



Piaggio & C. S.p.A.

Explanatory Memorandum

Report on remuneration policy and compensation paid:

- approval of the remuneration policy pursuant to Article 123-ter, paragraph 3-ter, of Legislative Decree no. 58/1998;
- resolutions on the "second section" of the report, pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/1998.

Dear Shareholders,

The Board of Directors of your Company has called you to a Shareholders' Meeting to present the Remuneration Report pursuant to article 123-*ter* of Italian Legislative Decree no. 58 of 24 February 1998 (“**Consolidated Law on Finance**”) and article 84-*quater* of the CONSOB regulation adopted with resolution no. 11971 of 14 May 1999 (“**Consob Regulation on Issuers**”).

The Remuneration Report was last updated to take into account the amendments introduced by Legislative Decree 49 of 10 May 2019 - implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (the so-called *Shareholders' Rights Directive II*), amending Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies with regard to the encouragement of long-term shareholder engagement (the "**Directive**").

The Remuneration Report is divided into the following sections.

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

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

The Remuneration Report will be made available to the public at the Company's head office, on the Company's website www.piaggiogroup.com (Governance/Shareholders' Meetings) and through the authorised storage system "eMarket STORAGE", at www.emarketstorage.com - at least twenty-one days prior to the date of the Shareholders' Meeting convened on first call.

Shareholders are reminded that, in accordance with art. 123-*ter*, paragraph 3-*bis* of the Consolidated Law on Finance, they will be called upon to vote for or against Section I of the

Remuneration Report, by binding resolution in accordance with art. 123-ter, paragraph 3-ter of the Consolidated Law on Finance.

Shareholders will also be called, pursuant to Article 123-ter, paragraph 6-bis of the Consolidated Law on Finance, to vote on Section II of the Remuneration Report, with a non-binding resolution. The result of the vote will be made available to the public within the legal deadline pursuant to articles 123-ter, paragraph 6, and 125-quater, paragraph 2, of the Consolidated Law on Finance.

We therefore submit for your approval the following draft resolutions relating to the second item on the agenda of the Shareholders' Meeting.

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Draft resolution on item 2.1 on the agenda

“The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A., having examined the remuneration policy prepared by the Board of Directors pursuant to Article 123-ter of Legislative Decree no. 58/1998,

RESOLVES

to approve the remuneration policy, pursuant to Article 123-ter, paragraph 3-ter, of Legislative Decree no. 58/1998 and to all other legal and regulatory effects, and therefore in a binding resolution.”

Draft resolution on item 2.2 on the agenda

“The Ordinary Shareholders' Meeting of Piaggio & C. having examined the “second section” of the report prepared by the Board of Directors pursuant to Article 123-ter of Legislative Decree no. 58/1998,

RESOLVES

to approve the “second section” of the report, pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/1998 and to all other legal and regulatory effects, and therefore in a non-binding resolution.”

Mantua, 26 February 2020

For the Board of Directors
Chairman and Chief Executive Officer
(Roberto Colaninno)