



**Piaggio & C. S.p.A.**

**Explanatory Memorandum**

**4) Appointment of the Board of Statutory Auditors:**

- 4.1) appointment of the Statutory Auditors and Alternate Auditors;**
- 4.2) appointment of the Chair of the Board of Statutory Auditors;**
- 4.3) determination of fees.**

Dear Shareholders,

With the approval of the Financial Statements as of 31 December 2020, the term of office of your company's Board of Statutory Auditors, appointed by the ordinary Shareholders' Meeting of 16 April 2018, will expire; It is therefore necessary to appoint a new controlling body and a new Chair in accordance with the applicable legislative and corporate provisions.

In this regard, we wish to remind you, in particular, of the following:

#### Composition of the Board of Statutory Auditors

Pursuant to Article 24.1 of the Articles of Association, the Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors, in compliance with the gender balance pursuant to Article 147-ter, paragraph 1-ter, of Legislative Decree 58/1998 (the “**Consolidated Law on Finance**”).

Statutory Auditors remain in office for three financial years, expiring on the date of the Shareholders' Meeting called to approve the financial statements relating to the last financial year of their office. They and can be re-elected.

The Statutory Auditors must possess the requisites prescribed by law, the Articles of Association and other applicable legal provisions concerning also the limit to the number of positions held. Pursuant to Article 1, paragraph 3, of Ministerial Decree No. 162 issued by the Ministry of Justice on 30 March 2000, subjects (legal, economic, financial and technical-scientific) and sectors of activity shall be considered as being closely related to the business carried out by the Company if they are connected with or relate to the Company's activity and its business purpose.

Without prejudice to the legal obligations regarding professionalism and gender balance, Shareholders are invited to propose candidates that adequately take into account the diversity requirements in the composition of the Board in terms of age and educational and professional career, in order to guarantee the appropriate skills to ensure the correct performance of its functions.

It should also be noted that, since the Board of Statutory Auditors represents the "*Internal Control and Audit Committee*" pursuant to Article 19 of Legislative Decree 39/2010 (as amended by Legislative Decree 135/2016), Board members must be, as a whole, competent in the sector in which the Company operates.

#### Board of Statutory Auditors appointment mechanism based on the list vote

Pursuant to Article 24.2 of the Articles of Association, the Board of Statutory Auditors is appointed in accordance with the current rules in force concerning the balance between genders, based on the lists submitted by Shareholders in which candidates are listed with a sequential number. The list is made up of two sections: one for the candidates to be appointed as Statutory auditors, the other one for the candidates to be appointed as Alternate auditors.

Lists with a total of at least three candidates shall comprise candidates from both genders, in proportion to indications in applicable regulations on gender balance, as regards both candidates for the position of statutory auditor and for the position of alternate auditor. Pursuant to the provisions of Article 148, paragraph 1-bis of the TUF and Article 144-undecies.1, paragraph 3, of Consob Regulation 11971/1999, the least represented gender shall account for at least two fifths of statutory auditors of the Board of Statutory Auditors, with rounding down as applicable.

Each shareholder, shareholders that have entered into a significant shareholder agreement pursuant to Article 122 of the Consolidated Law on Finance, as well as the Parent Company, its subsidiaries and joint ventures pursuant to Article 93 of the Consolidated Law on Finance, cannot present or take part in presenting more than one list, either by proxy or through trust companies, nor can they vote on different lists. The endorsements and votes cast in breach of such prohibition shall not be assigned to any list.

We also remind you that Shareholders submitting a "minority list" should consult the recommendations issued by Consob with notice no. DEM/9017893 of 26 February 2009.

Shareholders are entitled to present lists only if, alone or with other Shareholders, they hold shares with voting rights representing at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting, or a different percentage that may be fixed by the law or other regulations. It should be noted that, with the executive decision of the Corporate Governance Manager no. 44 of 29 January 2021, Consob set the relative share capital ownership threshold required to submit lists for election of the control board of the Company at 2.5%.

The lists must be presented along with:

- a) information concerning the identity of the Shareholders that presented the lists indicating the overall shareholding percentage held;
- b) a declaration by Shareholders other than those that, even jointly, hold a controlling or relative majority stake, attesting that there are no relationships with the latter as set out by law or other applicable regulations;
- c) comprehensive information on the candidates' personal information, as well as a declaration issued by the same candidates attesting, under their own responsibility, that (i) there are no grounds for ineligibility or incompatibility, (ii) they possess the requisites prescribed by the law, (iii) they accept their candidacy, and lastly the list of management and control positions held in other companies.

The lists presented by Shareholders shall be filed at least twenty-five days prior to the date set for the Shareholders' Meeting (first session), i.e. by 20 March 2021, according to the following procedures:

- at the registered office, in Pontedera (PI), Viale Rinaldo Piaggio 25, on weekdays and working days (Mondays-Fridays), from 8.30 to 18.00 hours;
- sending them by fax, number 0587.27.29.63 or by certified email [piaggiogroup.corporate.governance@legalmail.it](mailto:piaggiogroup.corporate.governance@legalmail.it), pursuant to Article 144-*sexies*, paragraph 4-*ter*, of Consob Regulation 11971/1999; in the case of submission of lists by fax/certified e-mail, a certified copy of a valid identity document of the submitters must also be sent.

If, at the deadline for submitting lists indicated above (by 20 March 2021), only one list or only lists presented by Shareholders with whom significant connections exist pursuant to laws and regulations in force have been filed, the lists may be presented in up to three days following this date, i.e. by 23 March 2021 (the "**Reopening of the deadline**"); in the event of Reopening of the Deadline, the minimum threshold for filing lists is reduced by half (i.e. 1.25% of the share capital).

Ownership of the shareholding of Shareholders that present the list, is attested by the qualified accounting intermediary sending the Company the notice provided for by Article 43 of the Single Ruling on post-trading of Consob/the Bank of Italy, with regulations on central counterparties, central depositories and centralised administration of 13 August 2018, also after having filed the list, provided that this takes place at least twenty-one days prior to the date set for the Shareholders' Meeting (first session), i.e. by 18.00 hours of 24 March 2021. In the event of Reopening of the Deadline, the aforementioned notice must be sent to the Company by 18.00 hours on 24 March 2021. Please note that ownership of the shareholding is determined for the shares that are recorded in the name of the Shareholder on the date on which the lists are filed with the Company.

Lists that fail to comply with the aforesaid legal provisions shall be deemed as not having been submitted.

The lists shall also be subject to other types of advertisement provided for by current applicable law and other regulations. In particular, at least twenty one days prior to the date of the Shareholders' Meeting (i.e. by 24 March 2021) the lists will be made available to the public at the registered office, on the Company's website and via other regulated forms required by Consob. Each candidate may be included in one list only, under penalty of ineligibility.

Without prejudice to any other ground of ineligibility or forfeiture of right, no candidates may be included in the lists who do not possess the requisites prescribed by legal regulations, the Articles of Association or other provisions applicable to their respective positions.

Each person entitled to vote may vote for one list only.

#### Procedures for appointment of the Board of Statutory Auditors

The procedure for election of Statutory Auditors is as follows:

- a) two Standing auditors and one Alternate auditor are selected from the list which obtained the highest number of votes at the Shareholders' Meeting based on the sequential order in which they appear in the sections of the list;
- b) one Standing auditor and the other Alternate auditor are selected from the second list which obtained the highest number of votes at the Shareholders' Meeting and which, pursuant to law and other applicable regulations, is not connected, even indirectly, with the individuals who presented or voted the list which obtained the highest number of votes, based on the sequential order in which they appear in the sections of the list.

If there is a tie among two or more slates, the Statutory Auditors appointed will be those most senior in age.

The Chair of the Board of Statutory Auditors shall be the Standing Auditor selected from the second list that obtained the highest number of votes pursuant to point b) above.

If, according to the procedures described above, a composition of the Board of Statutory Auditors, in terms of its statutory members, which complies with current legislation in force concerning the balance between genders is not ensured, the necessary replacements shall be made, within the scope of candidates for the office of Statutory Auditor of the list which obtained the greatest number of votes, according to the sequential order in which the candidates are listed.

The previous provisions regarding the appointment of Statutory Auditors do not apply to

Shareholders' Meetings for which only one list is presented or voted; in such cases the Shareholders' Meeting resolves by relative majority, without prejudice to compliance with legislation in force at any time concerning the balance between genders.

Finally, we remind you that the ordinary Shareholders' Meeting will also be required to decide the remuneration for the members of the controlling body.

Shareholders that submit a list with a number of candidates that is more than half the members to elect - are required to send by certified email [piaggiogroup.corporate.governance@legalmail.it](mailto:piaggiogroup.corporate.governance@legalmail.it) - proposals on the items for which the Directors have not prepared a specific draft resolution and, in particular, proposals on the process to appoint the control board (annual fees), well in advance, so that the proposals may be published by the Company together with the lists.

Mantua, 2 March 2021

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