforming and comply with specific standards/type approvals, as well as the expectations of end customers. Each vehicle manufactured at Piaggio group sites is subject to multiple quality controls throughout the assembly process and at the end of the line.

Staff select a sample of vehicles each day, from finished/approved products, before these are dispatched to the end customer. These vehicles undergo rigorous testing and inspections on test benches and on the road, based on a standard check list. Any anomalies detected are classified according to a score based on the severity of the defect and the impact this could have on the end customer.

In the event that serious anomalies are found, an immediate diagnosis is made, based on which the shipments of all the vehicles belonging to the batch in question, together with a sample number of vehicles of the previous batch, are immediately halted. All vehicles are then carefully rechecked and where necessary, are repaired, before they are approved and subsequently authorised for shipment.

The traceability of the vehicles and their main components is essential in order to enable Piaggio to promptly identify and block or limit batches characterised by presumed and/or observed defects, preventing the sale of potentially defective products on the one hand and implementing any necessary interventions in the field on the other. The Piaggio group has adopted a system for efficient product traceability which identifies products, components and materials deemed to be significant at all stages of the production cycle: all components manufactured internally and externally that have a direct impact on user health and safety, the environment and compliance with type approval are identified.

The system therefore traces all identified components, maintaining records of tests, controls and inspections, certifying product quality in view of the processes it has undergone in the various stages of the production cycle. In the case of anomalies/defects, this makes it possible to promptly and systematically trace the causes and adopt corrective actions, identifying the vehicles that have components from the faulty lot, and promptly take actions to protect the customer.

Due to the type of business it does, the Piaggio group is subject to numerous national and international regulations that govern information on its products, both in the field of advertising communication and in the field of manuals related to each individual vehicle. Piaggio's user and maintenance booklets provide information on how to use the vehicle correctly, while encouraging users to drive in a safe and responsible manner, for instance, by:

- always complying with speed limits and the Highway Code;
- using all precautions for safe driving and passive safety systems (e.g., wearing a helmet when riding motorcycles and scooters);
- always being cautious and paying the utmost attention when driving, especially when road conditions are wet and slippery;
- refraining from altering vehicle performance: it is forbidden by the law and dangerous for driving safety.

The marine sector: Intermarine vessels

Intermarine has always aimed to build vessels that comply with all specifications requested by customers, and primarily navies. Intermarine products are internationally recognised for their reliability and high technological content as well as the continuous pursuit of quality throughout the production process.

In 2018, Intermarine adopted its Integrated Quality, Environment and Safety Policy. The company is committed to supplying products that comply with the quality levels defined in contracts, that can meet customer requirements and are always safe and environmentally friendly, in line with market requirements and the need to minimise environmental impact and protect workers' health and safety.

Company operations can be divided into three different business units:

- 1) Commercial products, i.e., fast ferries and hydrofoils built in aluminium;
- 2) Defence. This business unit is the field of excellence of Intermarine. Production is primarily focussed on:
 - Minesweeper vessels in composite materials (FRP – Fibre Reinforced Plastic);
 - Fast Patrol Boats (FBPS) – in FRP and aluminium;
 - Hydro-oceanographic units in FRP;
 - Support and work units in FRP and aluminium;

Mine countermeasure vessels should be briefly described. The MCMVS (Mine Countermeasure vessels) of Intermarine are unique in the world given that they are built with a process that involves the construction of the hull in a monolithic fiberglass shell, devoid of any longitudinal or transverse reinforcement. This design choice makes it possible to maximise the flexibility and elasticity characteristics of fiberglass: in the case of a nearby explosion of a mine, the hull is able to absorb the energy of the explosion, transmitting only a limited portion of the force to the installed equipment and internal structures.

Intermarine products also include fast patrol boats. Since the beginning of its operations, Intermarine has built hundreds of patrol boats for Navies, the Coast Guard, and Maritime Police in Italy and abroad. The project for these patrol boats is characterised by a high level of flexibility, thereby adapting each ship construction to the specific requirements of each customer. Built both in composite materials and in aluminium - in sizes between 13 and 40 meters - the patrol boats boast a high speed and excellent performance.

3) Marine systems. These units include various products such as: fins and stabilizers; auxiliary stern/bow thrusters; governance systems; T-foils; monitoring systems; intruders; garages and platform portals.

CUSTOMER SAFETY

With reference to the safety of end users, during the design, construction and materials supply stages, the degree of safety for users of vessels is monitored, both in the use of equipment located on board and in the event of potential external explosions. At the end of the vessel construction process, Rina ("Registro Navale Italiano", Italian Naval Registry) certifies the suitability of the ship and its compliance with all safety requirements.

Quality control and testing activities for Intermarine distinguish between "hull" and "completing" parts, each with specific inspection and testing plans. For each test reported in the plans, Intermarine prepares (with the contribution of suppliers) specific testing procedures (test memoranda) for FAT, HAT and/or SAT tests, in accordance with provisions.

The test procedures also specify the following:

- the methods for executing the tests;
- the technical and functional performance levels which the various components must comply with.

At the end of each test, the specific test report is drafted. These reports, completed and accompanied by the required attachments (e.g., calibration reports of instruments used), constitute the testing minutes of equipment, system arrangements and services.

The Integrated Management System adopted by Intermarine makes it possible to identify the materials and components used for the construction and fitting out of the ships; these are identified in order to determine their allocation and allow them to be traced back to the completed tests.

Intermarine, in compliance with the requirements of the AQAP 2110 standard, has prepared and implemented a process for managing the configuration of products in order to know the physical, interface and functional characteristics of each part of the product itself at any time.

R&D ACTIVITIES

The company pays special attention to research, also accessing loans from the Ministry of Education and Research (MIUR), Ministry of Transport, Ministry of Economic Development and of the Region of Liguria (FILSE). To develop some issues concerning research, it is partnered by universities and public research organisations.

In 2019, the research and development activities completed, in the reporting phase and/or in progress can be summarised as follows:

- MAC: this project refers to an infusion technology and was funded by the Ministry of Education,

Universities and Research. It was completed in 2017. Following the issue of a final decree, relative reporting must be provided.

- USVPERMARE: this project refers to a marine surface drone and was funded by the Ministry of Education, Universities and Research. Intermarine's activities, developed as part of its involvement in the DLTM Consortium, focussed on the construction of a swath prototype. The project has been completed and final reporting of the direct costs of around €0.4 million is underway, with an expected contribution of about 50%.

- IBRHYDRO: this project concerns the development of a hybrid submerged/intersecting fin hydrofoil, funded by the Ministry for Transport; the project was developed over a period of 4 years (from 2016 to 2019) and the contributions are paid in annual instalments of €0.1 million spread over 20 years.

During 2019, the Company also submitted the following projects as part of the calls for research proposals launched by the various ministries, which were submitted to the assessments of the ministries for award:

MYLADY: A project for the development of technologies to make ships "invisible" to radar, funded by the Ministry of Defence, estimated costs €1.0 million with 50% contribution

SIMARE: A project for the study and testing of ballistic defence materials, funded by Sicily Region, carried out in Sicily, expected costs of about €0.8 million with a contribution of 50%. During the year the project became eligible for funding. Activities will end in 2022.

SINAPO: A project for smart monitoring to predict failures and prevent accidents, funded by Sicily Region, carried out in Sicily, expected costs of about €1.0 million with 50% contribution.

During 2019, Sicily Region issued the ranking for the project competition. This ranking puts the project in a position where the funds for financing all projects with the same score are not sufficient to cover all the requirement. Sicily Region is however verifying the possibility of raising such funds from other expenditure chapters in the early months of 2020.

Immsi Group certifications

With particular reference to the industrial and marine sectors, the Immsi Group has committed to obtaining and maintaining certification of its quality, occupational safety and environment management systems, considering this a part of the Group culture.

	<i>Industrial sector</i>							<i>Marine sector</i>	
	<i>Pontedera</i>	<i>Noale and Scorzè</i>	<i>Mandello Del Lario</i>	<i>Baramati Engine plant</i>	<i>Baramati (two-wheeler plant)</i>	<i>Bramati (commercial vehicles)</i>	<i>Vinh Phuc</i>	<i>Sarzana</i>	<i>Messina</i>
ISO 9001 Quality Management Systems	since 1995	since 2006	since 2010	since 2018	Since 2013	since 2018	since 2009	since 1996	since 1998
ISO 14001 Environmental Management Systems	Since 2008	Since 2008	Since 2010	Since 2015	Since 2013	Since 2015	Since 2011	Since 2000	From 2005
BS OHSAS 18001 Occupational Health and Safety Management Systems	From 2007	From 2007	Since 2010	Since 2015	Since 2013	Since 2015	Since 2013	-	-
ISO 45001 - Occupational health and safety management systems	since 2019	since 2019	since 2019	-	-	-	since 2019	-	-

The Piaggio group's Italian, Indian and Vietnamese sites have held Quality (ISO 9001 or ISO/TS 16949), Environmental (ISO 14001) and Occupational Health and Safety (ISO 45001 or BS OHSAS 18001) certification, for several years now.

In November 2019, the Certification Company Det Norske Veritas (DNV) conducted audits to maintain the three Quality certification (ISO 9001) and Environmental certification (ISO 14001) and to obtain new Health and Safety certification (ISO 45001) for Italian sites (including the commercial site in Milan). The outcome of the audits was positive.

Since the 1990's, the Intermarine shipyards at Sarzana and Messina have had their Quality Management System certified to ISO 9001, issued by the Italian Naval Registry (RINA); the System also incorporates additional Nato requirements pursuant to the Aqap 2110 standard, with specific criteria for quality systems to be applied in military programmes.

The shipyards at Sarzana and Messina also have Environmental certification (Iso 14001), issued by RINA. The Messina shipyard obtained new UNI EN ISO 14001:2015 certification in December 2017, while the Sarzana site obtained certification in February 2018.

Although not yet certified, all sites have adopted the same Integrated Management System which also covers health and safety (OHSAS 18001).

The audits conducted by RINA in 2018 were successful at all sites; no nonconformities were identified.

The Environmental Dimension

The reporting boundary for the environmental dimension is as follows:

- Property and holding sector: Is Molas S.p.A.;
- Industrial sector: The companies of Piaggio group;
- Marine sector: Intermarine S.p.A..

Other Group companies (Immsi S.p.A., Immsi Audit S.c. a r.l., ISM Investimenti S.p.A. and RCN Finanziaria S.p.A., Pietra S.r.l., Apuliae S.r.l.) were excluded from environmental data reporting, as their contribution was considered as marginal (their operations only concern the indoor premises of offices). During 2019, the site of the company Pietra Ligure S.r.l. was not operative, and was therefore excluded from the reporting.

The companies of Immsi Group perform actions intended to reduce the environmental impact of their operations, both through the reduction in the use of natural resources (energy and water), and allowing the ecosystem to absorb any direct and indirect impacts produced. These actions are established based on a number of procedures and practices which are specific for each business sector of the Group.

The Piaggio group has its own set of policies, which include an environmental policy. In addition, Intermarine adopted a specific document in 2018, its "Integrated Quality, Environment and Safety Policy".

The Piaggio group has organised its processes and activities through a management system for Quality, the Environment and Occupational Health and Safety to guarantee a sustainable development model, long-lasting success and to meet stakeholders' expectations.

Piaggio & C. S.p.A. seeks to minimise the environmental impact of its industrial activities by carefully defining the product design, the manufacturing technological cycle and by using the best technology and the most modern production methods. Pursuing these objectives generates continual improvement in environmental performance, not only in production but also throughout the product life cycle.

Intermarine adopts an Integrated Quality Environment and Safety Management System by promoting company processes intended for the protection of the environment and workers' health and safety. The adoption of procedures and internal communication methods are both intended to prevent any possible form of pollution, accidents and occupational diseases.

As regards Is Molas, environmental requirements of administrative authorisation for property development are monitored (also with reference to other parties involved in the contracted works), and environmentally friendly activities/maintenance are provided for sports/hospitality facilities.

In addition to the comments on the reporting scope, please note that the production sites of Immsi Group taken in consideration for the environmental figures are the following:

- Property and holding sector: Pula (CA) for Is Molas;
- Industrial sector: Pontedera (PI), Noale (VE), Scorzè (VE), Mandello del Lario (LC), Baramati (India), Vinh Phuc (Vietnam) and the commercial sites of the Piaggio group;
- Marine sector: Sarzana (Spezia) and Messina for Intermarine S.p.A..

Energy consumption

The operations of the production sites of Immsi Group are based on the use of non-renewable (fossil) and renewable energy sources, the latter represented by the consumption of electricity with a production mix which partially comes from “sustainable” resources.

Over the years, Group companies have sought to optimise and improve the management of existing plants in order to cut their consumption.

Consumption recorded between 2017 and 2019 is reported below, highlighting the changes, as percentages, during the 2018-2019 period.

ENERGY CONSUMPTION OF IMMSI GROUP					
		<i>Property and holding sector</i>	<i>Industrial sector¹</i>	<i>Marine sector</i>	<i>Immsi Group</i>
Electricity (thousand KWh)	2019	1,068	80,922	3,057	85,047
	2018	973	81,815	3,014	85,802
	Δ% 2019 - 2018	9.8%	-1.1%	1.4%	-0.9%
	2017	731	79,389	3,571	83,691
Methane / Natural gas (Sm3)	2019	0	5,758,228	82,236	5,840,464
	2018	0	5,714,681	70,782	5,785,463
	Δ% 2019 – 2018	-	0.8%	16.2%	1.0%
	2017	0	6,070,139	88,980	6,159,119
GPL² (tons)	2019	3	1,766	11	1,780
	2018	3	1,918	13	1,934
	Δ% 2019 – 2018	-14.0%	-7.9%	-13.2%	-8.0%
	2017	2	552	12	566
Diesel fuel³ (Litres)	2019	8,631	740,257	3,570	752,458
	2018	9,750	820,375	1,709	831,834
	Δ% 2019 – 2018	-11.5%	-9.8%	108.9%	-9.5%
	2017	9,750	2,242,299	10,768	2,262,817

¹ The commercial sites of the Piaggio group are also included.

² The calculation of tons of LPG is based on an estimate.

³ Light Diesel Oil and High Speed Diesel are considered together with diesel fuel.

In 2019, the Immsi Group recorded a slight decrease in the use of electricity (-0.9% compared to 2018), while there was a slight increase in natural gas (+1%) and a considerable drop in LPG (-8%) and diesel fuel (-9.5%).

With reference to the industrial sector, since 2016, the Pontedera site has been adopting measures to reduce energy waste with a smart metering system that can use, observe, compare on a nearly real time basis (with a delay of 3 hours) and also analyse the consumption recorded by over 90 meters at the site. the technology applied has made it possible reduce consumption by over 17% in three years.

Changes in consumption at other Italian sites, which are negligible in quantitative terms compared to the Pontedera site, are due to variations in production volumes and heating system management based on recorded outdoor temperatures.

In the marine sector, compared to 2018 there was a slight increase (+1.4%) in electricity consumption and a more significant increase in the consumption of natural gas (+16.2% compared to 2018) used to heat the production warehouse and administrative offices (Sarzana site). The 108.9% increase in diesel consumption is mainly due to the change in production volumes at the Messina site.

Since 2016, Intermarine has updated, as agreed with the Province of La Spezia, the energy efficiency goals to be achieved in the medium term (by the year 2020). In December 2015, a specialised firm was appointed to carry out an energy assessment at the Sarzana and Messina sites, enabling the company to identify required improvement plans, with the following planning and

adoption of actions to reduce consumption.

In this regard, during 2019, in order to reduce future energy consumption, the external lighting system for the Sarzana site was replaced by an LED system. In the years to come the company has set an energy improvement target to repair compressed air leaks within the production premises and to replace obsolete air conditioners in various offices.

With reference to the real estate sector at the Is Molas site, during 2019 there was a 9.8% increase in electricity consumption and an 11.5% reduction in diesel consumption. Both effects are mainly attributable to the volumes of business won during the year.

Energy consumption as shown in the previous table was converted into Gigajoules (GJ), broken down by source:

ENERGY CONSUMPTION OF IMMSI GROUP						
GJ		Electricity	Methane/natural gas	LPG	Diesel fuel	Group total
Energy consumption	2019	306,169	227,837	82,060	26,778	642,844
	2018	308,887	225,691	89,158	30,292	654,028
	Δ% 2019 - 2018	-0.9%	1.0%	-8.0%	-11.6%	-1.7%
	2017	301,288	240,267	26,114	82,393	650,062

Note: The figures are calculated using conversion standards defined by the GRI G3 guidelines (1,000 m3 of natural gas = 39.01 GJ; 1 Kwh = 0.0036 GJ). For LPG, a standard conversion factor of one kilogram of LPG = 46.1 MJ was used. For diesel fuel, the figure in the Ministry of the Environment 2019 table of national standard parameters was used.

In 2019, around 83% of energy used by production sites was from electricity and natural gas, with LPG and diesel fuel accounting for only a minor quantity.

As for the electricity used at Italian production sites, most comes from renewable sources, as indicated in data on the energy mix supplied by energy providers. Energy consumption was therefore reclassified into two categories: "from renewable sources" and "from non-renewable sources". The result of the last two years is summarised in the next table.

ENERGY MIX¹									
GJ		Property and holding sector		Industrial sector²		Marine sector		Immsi Group	
		GJ	%	GJ	%	GJ	%	GJ	%
2019	Renewable³	1,379	32.3%	48,634	13.5%	712	4.8%	50,725	13.4%
	Non renewable⁴	2,895	67.7%	311,617	86.5%	14,154	95.2%	328,666	86.6%
2018	Renewable³	1,342	33.6%	52,066	14.5%	1,519	10.6%	54,927	14.6%
	Non renewable⁴	2,657	66.4%	306,814	85.5%	12,760	89.4%	322,232	85.4%

1) Non-final energy mix figures for 2018, provided from utility companies serving Immsi Group companies, were used for 2019 data.

2) Only Piaggio group sites located in India were considered, as it was not possible to determine the energy mix relative to electricity supplied to foreign sites;

3) The value was determined multiplying the use of electricity (in GJ) by the part of the energy mix from renewable sources of suppliers of utilities to companies;

4) The value was determined by multiplying the consumption (GJ) by the share of the energy mix from non-renewable sources, also adding the direct consumptions of fossil fuel converted according to the standards defined by GRI.

Energy consumption figures are reported below, divided by sector and source, relative to the use of equipment and test vehicles, the latter only regarding the property and holding sector and the industrial sector. Data on the marine sector are not available.

ENERGY CONSUMPTION FOR THE USE OF EQUIPMENT AND TEST VEHICLES				
		Property and holding sector	Industrial sector	Immsi Group
Petrol (litres)	2019	6,290	641,546	647,836
Methane/Natural Gas (Sm3)	2019	0	181	181
LPG (tons)	2019	0	120	120
Diesel fuel (Litres)	2019	22,623	282,355	304,978

Emissions of CO2 and other pollutants

The environmental impact generated by the production activities of the Immsi Group (mainly linked to the industrial sector) implies greenhouse gas emissions (mainly CO₂) and atmospheric emissions of Volatile Organic Compounds (VOCs).

The following table shows direct and indirect emissions for the three Group sectors, over the 2017 – 2019 period.

CO₂ EMISSIONS FROM IMMSI GROUP PRODUCTION SITES (tons)						
			Property and holding sector	Industrial sector	Marine sector	Immsi Group
CO₂ emitted by production sites (tons)	2019	direct	23	15,591	173	15,787
		indirect	295	47,902	845	49,042
		total	318	63,493	1,018	64,829
	2018	direct	26	15,786	146	15,958
		indirect	280	45,703	866	46,849
		total	306	61,489	1,012	62,807
	Δ 2019 - 2018	direct	-11.5%	-1.2%	18.9%	-1.1%
		indirect	5.5%	4.8%	-2.5%	4.7%
		total	4.1%	3.3%	0.6%	3.2%
	2017	direct	26	18,281	205	18,511
		indirect	242	42,642	1,181	44,064
		total	268	60,923	1,385	62,576

Note: The GWP (global warming potential) coefficient associated with CO₂ is equivalent to 1.

1) CO₂ emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG are considered direct. The conversion factors published by the Italian Ministry for the Environment (UNFCCC National Inventory) were used for said values.

2) CO₂ emissions deriving from the consumption of electricity are considered indirect. The Ispra data updated at 2016 were used for 2017 (330.6 g CO₂/Kwh). For 2018, temporary data for the year were used (287.4 g CO₂/Kwh). For 2019, temporary data for the year were used (276.3 g CO₂/Kwh). With reference to the industrial sector, the 2017 conversion factor was used.

The structural actions carried out by Piaggio over time (replacement of boilers and restructuring of the distribution networks) and already mentioned in previous NFSs highlight the soundness of said modifications. In 2019, emissions were overall basically in line with figures for previous years, with a slight increase mainly related to the increase in production volumes in Vietnam.

Intermarine S.p.A. recorded a slight increase in total CO₂ emissions for 2019 (+3.9%).

During 2016, the Province of La Spezia updated the environmental improvement goals to be achieved by 2020 and intended to reduce emissions. These include:

- The construction of a fixed extraction facility for the cutting, welding and other works carried out in mechanical workshops, intended to duct the produced emissions;
- The integration of a mobile extraction facility for any occasional cutting and welding works carried out in the shipyard and on the vessels under construction.

In the course of 2019, the company installed an additional 16 welding fume extraction points at the Messina production site.

As regards the atmospheric emissions of VOC (volatile organic compounds), 2019 data for the Group industrial and marine sectors are available.

As regards the industrial sector, in 2019 the reduction in VOCs emitted by the Piaggio group's Indian (-29.2%) and Vietnamese (-18.2%) plants was significant compared to 2018.

With regard to the marine sector, estimated VOC emissions into the atmosphere for 2019 were modest, equal to 5.1 tonnes (up from 3.3 tonnes in 2018) and accounting for about 1.1% of total

VOC emissions.

Conserving water resources

The conservation of water resources is a significant aspect of the Group's activities. The existence of a risk associated with water consumption in production processes due to possible waste, inefficiencies and pollution of water sources has been identified.

WATER CONSUMPTION AT THE PRODUCTION SITES OF THE IMMSI GROUP						
(m³)			Property and holding sector	Industrial sector	Marine sector	Group Immsi
Water consumption	2019	Water from wells ¹	20,595	191,906	0	212,501
		Water from the mains	0	484,867	13,529	498,396
		Other (rivers) ²	551,911	0	0	551,911
		Total	572,506	676,773	13,529	1,262,808
	2018	Water from wells ¹	20,395	245,036	0	265,431
		Water from the mains	0	525,181	16,885	542,066
		Other (rivers) ²	317,447	0	0	317,447
		Total	337,842	770,217	16,885	1,124,944
	Δ% 2019-2018		69.5%	-12.1%	-19.9%	12.3%
	2017	Water from wells ¹	17,594	278,140	0	295,734
		Water from the mains	0	464,137	22,851	486,988
		Other (rivers) ²	379,788	0	0	379,788
		Total	397,382	742,277	22,851	1,162,510

¹ For the property and holding sector, reference is made to water from the drinking water reservoir of the Is Molas consortium, drawn from the subsurface. Reference is made to the following rivers: Rio Pula, Rio Tintoni and Rio Baustella. Data provided are the sum of measurements before use for irrigation.

Over the years, Piaggio has developed production processes designed to reduce water consumption. At the Pontedera site, water supply wells have inverters that can regulate system flow rates based on the amount of water required by the hydraulic loop.

Thanks to actions taken and a mindful approach, water use at Piaggio fell significantly at all production sites.

Water consumption at Is Molas covers a significant part of the overall consumption of Immsi Group (in 2019 they were around 45% of the total, 30% in 2018). This is due to the irrigation of the resort's golf courses. To avoid water requirements of the resort conflicting with those of the Pula municipality, operational procedures were implemented seeking to achieve an efficient use of reservoirs (owned by Consorzio Is Molas) which collect water from the nearby Rio Pula during winter. Treated water is conveyed from the purification system of the Is Molas Consortium to the reservoirs, for irrigation purposes.

The increase in terms of cubic meters used compared to 2018 is mainly due to the weather conditions that occurred in 2019 in terms of lower rainfall.

As regards wastewater, environmental respect is ensured with processes to treat and purify wastewater. As regards the Piaggio group, see the 2019 NFS for further details on water exchange at sites.

As regards the management of wastewater at Is Molas, all wastewater from the hotel premises is ducted into the treatment station of the Is Molas consortium. The treated water is then conveyed to the reservoirs for use in irrigation. As regards the residential expansion project, the property planned and built by the company Is Molas S.p.A. uses heat pumps for heating and cooling that use the technical water from the reservoir system. The systems to discharge technical water used for residential purposes convey water via pipes to the original reservoir, completing the loop.

In 2019, the company presented a project, currently in the application stage, to develop a tertiary module at the Pula treatment station, to treat waste water from the town of Pula and convey the water by underground pipe to one of the reservoirs of the Is Molas irrigation system. The purpose would be to increasingly use water from the tertiary sector instead of surface water from rivers.

Waste handling and recovering

Handling and recovering waste is a fundamental part of the Group's environmental policy. All companies carry out waste production, management and disposal activities in compliance with the applicable regulations, both in terms of waste traceability and in terms of handling, which is entrusted to specialist companies in the sector that are authorised to provide these types of services. The following table shows the quantities of waste generated in the years 2019-2017 divided between hazardous and non-hazardous and in terms of volumes to disposal or recovery.

WASTE PRODUCED AT GROUP PRODUCTION SITES					
(tons)		Property and holding sector ¹	Industrial sector	Marine sector	Immsi Group
2019	Total waste	25	13,756	730	14,511
	Hazardous	1.47%	16.94%	23.55%	17.24%
	Non-hazardous	98.53%	83.06%	76.45%	82.76%
	For recycling	56.87%	72.17%	62.04%	71.63%
	Disposed	43.13%	27.83%	37.96%	28.37%
2018	Total waste	47	11,337	827	12,211
	Hazardous	1.36%	18.54%	54.28%	20.90%
	Non-hazardous	98.64%	81.46%	45.72%	79.10%
	For recycling	34.27%	86.35%	86.72%	86.18%
	Disposed	65.73%	13.65%	13.28%	13.82%
Δ% 2019-2018		(45.5)%	21.3%	(11.7)%	18.8%
2017	Total waste	5	9,754	713	10,472
	Hazardous	32.88%	18.03%	24.34%	18.47%
	Non-hazardous	67.12%	81.97%	75.66%	81.53%
	For recycling	0.00%	85.56%	65.41%	84.14%
	Disposed	100.00%	14.44%	34.59%	15.86%

* The real estate sector includes the figures for 2017 concerning the Is Molas (Pula, Ca) and Pietra Ligure S.r.l. (Pietra Ligure, SV) sites.

Avoiding contamination of soil and water sources

We report that in 2019, no significant spills or polluting events occurred at any of the Group's production sites.

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

Production activities of Intermarine are carried out in compliance with applicable regulations on discharges into water bodies. In addition, regulations on operations and procedures at greater risk of pollution and to deal with emergencies in the event of spills of toxic substances into water bodies, are complied with.

As regards the Is Molas site, the resort's golf courses require regular treatments using chemical products and fertilisers in order to keep the grass surface suitable for practising the sport. All products used comply with parameters of applicable environmental regulations, limiting the risk of the possible pollution of ground water. Since 2012, the company has monitored surface and subsurface water matrices, sending data to the Region of Sardinia for appropriate controls.

The Social Dimension

Developing human resources

People are key resources for the Immsi Group, and with their professionalism and passion they contribute each day to the success of our companies, embracing the fundamental values of transparency and ethics. The Group's aim is to empower talent and promote the qualified growth of each person, in a way that is fair and based on merit, within a framework of loyalty and reciprocal trust that are the foundations of a Group organisation that is sustainable and successful.

Immsi feels it is important to clearly define all the values that the Company recognises, accepts and shares, and all the rules and principles of conduct which from the very start, have shaped its relations with the outside world and with its employees. Directors, staff and more generally everyone operating on behalf of Immsi, for any reason and without making any distinctions or exceptions, are committed to these principles and the contents of the Code of Ethics being adopted, as part of their own functions and responsibilities and when carrying out their professional and other activities, also outside the Immsi Group.

For a clear and complete overview, the Group operates in three sectors and more specifically: the "property and holding sector" which comprises the results of Immsi S.p.A., Immsi Audit S.c. a r.l., Is Molas S.p.A. and Apuliae S.r.l., the "industrial sector" which includes companies belonging to the Piaggio group, and the "marine sector", which includes Intermarine S.p.A..

Some information reported in this section is also indicated separately by production site. In this regard, the sites at Pontedera (Pisa), Noale (Venice), Scorzè (Venice) and Mandello del Lario (Lecco) are used for industrial activities of the Piaggio group, the sites at Sarzana (La Spezia) and Messina (Me) are shipyards and the site at Pula (Cagliari) refers to the Is Molas resort.

Staff

As of 31 December 2019, Group employees numbered 6,552, down by 299 (-4.4%) compared to 31 December 2018.

The average number of employees was affected by seasonal workers in the summer months (with fixed-term contracts and fixed-term service contracts) used to deal with typical peaks in demand in the summer months, particularly in the industrial and property sectors (tourism/hotel industry).

The geographic location and category of Immsi Group employees at 31 December 2019 are shown below, compared to figures at 31 December for the previous two years, differentiated by business sector.

Information on the level of education, differentiated by geographic area, and the incoming and outgoing turnover rate by professional category for Immsi Group employees, for 2019, is also provided.

The information below is in units, unless otherwise indicated.

Company employees by geographic segment at 31 December

	31.12.2019			
	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Group total</i>
EMEA and Americas	68	3,483	262	3,813
<i>of which Italy</i>	68	3,199	262	3,529
India		1,749		1,749
Asia Pacific 2W		990		990
TOTAL	68	6,222	262	6,552
	31.12.2018			
	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Group total</i>
EMEA and Americas	69	3,586	267	3,922
<i>of which Italy</i>	69	3,324	267	3,660
India	0	2,026	0	2,026
Asia Pacific 2W	0	903	0	903
TOTAL	69	6,515	267	6,851
	31.12.2017			
	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Group total</i>
EMEA and Americas	69	3,682	275	4,026
<i>of which Italy</i>	69	3,444	275	3,788
India	0	2,090	0	2,090
Asia Pacific 2W	0	848	0	848
TOTAL	69	6,620	275	6,964

Average number of company employees by professional category

	2019			
	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Group total</i>
Senior management	5	105	6	116
Middle management	7	671	29	707
White collars	31	1,728	117	1,876
Blue collars	50	3,919	111	4,081
TOTAL	93	6,424	263	6,780
	2018			
	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Group total</i>
Senior management	5	98	7	110
Middle management	7	631	32	670
White collars	33	1,708	115	1,855
Blue collars	47	4,261	114	4,422
TOTAL	92	6,698	268	7,054
	2017			
	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Group total</i>
Senior management	5	96	7	108
Middle management	6	593	31	630
White collars	30	1,728	119	1,877
Blue collars	42	4,251	120	4,413
TOTAL	83	6,668	277	7,028

Company employees by educational qualifications at 31 December 2019

<i>Employee/staff numbers</i>	Graduate degree	High school	Middle school	Primary school	Total
EMEA and Americas	871	1,889	1,011	42	3,813
<i>of which Italy</i>	687	1,807	998	37	3,529
India	549	1,200	-	-	1,749
Asia Pacific	365	623	2	-	990
TOTAL	1,785	3,712	1,013	42	6,552
%	27.2%	56.7%	15.5%	0.6%	

Turnover of company employees by geographic segment at 31 December 2019

The turnover of company employees in Italy and EMEA/Americas is shown below, considering outgoing and incoming personnel, overall.

	Staff at 31 December 2019	Men	Women	< 31	31 - 40	41 - 50	> 50	Total	% Turnover
Incoming									
Italy	3,529	286	138	200	100	104	20	424	12.0%
EMEA Americas (excl. Italy)	284	59	13	28	21	13	10	72	25.4%
TOTAL	3,813	345	151	228	121	117	30	496	13.0%
Leavers									
Italy	3,529	378	173	146	104	101	200	551	15.6%
EMEA Americas (excl. Italy)	284	46	7	13	17	14	9	53	18.7%
TOTAL	3,813	426	180	159	121	115	209	604	15.8%

The turnover of company employees in India and Asia Pacific is shown below, excluding staff on temporary contracts, which are widely used also for short and very short periods in these geographic areas, from the calculation of incoming and outgoing flows.

	Staff at 31 December 2019	Men	Women	< 31	31 - 40	41 - 50	> 50	Total	% Turnover
Incoming									
India	1,277	106	3	36	62	10	1	109	8.5%
Asia Pacific	600	9	5	5	8	1	0	14	2.3%
TOTAL	1,877	115	8	41	70	11	1	123	6.6%
Leavers									
India	1,277	135	5	33	64	30	13	140	11.0%
Asia Pacific	600	31	13	17	22	5	0	44	7.3%
TOTAL	1,877	166	18	50	86	35	13	184	9.8%

Company employee turnover by professional category in Italy at 31 December 2019

	<i>Staff at 31 December 2019</i>	<i>Men</i>	<i>Women</i>	<i>< 31</i>	<i>31 - 40</i>	<i>41 - 50</i>	<i>> 50</i>	<i>Total</i>	<i>% Turnover</i>
Incoming									
Senior management	79	4	2	0	1	4	1	6	7.6%
Middle management	259	10	1	0	3	7	1	11	4.2%
White collars	1,036	58	31	56	19	8	6	89	8.6%
Blue collars	2,155	214	104	144	77	85	12	318	14.8%
TOTAL	3,529	286	138	200	100	104	20	424	12.0%
Leavers									
Senior management	79	2	1	0	0	3	0	3	3.8%
Middle management	259	18	1	0	3	4	12	19	7.3%
White collars	1,036	69	32	20	23	10	48	101	9.7%
Blue collars	2,155	289	139	126	78	84	140	428	19.9%
TOTAL	3,529	378	173	146	104	101	200	551	15.6%

Personnel management policies

Immsi and Group companies adopt systems, procedures and practices for personnel recruitment, development and remuneration that recognise and reward the merit and commitment of human resources, while respecting equal opportunities. Any type of discrimination is specifically forbidden by the Code of Ethics.

Individual Group companies have established their own procedures and practices for personnel management based on their organisational configuration and own characteristics and professional needs. In fact, the Group does not consider a uniform personnel management system to be efficient or effective, given the considerable difference in the business segments its subsidiaries operate in, despite being united by principles of ethics, transparency and meritocracy.

To offset employment risks which are significant for Group companies, specific policies have been established, where considered necessary, for recruitment, career development, training, remuneration and talent management, which are adopted in all countries where the Group operates according to the same principles of merit, fairness and transparency.

COMPETITIVE ORGANISATION

The Group pursues an innovative organisation as a way of creating a competitive edge, while respecting, in relations with staff and regardless of the work they carry out, the principles set out in the Code of Ethics adopted by individual Group companies, in all circumstances, as well as the laws in force in the geographic areas where the Company operates.

The Piaggio group pursues an innovative organisation as a way of creating a competitive edge and supporting a multicultural, multinational, lean dimension focussed on the customer and on generating value. The subsidiary Intermarine, with its sights set on customer focus and logics targeting complex projects, pursues an organisational configuration that is functional to its contractual programmes, with specific, multidisciplinary teams assigned to individual contracts, that can generate added professional value to achieve time, cost and quality objectives.

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

RECRUITMENT

Personnel recruitment takes place in full compliance with Law, the Code of Ethics, the Model pursuant to Italian Legislative Decree no. 231/01 and company procedures, where present.

As part of recruitment, which respects equal opportunities and non-discrimination, Immsi ensures that resources employed match profiles necessary for company requirements, avoiding favouritism or any type of facilitation.

To maximise the effectiveness of the recruitment process, the Group selects recruitment channels based on the specific professional profiles to employ, establishing successful partnerships with schools, universities, training centres, employment agencies, etc.. The Group's bigger companies have been given even greater visibility with a specific section in company websites, for people to register and send in their CVs, which can then be entered in a database.

CAREER DEVELOPMENT

The Group sees the possibility of offering its employees concrete career development paths and the security that they can build up their own career within the Group as fundamental in retaining talent and expertise.

Career and development paths are based primarily on an assessment of skills, behaviours, performance and potential, with the aim to create a pool of highly motivated people to fill key positions.

The development of the core skills necessary to remain in step with evolving markets and business is a priority.

In particular, the human resources development policies of the Piaggio group are focused on establishing, maintaining and developing factors that are decisive for competing in international contexts and that are continually aligned with the strategic business plan. During 2019, the group carried out gap analysis in order to establish development and training plans to improve its competencies compared to the previous year.

Piaggio has produced a professional competencies models that represents the professional expertise and know how comprising the basis and guarantee of continual, quality results. The goal of development tools is to build and improve the managerial and professional skills required by the respective models, while bringing potential to fruition and assessing and rewarding excellent performance and safeguarding specific technical know-how. Specifically, the tools used by Piaggio include: development plans (that reflect the growth plans for employees), job rotation and involvement in strategic or international projects, managerial and professional training and the talent management programme for younger employees. During 2019, development actions to reinforce the group's international presence and promote the development of individuals who demonstrate potential were consolidated. In fact, a balanced mix of nationalities from countries where the group operates took part in the talent programme.

For our highest value human assets, management and professional career paths are designed in order to cover key roles and ensure that the strategic and technological know-how of the group is retained and developed at an international level. Piaggio uses a number of tools for the supervision and management of succession plans with regard to key group positions, and in 2019, it used the global It platform to test the methodology implemented, which also takes into account the skills and performances recorded each year.

For further details, see the 2019 NFS published by Piaggio & C. S.p.A..

In the marine sector, Intermarine recruits new graduates with technical/engineering and scientific backgrounds, at regular intervals, to join the company and gradually build up their career. This approach involves an initial extra-curricular work placement, based on specific agreements and training projects stipulated with the province of La Spezia, and a second stage where the person is

employed on a professional apprenticeship contract, in order to obtain a specific professional qualification based on a dedicated training plan.

EVALUATION

The Immsi Group ensures that the criteria and procedures adopted to review personnel performance, managerial and professional skills and potential in relation to assigned roles, company requirements and possible development paths, where identified, are made known to personnel. Performance evaluation influences both development and career paths and rewarding.

With particular reference to the Piaggio group, the review process is managed in an integrated way through a dedicated It platform and provides the information necessary for the processes of succession planning, management reviews and a gap analysis of professional competencies, which are conducted across the Group.

Percentage of employees who received performance and career development reviews in 2019 by geographic segment and gender

	<i>EMEA&Americas</i>		<i>of which Italy</i>		<i>Asia Pacific 2W</i>		<i>India</i>		<i>Total</i>	
	<i>M</i>	<i>W</i>	<i>M</i>	<i>W</i>	<i>M</i>	<i>W</i>	<i>M</i>	<i>W</i>	<i>M</i>	<i>W</i>
Senior management	98%	100%	97%	100%	100%	100%	100%	n/a	98%	100%
Middle management	92%	89%	91%	87%	100%	100%	100%	100%	97%	92%
White collars	90%	88%	87%	86%	100%	100%	100%	100%	94%	90%
Blue collars	n/a	n/a	n/a	n/a	100%	100%	n/a	n/a	n/a	n/a

TRAINING

The Group places considerable attention on technical, operational, safety and specific professional training: during 2019, a total of 95,156 training hours were delivered, mainly in line with the per capita average for 2018 and in line with the health and safety training campaign in Italy that involved all employees (blue collars, white collars, middle and senior management). Training is designed to meet the needs of all company employees, guaranteeing bespoke solutions.

The main companies of the Immsi Group have their own company training management and organisation procedures.

The Piaggio group has put in place a platform, called Piaggio Global Training, which is used to manage and monitor the whole training process. The process methodology, starting from the analysis of training needs, is the same in every region thereby ensuring a uniform training policy.

Intermarine adopts a specific procedure as part of its Quality System, with an annual review of the professional/technical training needs of staff in each department; this review is used to develop its Training Plan, approved by the Chief Executive Officer. This Training Plan, which includes mandatory occupational health and safety training, is then put in place, with a priority on public training, funded through ongoing and successful partnerships with Training Organisations. Intermarine has provided training through inter-professional and private funding and takes part in intercompany training projects.

Hours of training by training area

Thematic area	2019			2018			2017		
	EMEA&Americas	India	Asia Pacific 2W	EMEA&Americas	India	Asia Pacific 2W	EMEA&Americas	India	Asia Pacific 2W
Managerial training	7,438	7,428	3,185	5,859	11,942	1,371	6,303	14,098	742
Technical professional training	20,071	5,123	1,218	17,900	7,110	4,166	11,379	6,762	408
Language training	5,988	928	2,896	4,815	-	132	5,365	216	640
Health and safety training	25,917	10,262	4,688	34,095	8,674	3,059	8,504	5,186	5,544
TOTAL	59,414	23,741	11,987	62,669	27,726	8,728	31,551	26,262	7,334

Total training hours by professional category

Professional category	2019	Total per-capita 2019*	2018	Total per-capita 2018*	2017	Total per-capita 2017*
Senior	1,014	8.7	1,592	14.2	1,243	11.3
Middle	12,537	17.8	12,893	19.0	11,439	17.8
White collars	31,258	16.9	40,041	21.3	35,072	18.7
Blue collars	38,612	10.0	38,055	9.1	13,496	3.1
Other workers	11,722	n/a	6,542	n/a	3,897	n/a
TOTAL	95,142	12.7	99,123	13.5	65,147	8.8

* value determined by assigning all training hours delivered (including internships, project training, etc.) to the numerator, and the workforce at 31 December 2019 to the denominator.

Training hours by gender

Thematic area	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managerial training	14,617	3,434	18,051	16,424	2,748	19,172	18,836	2,307	21,143
Technical – professional training	20,809	5,604	26,412	23,383	5,794	29,176	16,346	2,203	18,549
Language training	7,247	2,565	9,812	2,977	1,970	4,947	4,114	2,107	6,221
Health and safety training	33,529	7,338	40,867	35,790	10,038	45,828	15,876	3,358	19,234
TOTAL	76,202	18,941	95,142	78,574	20,550	99,123	55,172	9,975	65,146

The above data do not consider on-the-job training hours.

REWARDS

The Immsi Group's reward policies are designed to reward individuals and recognise their contribution to the company, according to criteria of competitiveness, fairness and meritocracy. The Group's reward system differs based on the Group's companies.¹

¹For the purposes of GRI Standard 401-2, as regards "significant locations of operations", the sites at Pontedera, Noale, Scorzè and Mandello del Lario are used for industrial activities of the Piaggio group, the sites at Sarzana and Messina are shipyards and the site at Pula refers to the Is Molas resort. There is also the holding company Immsi S.p.A., based in Mantua.

Piaggio offers to new recruits and all its employees a salary package in line with best market practices. This is why a salary review process has been adopted. For details, see the 2019 NFS published by Piaggio & C. S.p.A..

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

Piaggio offers a benefits package in line with best local market practices, which is structured on an organisational basis. Benefits include, by way of example: a company car, supplementary healthcare, a company medical centre at various sites, agreements with local entities and organisations of interest for employees.

At a national level, benefits are provided to full-time as well as to part-time employees without distinction.

Intermarine remunerates and rewards personnel through salary policies and strategies that recognise the competencies, responsibilities, commitment and contribution made by each person, in compliance with criteria of fairness and competitiveness, and that also recognise the specific and particular economic, financial and productive aspects of the company and its relative contracts. Intermarine reviews personnel salaries on a continual basis and consults with managers of each department at regular intervals to identify any critical aspects as regards professional categories and salary brackets. Intermarine gives all employees who are senior managers and some key staff a company car, regardless of their type of employment contract (full-time, part-time, fixed term).

Salary and performance review policies for personnel of companies in the property and holding sectors are based on organisational logics and principles of meritocracy and impartiality. Reviews at regular intervals make it possible to identify the strengths and weaknesses of each employee and start a process aimed at retaining resources that make the most significant contributions.

Benefits are also provided as per contract provisions, covering supplementary pension schemes, accident/life/disability insurance, parental leave and healthcare, regardless of whether contracts are full or part-time.

Ratio between the average remuneration of women and men in the same professional category¹

	<i>Italy</i>	<i>EMEA (excl. Italy)</i>	<i>Asia Pacific</i>	<i>India</i>
Senior management	0.95			
Middle management	0.86	1.04	0.87	1.01
White collars	0.87	0.88	0.86	0.77
Blue collars	0.94		0.95	

On the basis of internal analyses of recognised salary conditions, no significant differences were detected within the Immsi Group between the basic salary and the remuneration of men compared to women with the same category, experience and assigned duties.

This basic uniformity in salaries for male and female staff is also confirmed by analysis of the minimum salary of new recruits and guaranteed compliance with limits of local legislation.

¹ Categories not reported in individual geographic segments do not have any female employees.

Diversity and equal opportunities

In relations with its staff and regardless of the type of work carried out, the Immsi Group respects, in all circumstances, the principles set out in the Code of Ethics adopted by each Group company, which has been updated with the introduction of an article specifically on the protection of human rights and workers' rights.

As provided for in the aforesaid Code of Ethics, the Group 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. Directors, staff and more generally everyone operating on behalf of Immsi, for any reason and without making any distinctions or exceptions, are committed to these principles and the contents of the Code of Ethics being adopted, as part of their functions and responsibilities and when carrying out their professional and other activities. This commitment is made by each party by signing contracts (of employment, sale, purchase, etc.), that include clauses on respecting the Code. Immsi and its subsidiaries do not resort to child labour according to the age limits in force in various countries or to forced labour and observe laws in effect in the areas where they operate. No infringements of the above principles have been reported.

For further details on diversity management in the Piaggio group, which operates on a global scale with employees in Europe, America and Asia and considerable age/gender distinctions, see the 2019 NFS published by Piaggio & C. S.p.A..

As regards the composition and promotion of diversity of Immsi S.p.A. company boards, see the Report on Corporate Governance and Ownership.

FEMALE EMPLOYMENT

Female employees in the Group play a fundamental role at all levels of the organisational structure. They account for 20.8% of the workforce, slightly up on the figure of 20.3% for 2018.

Company employees by gender and geographic segment at 31 December 2019

	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
EMEA and Americas	2,659	1,154	2,739	1,183	2,834	1,192
<i>of which Italy</i>	2,441	1,088	2,536	1,124	2,649	1,139
India	1,717	32	1,971	55	2,044	46
Asia Pacific	810	180	749	154	704	144
TOTAL	5,186	1,366	5,459	1,392	5,582	1,382

Number of women employees at 31 December 2019 per geographic segment

	Fixed-term contract		Open-ended contract		Total		% Women
	Men	Women	Men	Women	Men	Women	
EMEA and Americas	26	8	2,633	1,146	2,659	1,154	30.3%
<i>of which Italy</i>	26	7	2,415	1,081	2,441	1,088	30.8%
India	466	6	1,251	26	1,717	32	1.8%
Asia Pacific	318	72	492	108	810	180	18.2%
TOTAL	810	86	4,376	1,280	5,186	1,366	20.8%

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

Company employees by profession, gender and geographic segment at 31 December 2019

Employee/staff numbers	Full time			Part time			% Part time
	Men	Women	Total	Men	Women	Total	
EMEA and Americas	2,651	975	3,626	8	179	187	5%
of which Italy	2,433	912	3,345	8	176	184	5%
India	1,717	32	1,749	0	0	0	0%
Asia Pacific	810	180	990	0	0	0	0%
TOTAL	5,178	1,187	6,365	8	179	187	3%

Our companies apply laws passed by pertinent national legislation. The Group does not discriminate in any way against women who take maternity leave.

YOUNG EMPLOYEES

The Group's largest population is in the 41-50 age group, as shown below.

Company employees by professional category and age bracket at 31 December 2019

	up to 30		31-40		41-50		> 50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
2019										
Senior management	0	0	8	1	33	4	65	6	106	11
Middle management	4	1	175	27	262	31	182	22	623	81
White collars	203	98	467	154	357	158	317	99	1,344	509
Blue collars	856	57	657	90	924	373	676	245	3,113	765
TOTAL	1,063	156	1,307	272	1,576	566	1,240	372	5,186	1,366
2018										
Senior management	0	0	8	0	31	3	67	3	106	6
Middle management	3	2	176	22	249	35	167	24	595	83
White collars	187	95	491	153	382	155	322	97	1,382	500
Blue collars	1,097	69	637	93	929	374	710	270	3,373	806
TOTAL	1,287	166	1,312	268	1,591	567	1,266	394	5,456	1,395
2017										
Senior management	0	0	5	0	36	3	63	3	104	6
Middle management	1	2	165	23	238	27	165	20	569	72
White collars	184	80	500	157	401	162	310	87	1,395	486
Blue collars	1,211	60	618	114	959	382	729	259	3,517	815
TOTAL	1,396	142	1,288	294	1,634	574	1,267	369	5,585	1,379

Company employees up to 30 years of age by geographic segment at 31 December 2019

<i>Employee/staff numbers</i>	<i>up to 30</i>	<i>%</i>
EMEA and Americas	185	5%
India	515	29%
Asia Pacific	519	52%
TOTAL	1,219	19%

STAFF ENGAGEMENT

The Immsi Group aims to keep its employees up to date about its business performance and prospects, and to bring them closer to the strategies of senior management.

In particular, Piaggio uses communication and information tools which respect and empower the social and cultural realities within the group. For further details on these tools, which include the national “PiaggioNet” portal and the “PiaggioNet International” portal, which are in English, see the 2019 NFS published by Piaggio & C. S.p.A..

Industrial relations

The Immsi Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focussed on attention, engagement and a common understanding.

The Group complies with the labour legislation of countries where it operates. The minimum notice to give in the case of major organisational changes depends on the country where the employee works and on local applicable legislation.

Italy

With reference to Piaggio group, during 2019, dialogue and exchange of views with the trade unions and with employee representatives continued with the aim to find shared solutions to the market crisis and deal with its impact on workers. Through collective bargaining, shared management tools were identified that can adequately address the long-term crisis in the sector, while safeguarding the skills present in the company by promoting their reuse.

The National Collective Bargaining Agreement (CCNL) is valid throughout Italy. In the case of major organisational changes, provisions of law and of the relative collective bargaining agreement are complied with.

With particular regard to the industrial sector, at the end of negotiations which began in 2017, a draft version of a 2nd level (supplementary) collective agreement was signed on 23 January 2020 with national and provincial branches of trade unions and trade union representatives of Pontedera, Noale, Scorzè and Mandello del Lario, for production units in Italy, valid up until 31.12.2022 that has been approved by workers with a referendum held on February 2020.

As regards the Pontedera site, which is now fully established as a centre of excellence in innovation, research and design and in the production of vehicles and engines, a new trade union agreement was signed for the use of the Solidarity Contract from November 2018 to March 2019, subsequently renewed from October 2019 to January 2020.

In July 2019, a mobility procedure was launched for 180 employees in order to downsize staff activities, facilitating a generational shift and structurally rebalancing the production workforce.

1. The Ordinary Redundancy Fund was used occasionally during 2019 at the Noale site, where motorcycle design and development activities are carried out.

2. On 26 November 2018, an agreement with local trade unions and trade union representatives was signed at the Ministry of Labour and Social Policies, to continue the Special Redundancy Fund for reorganisation at the Scorzè unit from 9 January 2019 to 8 January 2020.

3. On the same date, a procedure was started for a collective decrease in staff, approved by workers, and concerning 105 people overall, in order to promote an easier management of structural excesses.

4. On 13 December 2019, an agreement with local trade unions and trade union representatives was signed at the Ministry of Labour and Social Policies, to continue the Special Redundancy Fund for reorganisation at the Scorzè unit from 9 January 2020 to 8 January 2021. At the same time, a procedure for the collective decrease in personnel was started, agreed by staff and concerning a total of 100 people.

5.

6. At the Mandello del Lario production unit, the increase in work related to the summer production rise was managed in 2019 by using contractual multi-week hours, as well as agency workers.

7.

No mobility procedures were adopted, or solidarity contracts or other types of social shock absorbers used in the Immsi Group during 2019.

Membership of trade union organisations at Italian sites at 31 December 2019 is shown in the table below:

	<i>FIOM</i>	<i>UILM</i>	<i>FIM</i>	<i>UGL</i>	<i>USB</i>	<i>CGIL/CISL/UIL</i>	<i>Other</i>	<i>Total</i>	<i>% of employees who are members of a trade union</i>
Industrial sector									
Pontedera	211	239	283	97	45	1		876	35.1%
Noale and Scorzè	119	1	142					262	50.5%
Mandello del Lario	35	2	23					60	64.5%
Marine sector									
Sarzana						65		65	33.2%
Messina		9	2				41	52	78.8%
Property sector									
Pula						2		2	4.2%

The table below provides a summary of the hours lost due to strikes from 2017 to 2019 at the company's sites in Italy:

Piaggio

		2019	2018	2017
NO. OF HOURS LOST DUE TO STRIKES	<i>General/category</i>	22,303	1,400	1,100
	<i>Company</i>	8,292	14,526	9,877
	TOTAL	30,595	15,926	10,977
% HOURS LOST compared to HOURS WORKED	<i>General/category</i>	1.18%	0.07%	0.05%
	<i>Company</i>	0.44%	0.8%	0.5%
	<i>of which Pontedera compared to hours worked at Pontedera</i>	1.83%	0.89%	0.58%
	TOTAL	1.61%	0.83%	0.55%
NO. OF DAYS LOST DUE TO STRIKES	<i>General/category</i>	2,788	175	138
	<i>Company</i>	1,036	1,816	1,235
	TOTAL	3,824	1,991	1,373

For more details on trade union representation of the Piaggio group in Vietnam and India, see the 2019 NFS published by Piaggio & C. S.p.A..

Intermarine

		2019	2018	2017
NO. OF HOURS LOST DUE TO STRIKES	<i>General/category</i>	312	1,152	0
	<i>Company</i>	0	0	0
	TOTAL	312	1,152	0
% HOURS LOST compared to HOURS WORKED	<i>General/category</i>	0.01%	0.33%	0%
	<i>Company</i>	0%	0%	0%
	TOTAL	0.01%	0.33%	0%
NO. OF DAYS LOST DUE TO STRIKES	<i>General/category</i>	39	144	0
	<i>Company</i>	0	0	0
	TOTAL	39	144	0

No industrial unrest was reported for other Group companies, during the 2017 - 2019 period.

Occupational health and safety

Immsi and the Group undertake 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 their employees.

The extensive industrial segments in which the Group operates pose a risk related to suitable health and safety conditions in the workplace, and imply an impact also as regards accidents, occupational diseases, loss of reputation and the payment of compensation.

The Group considers safety training as a key driver for disseminating a safety culture and promoting a conduct that ensures appropriate working conditions, and encourages people to behave responsibly and appropriately. This strategy and the monitoring of workers and staff and their compliance with occupational health and safety procedures and instructions are essential for mitigating and adequately dealing with risks concerning the work force, as indicated above.

For information about concrete actions targeting occupational health and safety taken by the Piaggio group, as well as standards and policies of its Indian and Vietnamese subsidiaries, see the 2019 NFS published by Piaggio & C. S.p.A..

Accident statistics (frequency and severity) by production site for Group companies in Italy are reported below. The sites at Pontedera (Pisa), Noale (Venice), Scorzè (Venice) and Mandello del Lario (Lecco) are used for industrial activities of the Piaggio group, the sites at Sarzana (La Spezia) and Messina are shipyards and the site at Pula (Cagliari) refers to the Is Molas resort.

Accident Frequency ¹Index in Italy

	2019	2018	2017
Industrial sector			
Pontedera	1.4	1.2	1.4
Noale and Scorzè	0.7	0.5	0.3
Mandello del Lario	0.5	0.7	0
Marine sector			
Sarzana	2.3	1.5	0.8
Messina	5.8	0	7.1
Property sector			
Pula	0	0.8	4.1

¹ The Frequency Index is: $If = (\text{No. of accidents} * 100,000) / \text{Hours worked}$.

The number of accidents is calculated considering only accidents in the workplace, excluding accidents reported pursuant to Article 53 of Italian Presidential Decree no. 1124/65. As of article 53, both commuting accidents and accidents not considered reliable (due to the lack of a violent cause or lack of a causal link or lack of work activity) are reported.

Accident Severity index¹ in Italy

	2019	2018	2017
Industrial sector			
Pontedera	24.5	24.5	30.6
Noale and Scorzè	15.1	11.6	6.1
Mandello del Lario	14.3	9.2	0
Marine sector			
Sarzana	36.6	20.8	37.6
Messina	77.4	0	369.2
Property sector			
Pula	0	10.9	64.6

Occupational diseases recorded at Italian sites of the Group and reported in this NFS are indicated below:

	2019		2018		2017	
	Reported	Acknowledged	Reported	Acknowledged	Reported	Acknowledged
Industrial sector						
Pontedera	75	(*)	70	(*)	95	(*)
Noale and Scorzè	0	0	0	0	0	0
Mandello del Lario		(*)	1	(*)	0	0
Marine sector						
Sarzana	0	0	0	0	0	0
Messina	0	0	0	0	0	0

(*) to date, the outcome from INAIL concerning occupational diseases reported in the year considered is not known.

As regards the property and holding sector, no occupational diseases were reported during the 2017 – 2019 period. In this regard, at the Cagliari site, one worker submitted an application to Inail concerning an occupational disease (due to harm prior to employment with Is Molas S.p.A.).

As regards reporting and indexes related to occupational health and safety at the Group's foreign sites, see the 2019 NFS published by the Piaggio group.

Relations with local communities

Immsi Group companies are committed to initiatives that support local communities, also through sponsorships and donations to external projects. The aim is to foster the social, cultural and sporting achievements of communities.

In the industrial sector, Piaggio is strongly committed through its Foundation (Fondazione), the Piaggio Museum (Museo Piaggio) and Archive (Archivio Storico).

Activities and events organised, as well as charity initiatives and sponsorships overseen by the Piaggio group in Italy, India and Vietnam are described in full in its 2019 NFS.

Intermarine S.p.A. is committed to engaging with local communities, through donations and sponsorships, and with specific stakeholders.

For the last few years, the Immsi Group, through the Parent Company, has supported educational and rehabilitation activities for children with disabilities from cerebral palsy, making donations to the "Casa del Sole Onlus" association, on behalf of all employees. In forty years of activities, the "Casa del Sole" has helped more than 5,000 children, offering valuable support to their families.

¹ The severity index is calculated as $Ig = (\text{working days lost} / \text{hours worked}) \times 100,000$. In calculating the Index, working days lost because of all accidents were considered, excluding those reported pursuant to Article 53 of Presidential Decree no. 1124/65. As of article 53, both commuting accidents and accidents not considered reliable (due to the lack of a violent cause or lack of a causal link or lack of work activity) are reported.

The supply chain

The reporting boundary for this dimension is as follows:

- Property and holding sector: Immsi S.p.A. and Is Molas S.p.A.;
- Industrial sector: Piaggio & C. S.p.A, Piaggio Vietnam Co. Ltd., Piaggio Vehicles Private Ltd., Piaggio Advance Design Center, Piaggio Fast Forward Inc., Foshan Piaggio Vehicles Technologies Co. Ltd.;
- Marine sector: Intermarine S.p.A..

The inclusion of Group companies in the reporting boundaries which provide consultancy, financial services or that carry out few operations, such as Immsi Audit S.c. a r.l., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l., Pietra Ligure S.r.l. and Apuliae S.r.l. was not considered as material, given the low number of purchases made.

Property and holding sector¹

In 2018, the company Immsi S.p.A worked with 147 suppliers, purchasing commodities, materials, goods, products and services for approximately €3.6 million. Total payments made in the previous year amounted to approximately €3.3 million. Nearly all purchases are sourced from Italian suppliers (98.5%).

For the management of its property situated in Rome, Immsi S.p.A. is assisted by specialist maintenance companies, and in some cases enters into contracts.

In 2019, Is Molas S.p.A worked with 389 suppliers, purchasing commodities, materials, goods, products and services for approximately €8.1 million. Total payments made in the previous year amounted to approximately €8.6 million.

The geographic distribution of purchases is shown below:

Geographic segment	2019	2018	2017
Italy ¹	99.0%	98.8%	97.0%
Abroad	1.0%	1.2%	3.0%

Note: the geographic area "Italy" corresponds to the definition of "local" as defined in GRI Standard 204-1. "Significant locations of operations" mean the resort of Is Molas at Pula (Cagliari).

As regards Is Molas S.p.A., hospitality supplies mainly refer to three segments: food and beverage; laundry services (for resort rooms and the restaurant); hotel and sports' facilities maintenance, with the relative supply of golf course products.

The companies Immsi S.p.A. and Is Molas S.p.A have established specific procedures to regulate supplier selection and the goods and services procurement process. In addition, a specific general clause is included in each purchase order/contract in which the supplier and partners acknowledge and undertake to observe provisions in Legislative Decree no. 231/01 and the Code of Ethics adopted by the company.

¹The geographical area of "Italy" corresponds, for the purposes of the Standard GRI 204-1, to the definition of "local". In addition, with reference to the real estate and holding sector, the definition of "significant locations of operation" required by the Standard GRI corresponds to the following locations:

- Immsi S.p.A.: with registered office in Mantua (MN) and property in Rome (RM);
- Is Molas S.p.A.: the registered office of Mantua and resort of Is Molas in Pula (Cagliari).

Industrial sector ¹

Piaggio group produces vehicles that are sold under its brand on the various markets around the world. The only exception regards vehicles purchased by the Chinese subsidiary Zongshen Piaggio Foshan (about 17,210 units in 2019, equivalent to 2.8% of vehicles sold). Piaggio is a leader in engine technology and produces engines at its plants both for internal production and to meet the demand of other manufacturers.

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

In 2019, Italian plants purchased merchandise and spare parts for an overall value of €415 million (excluding complete vehicles) from around 683 suppliers. The first ten suppliers made up 18.73% of the purchases. The geographic breakdown of purchases is shown below. Payments to suppliers amounted to approximately €641 million.

GEOGRAPHIC LOCATION OF PURCHASES FROM SUPPLIERS FOR ITALIAN SITES

<i>Geographic segment</i>	2019	2018	2017
EMEA	67.5%	65.7%	68.0%
China+Taiwan	19.4%	20.8%	19.0%
Vietnam	6.0%	5.8%	5.0%
India	6.2%	6.7%	7.0%
Japan	0.4%	0.3%	1.0%
Others	0.5%	0.7%	-

Note: the geographic area "EMEA" corresponds to the definition of "local" as defined in GRI Standard 204-1. "Significant locations of operations" mean the production sites of the Piaggio group in Italy. Pontedera (Pisa), Noale (Venice), Scorzè (Venice), Mandello del Lario (Lecco).

In 2019, plants in India purchased raw materials, merchandise and spare parts for an overall value of €318 million from around 620 of their own suppliers. The first ten suppliers made up 36% of the total purchases. Total payments amounted to approximately €500 million.

GEOGRAPHIC LOCATION OF PURCHASES FROM SUPPLIERS FOR INDIAN SITES

<i>Geographic segment</i>	2019	2018	2017
India	96.0%	95.1%	97.2%
Other	4.0%	4.9%	2.8%

Note: the geographic area "India" corresponds to the definition of "local" as defined in GRI Standard 204-1. "Significant locations of operations" mean the production site in Baramati (India).

In 2019, plants in Vietnam purchased merchandise and spare parts for an overall value of €172 million from around 230 suppliers. The first ten suppliers made up 36% of the purchases. Total payments amounted to approximately €177 million.

GEOGRAPHIC LOCATION OF PURCHASES FROM SUPPLIERS FOR VIETNAMESE SITES

<i>Geographic segment</i>	2019	2018	2017
Vietnam	59.0%	53.3%	47.1%
China+Taiwan	18.4%	21.3%	19.8%
EMEA	18.2%	20.1%	26.9%
India	1.8%	2.0%	2.4%
Others	2.6%	3.3%	3.8%

Note: the geographic area "Vietnam" corresponds to the definition of "local" as defined in GRI Standard 204-1. "Significant locations of operations" mean the production site in Vihn Phuc (Vietnam).

¹ For the industrial sector, only purchases of materials and components were considered. Purchases of services were excluded.

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

The Piaggio group is convinced that responsibility is a commitment which must positively involve everyone in the company-supplier chain; this is why suppliers worldwide that wish to do business with Piaggio have to sign the general conditions of supply of the Piaggio group which include the "Code of Ethics and Guidelines for doing business". Audits are regularly conducted on suppliers of direct materials to ensure their effective compliance.

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

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

For specific information about the role of Piaggio and its Corporate Finance Area, Vendor Assessment Function and Suppliers Portal, see the 2019 NFS of the Piaggio group.

Marine sector

In 2019, Intermarine worked with 886 suppliers, purchasing commodities, goods, products and services for a value of approximately €47.6 million. Total payments made in the previous year amounted to approximately €47.7 million.

The geographic distribution of purchases is shown below:

<i>Geographic segment</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>
Italy	80.2%	84.4%	76.0%
EMEA (excluding Italy)	19.7%	14.8%	23.0%
Others	0.1%	0.8%	1.0%

Note: the geographic area "Italy" corresponds to the definition of "local" as defined in GRI Standard 204-1. "Significant locations of operations" refer to Intermarine shipyards located at Sarzana (La Spezia) and Messina.

Suppliers are selected based on the prior evaluation of their reliability and dependability in guaranteeing products and services of a quality that meets Intermarine S.p.A.'s technical and planning requirements.

The selection process is based on an internal procedure overseen in conjunction with the Quality, Environment and Safety Department and Purchasing Department, which applies to suppliers of goods and services necessary to manufacture company products, such as:

- Components, apparatus and machinery for plants;
- Labour (contracts);
- Design services;
- Consultancy services.

Intermarine endeavours to prevent the use by third parties of its economic and financial system for the purpose of money laundering and financing terrorism by its customers and suppliers, verifying with the utmost diligence the respectability of its partners prior to establishing business relationships with them. Potential suppliers must guarantee compliance with laws and regulations applicable in all countries where Intermarine operates, with particular reference to specific legislation on the environment, health and safety. In fact, Intermarine does not work with organisations that do not intend observing the above.

With particular reference to the selection of suppliers for ship construction contracts, the following are considered strategic:

- ISO 9001 certification (of the company quality management system) and AQAP 2110 (NATO quality certification);
- Willingness to be audited by Intermarine S.p.A.'s Quality Assurance Department;
- Willingness to take part in scheduled audits, if supplies are contractually covered by Aqap regulations.

GRI Content Index

GRI STANDARD INDEX FOR "IN ACCORDANCE" – CORE			
GRI Standard	#	Disclosure Title	References
GENERAL DISCLOSURE			
ORGANIZATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1	Name of the organization	Group profile
	102-2	Activities, brands, products, and services	Group profile The product and service dimension
	102-3	Location of headquarters	Group profile
	102-4	Location of operations	Group profile
	102-5	Ownership and legal form	Group profile <i>Corporate Governance</i>
	102-6	Markets served	Group profile The product and service dimension
	102-7	Scale of the organization	Group profile The social dimension - Developing human resources; Staff; Directors' Report and Financial Statements of the Immsi Group at 31 December 2019 (http://www.immsi.it/it/investors/bilanci-relazioni); Report on Operations and Consolidated Financial Statements of the Piaggio group at 31 December 2019 (http://www.piaggiogroup.com/it/investor/bilanci-e-relazioni)
	102-8	Information on employees and other workers	The social dimension - Developing human resources; <i>Outsourced staff and contractors are not considered.</i>
	102-9	<i>Supply chain</i>	The supply chain
	102-10	Significant changes to the organization and its supply chain	Group profile The supply chain
	102-11	Precautionary Principle or approach	Corporate Social Responsibility risks
	102-12	External initiatives	The product and service dimension - Piaggio vehicles The products and services dimension - Intermarine vessels
	102-13	Membership of associations	The product and service dimension - Piaggio vehicles The products and services dimension - Intermarine vessels;
STRATEGY			
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	Letter from the Chairman
ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	Corporate Governance - Code of Ethics
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18	Governance structure	<i>Corporate Governance</i> REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP (http://www.immsi.it/it/governance-ita)
STAKEHOLDER ENGAGEMENT			
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Stakeholder engagement
	102-41	Collective bargaining agreements	The social dimension - Developing human resources - Industrial relations; <i>All employment at Italian sites of the Group is regulated according to the relevant National Collective Bargaining Agreement. For non-Italian sites of the Group, regulations and/or collective agreements are adopted. Local regulations and collective agreements where present are therefore adopted for 100% of the Group's employees.</i>
	102-42	Identifying and selecting stakeholders	Methodological note - Materiality analysis; Stakeholder engagement
	102-43	Approach to stakeholder engagement	Stakeholder engagement
	102-44	Key topics and concerns raised	Stakeholder engagement
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	Consolidated non-financial statement of the Immsi Group (Legislative Decree 254 of 30 December 2016) Directors' Report and Financial Statements of the Immsi Group at 31 December 2019 (http://www.immsi.it/it/investors/bilanci-relazioni)
	102-46	Defining report content and topic Boundaries	Methodological note

	102-47	List of material topics	Methodological Note – Contents of the Statement	
	102-48	Restatements of information	<i>Any changes in data reported in the 2018 NFS are appropriately indicated.</i>	
	102-49	Changes in reporting	<i>Any changes in data reported in the 2018 NFS are appropriately indicated.</i>	
	102-50	Reporting period	Consolidated non-financial statement of the Immsi Group (Legislative Decree 254 of 30 December 2016)	
	102-51	Date of most recent report	Consolidated non-financial statement of the Immsi Group (Legislative Decree 254 of 30 December 2016)	
	102-52	Reporting cycle	Consolidated non-financial statement of the Immsi Group (Legislative Decree 254 of 30 December 2016)	
	102-53	Contact point for questions regarding the report	Consolidated non-financial statement of the Immsi Group (Legislative Decree 254 of 30 December 2016)	
	102-54	Claims of reporting in accordance with the GRI Standards	Consolidated non-financial statement of the Immsi Group (Legislative Decree 254 of 30 December 2016)	
	102-55	GRI content index	GRI Content Index	
	102-56	External assurance	Report on the limited audit of the Consolidated Non-Financial Statement	
MATERIAL TOPICS				
GRI Standard	#	Disclosure	References	Omissions/Notes
MARKET PRESENCE				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The social dimension – Developing human resources - Personnel management policies	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The social dimension – Developing human resources - Personnel management policies - Rewarding	Only a brief qualitative contribution is provided.
PROCUREMENT PRACTICES				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The supply chain	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	The supply chain	<i>With reference to the property and holding sector, and marine sector, the purchases and percentages indicated take account of Income Statement items relative to the purchase of materials, services and leases and rentals. For the industrial sector, data on the purchases of production sites relative to the purchase of goods and spare parts is provided. Purchases of commercial companies and research centres are not considered, as they are residual and not relevant.</i>
ANTI-CORRUPTION				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; Corporate Governance - Fighting corruption	
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance - Fighting corruption	
ANTI-COMPETITIVE BEHAVIOR				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; Corporate Governance - Compliance with laws and regulations	
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Corporate Governance - Compliance with laws and regulations	

ENERGY				
GRI Management Approach 2016	103:	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The Environmental Dimension; The Environmental Dimension - Energy consumption	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	The Environmental Dimension - Energy consumption	<i>With reference to the industrial sector, data on the consumption of the Rome and Milan offices are not considered relevant.</i>
WATER				
GRI Management Approach 2016	103:	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The Environmental Dimension; The environmental dimension - Conserving water resources	
GRI 303: Water 2016	303-1	Water withdrawal by source	The environmental dimension - Conserving water resources	<i>With reference to the industrial sector, data on the consumption of the Rome and Milan offices are not considered relevant.</i>
	303-3	Water recycled and reused	The environmental dimension - Conserving water resources	<i>As regards this standard, available data only refer to the Indian and Vietnamese sites of the Piaggio group. As regards the management of wastewater at Is Molas, all wastewater from the hotel/resort premises is ducted into the treatment station of the Is Molas consortium. The treated water is then conveyed to the reservoirs for use in irrigation. As regards the residential expansion project, the property planned and built by the company Is Molas S.p.A. uses heat pumps for heating and cooling that use the technical water from the reservoir system. The technical water discharge systems convey water via pipes to the original reservoir, closing the loop.</i>
EMISSIONS				
GRI Management Approach 2016	103:	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The Environmental Dimension; The environmental dimension - Emissions of CO ₂ and other pollutants	
GRI Emissions 2016	305-1	Energy direct (Scope 1) GHG emissions	The environmental dimension - Emissions of CO ₂ and other pollutants	
	305-2	Energy indirect (Scope 2) GHG emissions	The environmental dimension - Emissions of CO ₂ and other pollutants	<i>With reference to the industrial sector, emissions of commercial sites (also excluding the Milan and Rome offices) are not included in reporting.</i>
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	The environmental dimension - Emissions of CO ₂ and other pollutants	<i>Only emissions of VOCs (volatile organic compounds) from the Piaggio group's sites are reported (from solvents used in painting). Data for the marine sector are available for 2018 and 2019, only for the Sarzana site. Data are not available for the property and holding sector.</i>
EFFLUENTS AND WASTE				
GRI Management Approach 2016	103:	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The Environmental Dimension; The Environmental Dimension – Avoiding contamination of soil and water sources	
GRI Effluents and Waste 2016	306-2	Waste by type and disposal method	The environmental dimension - Waste handling and recovery	
	306-3	Significant spills	The Environmental Dimension – Avoiding contamination of soil and water sources	
ENVIRONMENTAL COMPLIANCE				
GRI Management Approach 2016	103:	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; Corporate Governance - Compliance with laws and regulations	

GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	Corporate Governance - Compliance with laws and regulations	
EMPLOYMENT				
GRI Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Methodological Note – Contents of the Statement; The social dimension - Developing human resources	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	The social dimension - Developing human resources; Staff	<i>The Group reports the turnover rate by professional category and geographic segment.</i>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The social dimension – Developing human resources - Personnel management policies - Rewarding	
LABOR/MANAGEMENT RELATIONS				
GRI Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Methodological Note – Contents of the Statement; The social dimension - Developing human resources	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 402: Labor/management relations 2016	402-1	Minimum notice periods regarding operational changes	The social dimension - Developing human resources - Industrial relations	
OCCUPATIONAL HEALTH AND SAFETY				
GRI Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Methodological Note – Contents of the Statement; The social dimension - Developing human resources	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	The social dimension - Developing human resources - Occupational health and safety	<i>The standard is reported only indicating the frequency index and severity index for Italian production sites of the Immsi Group. Moreover, the number of occupational diseases reported and acknowledged, per production site, is provided.</i>
TRAINING AND EDUCATION				
GRI Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Methodological Note – Contents of the Statement; The social dimension - Developing human resources	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	The social dimension – Developing human resources - Personnel management policies - Training	
	404-2	Programs for upgrading employee skills and transition assistance programs	The social dimension – Developing human resources - Personnel management policies - Development and careers	
	404-3	Percentage of employees receiving regular performance and career development reviews	The social dimension – Developing human resources - Personnel management policies - Assessment	
DIVERSITY AND EQUAL OPPORTUNITY				
GRI Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Methodological Note – Contents of the Statement; The social dimension - Developing human resources	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	The social dimension - Developing human resources - Diversity and equal opportunity	<i>The information required by this standard regarding the Board of Directors is reported in the document "Report on Corporate Governance and Ownership Structure" (http://www.immsi.it/it/governance-ita) Information on employees is set out in the chapter "The Social Dimension".</i>

	405-2	Ratio of basic salary and remuneration of women to men	The social dimension – Developing human resources - Personnel management policies - Rewarding	
NON-DISCRIMINATION				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; Corporate Governance - Code of Ethics; Corporate Governance - Compliance with laws and regulations	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Corporate Governance - Compliance with laws and regulations	
LOCAL COMMUNITIES				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The social dimension - Relations with local communities	
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	The social dimension - Relations with local communities	<i>A brief summary of the quality of actions promoted by Group companies is presented. With reference to the industrial sector, see the 2018 NFS of the Piaggio group, with information on initiatives promoted by the Piaggio Fondazione (Foundation) and Museo (Museum).</i>
COSTUMER HEALTH AND SAFETY				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; The product and service dimension	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	The product and service dimension	<i>The percentage is not provided, but a qualitative contribution is indicated. With reference to the industrial sector, more details are given in the 2019 NFS of the Piaggio group.</i>
MARKETING AND LABELING				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; Corporate Governance - Compliance with laws and regulations	
GRI 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	Corporate Governance - Compliance with laws and regulations	
COSTUMER PRIVACY				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; Corporate Governance - Compliance with laws and regulations	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Governance - Compliance with laws and regulations	
SOCIOECONOMIC COMPLIANCE				
GRI 103: Management Approach 2016		103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Methodological Note – Contents of the Statement; Corporate Governance - Compliance with laws and regulations	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Corporate Governance - Compliance with laws and regulations	

**Table Of Correspondence Legislative Decree No. 254/2016 - Material Topics
– GRI Standards**

Topic under Legislative Decree no. 254/16	Topic	Risks identified	Policies adopted	Topic specific standard/disclosure	
Environmental	Energy efficiency and emissions reduction	Corporate Social Responsibility Risks chapter	<p>The product and service dimension chapter - Certifications of the Immsi Group The Environmental Dimension chapter</p> <p>The following should be noted:</p> <ul style="list-style-type: none"> - an Environmental Policy is established for the industrial sector; - an Integrated Quality, Environment and Safety Policy is adopted for the marine sector; - the Environmental Management System certified according to UNI EN ISO 14001: 2015 only refers to the industrial and marine sectors as defined in the "Group profile" chapter; - for the property and holding sector, environmental issues are managed based on the management principles adopted by other companies in the industrial and marine sectors, which are defined in a formalised policy; 	302-1: Energy consumption within the organization	
	Conserving water resources			305-1: Energy direct (Scope 1) GHG emissions	
	Waste handling			305-2: Energy indirect (Scope 2) GHG emissions	
	Broad-ranging			305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
				303-1: Water withdrawal by source	
	303-3: water recycled and reused				
	306-3: Significant spills				
	306-2: Waste by type and disposal method				
	307-1: Non-compliance with environmental laws and regulations				
Social	Responsible management of the supply chain	Corporate Social Responsibility Risks chapter	<p>The product and service dimension chapter Certifications of the Immsi Group The Supply Chain chapter</p> <p>The following should be noted:</p> <ul style="list-style-type: none"> - for the industrial sector, the ISO/TS 16949 quality standard was adopted (Supplier quality systems) for the two production sites. Moreover, a policy is adopted to qualify and periodically evaluate suppliers based on technical/professional/financial criteria in line with international standards - Group companies manage this issue through the adoption of specific formalised procedures intended to regulate the selection of suppliers and purchasing processes. 	204-1: Proportion of spending on local suppliers	
	Product/service safety and reliability			<p>The product and service dimension chapter</p> <p>The following should be noted:</p> <ul style="list-style-type: none"> - for the industrial sector, a Policy has been adopted to produce vehicles that guarantee a high level of active, passive and preventive safety. The adoption of this policy is demonstrated by the commitment to maintaining certification of its quality management systems (ISO 9001/ ISO 16949). - For the property and holding sector, specific service quality monitoring protocols are implemented, where appropriate; - For the marine sector, specific procedures are established to guarantee the safety of end users of vessels. 	416-1: Assessment of the health and safety impacts of product and service categories
	Product/service innovation			<p>The product and service dimension chapter</p> <p>The following should be noted:</p> <ul style="list-style-type: none"> -for the industrial sector, a policy is adopted to monitor technological leadership in the sector. -for the marine sector, an Integrated Quality, Environment and Safety Policy is adopted: the commitment targets products conforming to the contractually defined quality level, that can meet customer needs and are increasingly safer and environmentally friendly, in line with market needs, minimising environmental impact and protecting workers' health and safety. 	
	Broad-ranging			419-1: Non-compliance with laws and regulations in the social and economic area	

Topic under Legislative Decree no. 254/16	Topic	Risks identified	Policies adopted	Topic specific standard/disclosure
Concerning personnel	Developing human capital	Corporate Social Responsibility Risks chapter	<p>The social dimension chapter – Developing human resources - Personnel management policies</p> <p>The following should be noted: Individual Group companies have established their own procedures and practices for personnel management based on their organisational configuration and own characteristics and professional needs. The Group believes that uniform personnel management systems are neither effective nor efficient given the profound business diversity that characterises the subsidiaries, despite their uniform principles of ethics, transparency and meritocracy.</p>	<p>202-1: Ratios of standard entry level wage by gender compared to local minimum wage</p> <p>401-1: New employee hires and employee turnover</p> <p>401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees</p> <p>402-1: Minimum notice periods regarding operational changes</p> <p>404-1: Average hours of training per year per employee</p> <p>404-2: Programs for upgrading employee skills and transition assistance programs</p> <p>404-3: Percentage of employees receiving regular performance and career development reviews</p> <p>405-1:Diversity of governance bodies and employees</p> <p>405-2: Ratio of basic salary and remuneration of women to men</p>
	Health, safety and wellbeing of human capital		<p>The product and service dimension chapter - Certifications of the Immsi Group</p> <p>The social dimension chapter - Developing human resources - Occupational health and safety</p> <p>The following should be noted: - for the industrial sector, an Occupational Health and Safety Management System certified to BS OHSAS 18001:2007 is adopted; - for the marine sector, although production sites are not certified to BS OHSAS 18001:2007, they adopt the same Integrated Management System, adopting relative requirements; - for the property and holding sector, sites have internal security systems.</p>	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
Respecting human rights	Respecting human rights	Corporate Social Responsibility Risks chapter	<p>Corporate Governance chapter</p> <p>The Code of Ethics of Immsi S.p.A. and Group companies was revised in 2017, introducing a specific article on principles safeguarding the human rights and workers. With reference to the Piaggio group, it should also be noted that the Policy on Prevention of Sexual Harassment of women at the workplace is currently in force.</p>	406-1: Incidents of discrimination and corrective actions taken
Fighting corruption	Fighting corruption	Corporate Social Responsibility Risks chapter	Corporate Governance chapter Code of Ethics of each Group company; Model 231 of each Group company.	205-3: Confirmed incidents of corruption and actions taken
Broad-ranging topics	Transparency and company integrity	The topic of "Transparency" is considered as broad-ranging and covering all topics referred to in Legislative Decree 254/16. Therefore, a specific correlation with individual items in this table of correspondence is not indicated. Reference is made to this table as regards all other topics addressed.		



IMMSI GROUP

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

YEAR ENDED 31 DECEMBER 2019



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Immsi SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the "Consolidated Non-financial statement - pursuant to Italian Legislative Decree 254/16" of Immsi SpA and its subsidiaries (hereafter "Immsi" or the "Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree, presented in the specific section of the "Directors' report on operations", and approved by the Board of Directors on 25 March 2020 (hereafter the "NFS").

Responsibility of Management and those charged with Governance for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 by the GRI – Global Reporting Initiative (hereafter the "GRI Standards"), identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in *the Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised ("reasonable assurance engagement")* and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;

4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Immsi SpA and Piaggio & C. SpA and with the personnel of Is Molas SpA and Piaggio Vietnam Co. Ltd, and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the



collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the company Is Molas SpA, and the plants of Noale and Scorzè (Piaggio & C. SpA and Aprilia Racing Srl) and Vinh Phuc (Piaggio Vietnam Co. Ltd), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we interviewed local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Immsi Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Verona, 23 April 2020

PricewaterhouseCoopers SpA

Signed by

Alessandro Vincenzi
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation.