



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

**Report on remuneration policy and compensation paid**

**drafted pursuant to Art. 123-ter of Legislative Decree 58/1998 and Art. 84-quater of  
Consob Regulation 11971/1999**

**2 March 2023**

## REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

This report on remuneration policy and compensation paid (“**Remuneration Report**” or “**Report**”) has been prepared pursuant to Article 123-ter Legislative Decree No. 58 of 24 February 1998 (“**TUF**”) - as most recently amended by Legislative Decree 49/2019 (“**Legislative Decree 49/2019**”), implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (*Shareholders’ Right Directive II*), amending Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies in respect of the encouragement of long-term shareholder engagement (the “**SHRD**” or the “**Directive**”) - and Art. 84-quater of CONSOB regulation adopted by resolution No. 11971 of 14 May 1999 (“**Issuers’ Regulation**”) and has been prepared in accordance with Annex 3A, Schedule 7-bis of the same Issuers’ Regulation, as most recently amended to implement the SHRD.

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 key managers 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, including measures to prevent or manage conflicts of interest;
- Section II contains the individual remuneration for directors, statutory auditors and senior managers and in aggregate form for key managers (if any):
  - 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 and how the remuneration contributes to the Company’s long-term performance;
  - 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 (if any), as well as their not-legally-separated spouses and children (minors), directly or through subsidiaries, trust companies or intermediaries, in accordance with the provisions of art. 84-quater of the Consob Regulation on Issuers.

## **SECTION I**

This section of the Report on Remuneration describes the key lines of the remuneration policy adopted by the Company (hereafter the “**Remuneration Policy**”), which defines the principles and guidelines followed by the Piaggio Group in determining and monitoring the application of remuneration practices for directors, general managers, key managers and, subject to the provisions of Article 2402 of the Italian Civil Code, members of the Board of Statutory Auditors.

In this respect, the Remuneration Policy was most recently amended by the Board of Directors (i) on 2 March 2021, based on the proposal of the Remuneration Committee, in order to incorporate the amendments to the Issuers’ Regulations made by Consob (see Article 84-*quater* and Annex 3A, Schedule 7-*bis*) in implementation of the SHRD by Resolution No. 21623 of 10 December 2020; and (ii) 2 March 2022 and 2 March 2023, again based on the proposal of the Remuneration Committee, in order to include a number of clarifications especially with regard to the variable component of executive directors.

The Remuneration Policy defines the aims pursued and the principles underlying the determinations and remuneration of the management and control bodies, the general managers and key managers, as specified in greater detail in paragraph 2 below.

The Remuneration Policy was also drafted in light of the recommendations set out in the new edition of the Corporate Governance Code for Listed Companies approved in January 2020 by the *Corporate Governance* Committee (the “**Corporate Governance Code**” or “**CG Code**”).

The effective term of the Remuneration Policy is one year.

As provided for by Consob Regulation No. 17221 of 12 March 2010 on related party transactions (the “**Related Party Regulation**”), as transposed in the internal procedure adopted by the Company (the “**RPT Procedure**”) (available on the Group’s *website* [www.piaggiogroup.com](http://www.piaggiogroup.com) in the *Governance* section), the approval of the Remuneration Policy by the Shareholders’ Meeting exempts the Company from applying the aforementioned procedure for related party transactions in resolutions concerning the remuneration of directors and key managers when:

- (i) the company has adopted a remuneration policy approved by the Shareholders’ meeting;
- (ii) a committee consisting solely of non-executive directors whose majority is made up of independent directors was involved in the definition of the remuneration policy;
- (iii) the remuneration granted is identified in accordance with that policy and quantified according to non-discretionary criteria.

Furthermore, pursuant to Article 13, paragraph 1 of the Related Party Regulation, the RPT Procedure does not apply to shareholders’ meeting resolutions under Article 2389, paragraph 1, of the Italian Civil Code, concerning the remuneration due to members of the Board of Directors and the executive committee, nor to resolutions concerning the remuneration of directors holding special offices falling within the total amount previously determined by the shareholders’ meeting pursuant to Article 2389, paragraph 3, second sentence, of the Italian Civil Code.

The Remuneration Policy set forth in Section I of the Report prepared in 2022 was approved by a majority of 69.37% of the votes cast by the Shareholders attending the Shareholders' Meeting held on 11 April 2022, who did not express any opinion on the Remuneration Policy, either at the Shareholders' Meeting or subsequently. This Remuneration Policy is therefore substantially in line with the one previously approved by the Shareholders' Meeting of 14 April 2021.

## **1. Persons involved in the preparation, approval and, where applicable, review of the remuneration policy**

The main individuals and bodies involved in the preparation, approval and review of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors.

### **1.1 Board of Directors**

The Board of Directors:

- sets up an internal Remuneration Committee;
- in line with the Remuneration Policy, determines the remuneration of directors holding special offices, subject to the opinion of the Board of Statutory Auditors, and upon proposal of the Remuneration Committee;
- defines, upon proposal of the Remuneration Committee, the Remuneration Policy and, where applicable, its review;
- prepares the Remuneration Report, pursuant to Article *123-ter* of the Consolidated Law on Finance and Article *84-quater* of Consob Regulation on Issuers, submits it to the Shareholders' Meeting for approval pursuant to Article *123-ter*, paragraph *3-bis*, of the Consolidated Law on Finance, and oversees its implementation;
- prepares the remuneration plans based on shares or other financial instruments for directors, employees and collaborators, including key managers, submits them to the Shareholders' Meeting for approval pursuant to Article *114-bis* of the Consolidated Law on Finance, and oversees their implementation.

### **1.2 Remuneration Committee**

The Company's Remuneration Committee, established within the Board of Directors in accordance with the CG Code, is composed of non-executive and independent directors.

The Remuneration Committee is responsible for:

- assisting the Board of Directors in drawing up the Remuneration Policy;
- submitting proposals or giving opinions on the remuneration of executive directors and other directors holding special offices, and on setting performance objectives related to the variable component of the remuneration;
- monitoring the actual adoption of the Remuneration Policy and verifying, in particular, the actual achievement of performance objectives;
- periodically assessing the adequacy and overall consistency of the Remuneration Policy.

The Remuneration Policy was therefore approved by the Board of Directors, on the proposal of the Remuneration Committee.

As mentioned above, the Board of Directors is responsible for implementing the Remuneration Policy and can delegate powers to the Chairman and Chief Executive Officer of the Company, subject to the prior involvement of the Remuneration Committee in the

cases provided for in the policy, it being understood that any decision relating to and/or pertaining to the implementation of the Remuneration Policy that concerns one of the aforementioned individuals shall remain the exclusive responsibility of the Board.

The Remuneration Committee appointed by the Board on 15 April 2021 and in office at the date of this Report, consists of three independent non-executive directors - Rita Ciccone, acting as Chairman, Andrea Formica and Graziano Gianmichele Visentin. All Committee members have experience in finance and remuneration policies considered suitable by the Board at the time of appointment.

Pursuant to Recommendation 26 of the CG Code, in order to deal with potential conflicts of interest, no Director participates in meetings of the Remuneration Committee in which proposals are formulated to the Board of Directors regarding his/her remuneration.

The Directors shall abstain from voting on resolutions of the Board of Directors concerning their remuneration, subject to the rules on related party transactions set forth in the RPT Procedure (where applicable).

The Remuneration Committee meets annually and whenever it is necessary to adopt resolutions on remuneration matters.

### **1.3 Shareholders' Meeting**

With regard to remuneration matters, the Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors and the Board of Statutory Auditors pursuant to Article 2364 paragraph 1(3) of the Italian Civil Code;
- casts (i) a binding vote on Section I of the Remuneration Report prepared by the Board of Directors (upon the proposal of the Remuneration Committee) according to such time frame as is required by the effective term of the Remuneration Policy (i.e. annually) and in any case whenever amendments are made to the aforesaid Policy<sup>1</sup> and (ii) a non-binding vote on Section II of the Report on an annual basis;
- resolves on any remuneration plans based on shares or other financial instruments for directors, employees and collaborators, including key managers, pursuant to Article *114-bis* Consolidated Law on Finance.

If the Shareholders' Meeting does not approve the Remuneration Policy, the Company will be required to pay remuneration in accordance with the most recent Remuneration Policy approved by the Shareholders' Meeting or, failing that, in accordance with current practice. At the next Shareholders' Meeting held to approve the financial statements, the Company shall submit to the vote of the Shareholders' Meeting a new Remuneration Policy.

Temporary deviations from the Remuneration Policy approved by the Shareholders' Meeting are only permitted in exceptional circumstances, i.e. when the deviation from the Remuneration Policy is necessary to pursue the long-term interests and sustainability of the

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<sup>1</sup> It is understood that the Shareholders' vote is required on amendments to the Remuneration Policy that are not merely formal or wording clarifications.

Company as a whole or to ensure its ability to continue operating as a going concern. On this point, please refer to paragraph 6 below.

If the Shareholders' Meeting does not approve the Remuneration Policy, the Company will be required to pay remuneration in accordance with the most recent Remuneration Policy approved by the Shareholders' Meeting or, failing that, in accordance with current practice. At the next Shareholders' Meeting held to approve the financial statements, the Company shall submit to the vote of the Shareholders' Meeting a new Remuneration Policy.

#### **1.4 Board of Statutory Auditors**

The Board of Statutory Auditors expresses its opinion on proposals for the remuneration of executive directors, and more generally, of directors holding special offices, verifying the consistency of such proposals with the Remuneration Policy.

### **2. Description of the purpose and general approach of the Remuneration Policy and description of the policies on fixed and variable remuneration components**

The Remuneration Policy is determined by taking into account the remuneration and working conditions of the Company's employees and, in particular, the Remuneration Policy relies on tools and approaches that are applied to all the Company's staff in view of attracting, motivating and retaining people with the professional qualities necessary to contribute to the Company's growth strategy, long-term interests and sustainability, in line with the best market practices. With specific regard to the remuneration of executive directors, it is believed that the type of work performed and expected by the Company from the aforesaid individuals, and the consideration that they are intrinsically non-replaceable, makes them non-comparable with the work performance of other employees of the Group.

The Remuneration Policy of the Company – and, in particular, the policy on variable remuneration components – contributes to the corporate strategy and to the Company achieving its long-term interests and sustainability. This contribution is provided through a greater and more conscious involvement of shareholders, who are called upon to express their binding vote on the Remuneration Policy, which describes each of the items that make up the remuneration of directors and other key managers and which therefore has a different and broader scope compared to the resolutions on remuneration under Articles 2364, 2389 and 2402 of the Italian Civil Code. In addition, the remuneration of directors, general managers and key managers, if appointed, ensures an overall remuneration structure that rewards the professional skills of each individual and allows for an adequate balance of fixed and variable components with the aim of creating sustainable value in the medium and long term and ensuring a direct link between remuneration and specific *performance* objectives.

In particular, the guidelines underlying the Remuneration Policy are based on the following criteria:

- (i) the fixed component and the variable component take into account the strategic objectives and related business risks assumed by the Company;
- (ii) the variable component is capped;
- (iii) the fixed component is sufficient to remunerate the performance of the person concerned if the variable component is not paid for failure to achieve the assigned targets;

(iv) *performance* targets:

- have priority, as they are directly related to the Company's medium- to long-term strategy;
- are specific, as their expected results are clear and tangible;
- are measurable, as they are assessed through clear and pre-defined indicators;
- are realistic, as they are considered achievable although challenging and ambitious;
- are time-based, as they are set with reference to a specific time frame.

The Shareholders' Meeting decides on the total amount of the remuneration due to the Board of Directors. The remuneration of directors holding special offices is determined by the Board of Directors, upon proposal of the Remuneration Committee and after obtaining the opinion of the Board of Statutory Auditors. Any increases or changes in the remuneration for directors holding special offices, unless established by this Remuneration Policy, are approved by the Board of Directors, on the proposal of the Remuneration Committee and subject to the prior opinion of the Related Party Transactions Committee, after obtaining the opinion of the Board of Statutory Auditors. In this regard, on 2 March 2022, the Board of Directors resolved, on the proposal of the Remuneration Committee and with the prior opinion of the Related Party Transactions Committee, having obtained the opinion of the Board of Statutory Auditors, to increase the fixed remuneration to be paid to the Deputy Chairman and to the Director with delegated powers Michele Colaninno for the remainder of their term of office (and therefore for the financial years 2022 and 2023). Subsequently, on 28 October 2022, the Board of Directors, on the proposal of the Remuneration Committee and with the prior opinion of the Related Party Transactions Committee, having obtained the opinion of the Board of Statutory Auditors, resolved to approve the payment of a fixed emolument pursuant to Article 2389, paragraph 3, of the Italian Civil Code, to the Executive Deputy Chairman, Mr. Matteo Colaninno, on account of the powers delegated to him in the area institutional relations at a national and international level; said emolument was set at Euro 300,000.00 gross per annum.

The variable component will only be paid when the expected result is achieved. The amount of the incentive to be paid to each person involved is determined on the basis of the achievement of the results actually achieved. In this regard, the Company has deemed it unnecessary to introduce "*claw back*" clauses on the variable remuneration component, considering that the Company's interests are in any case protected by the applicable provisions in the event of violations of laws or regulations.

Should the Company carry out transactions that are especially significant due to their strategic relevance and their effects on the Company, the Board of Directors, on the proposal of the Remuneration Committee, has the discretionary power to award specific *bonuses* to executive Directors and key managers, subject to the procedure on related party transactions set forth in the RPT Procedure, where applicable.

The Company may set up incentive and loyalty plans based on shares or other financial instruments for directors, employees and collaborators, including key managers, pursuant to Article *114-bis* of the Consolidated Law on Finance, subject to the procedure on related party transactions set forth in the RPT Procedure, where applicable.

There are no deferred remuneration payment systems.



Since no incentive plans based on financial instruments were in place at the date of this Report, there are no clauses aimed at retaining the financial instruments in the portfolio after their acquisition.

The Remuneration Policy does not envisage the signing of agreements with directors and key managers regulating *ex-ante* the payment of indemnities and/or the granting or maintenance of other benefits (monetary and non-monetary) in the event of termination of office or relating to the early termination of employment at the initiative of the Company or the person concerned. It is understood that if the signing of the aforementioned agreements becomes necessary, the controls on related party transactions set forth in the RPT Procedure (where applicable) will apply, as well as the involvement of the Remuneration Committee. In defining its Remuneration Policy, the Company did not use the remuneration policies implemented by other companies as a reference, not did it rely on the support of independent experts.

### **3. Directors' remuneration**

The following roles can be distinguished within the Board of Directors:

- (i) Non-Executive Directors: the Directors.
- (ii) Executive directors:
  - Roberto Colaninno, Chairman and CEO;
  - Michele Colaninno, Director with delegated powers;
  - Matteo Colaninno, executive Deputy Chairman.

#### **Deputy Chairman and non-executive directors**

All non-executive directors are paid a fixed annual remuneration, as per resolution of the Shareholders' Meeting.

The directors called upon to participate in the Internal Control and Risk Management Committee and in the Remuneration Committee, both of which are made up solely by independent directors in accordance with the Corporate Governance Code, are paid an additional fixed remuneration in consideration of their greater commitment.

An additional remuneration is paid for the office of Deputy Chairman, on top of the remuneration granted for the office of Director.

No specific remuneration is paid to the independent directors, except for those who are called upon to participate in the committees mentioned above. Independent directors do not receive any variable remuneration nor are they recipients of any remuneration plans based on financial instruments.

In addition, the expenses incurred by the Directors in the performance of their duties are reimbursed by the Company.

Non-executive Directors also benefit from a *Directors and Officers* insurance coverage on civil liability for acts committed in the performance of their duties, except for cases of wilful misconduct and gross negligence.

The Remuneration Policy does not provide for the payment of non-monetary benefits to non-executive directors.

### **Executive Directors**

The remuneration of executive Directors is composed of:

- i) a fixed annual component, which is a significant amount, consistent with the position and commitment required and, in any event, such as to sufficiently remunerate performance if the variable component is not paid due to failure to achieve the objectives set out *below*;
- ii) a variable component linked to the achievement of objectives identified in the Company's strategic plans and the annual budget approved by the Company, consistent with the objective of creating value for the shareholders in the medium-long term and with a proper risk management policy. The amount of the variable component, which is subject to a cap (as specified below), is determined and paid annually by the Board of Directors with reference to objectives and results at an individual and/or consolidated Group level, identified by the Board of Directors, on the proposal of the Committee and after obtaining the opinion of the Board of Statutory Auditors, in relation to the annual budget or the results of the previous year, chosen from EBITDA, for a portion not exceeding 50%, the net financial position for a portion not exceeding 40% and sustainability for 10%. The amount of the incentive to be paid to each person involved is determined on the basis of the number of objectives and results actually pursued, as well as the degree of their achievement, as verified by the Board of Directors, after consulting with the Committee; The payment of the variable component is subject to a minimum number of targets to be exceeded and a calculation system that takes into account the negative deviation from the assigned targets and results.

The variable component is therefore paid annually with reference to long-term to medium-term objectives set by the three-year Strategic Plan and the annual *budget*.

Based on the Board of Directors' resolution adopted on 2 March 2022, on the proposal of the Remuneration Committee and with the prior opinion of the Related Party Transactions Committee, having obtained the opinion of the Board of Statutory Auditors, the Chairman and Chief Executive Officer and the Director with delegated powers Michele Colaninno are entitled to a variable remuneration component as is the Executive Deputy Chairman Matteo Colaninno on the basis of the resolution passed by the Board of Directors on 2 March 2023, on the proposal of the Remuneration Committee, the extension of the payment of an annual variable remuneration component in favour of the Executive Deputy Chairman Matteo Colaninno having been approved starting from the results of the 2023 financial year, as already envisaged for the Chairman and Chief Executive Officer and for the Director with delegated powers Michele Colaninno, under the same terms and conditions as regards *performance* objectives and the weight of the variable component with respect to the fixed annual remuneration.

The variable component for all the aforementioned beneficiaries may reach up to a maximum of 30% of the amount established for the fixed remuneration as a whole (including all emoluments for special offices under Article 2389, paragraph 3 of the Italian Civil Code).

Executive Directors benefit from a *Directors and Officers* insurance coverage on civil liability for acts committed in the performance of their duties, except for cases of wilful misconduct and gross negligence.

The Remuneration Policy does not provide for the payment of non-monetary benefits to executive directors.

Considering the structure of the remuneration of executive directors (and the role they play), the Company has deemed it unnecessary – at present – to introduce “*claw back*” clauses on the variable remuneration component, considering that the Company’s interests are in any case protected by the applicable provisions in the event of violations of laws or regulations.

#### **4. Remuneration of general managers and key managers**

The remuneration of key managers (if any) is established in line with the general principles mentioned in section 2. and consists of:

- (i) a fixed annual component, which is a significant amount, consistent with the position and commitment required and, in any event, such as to sufficiently remunerate performance if the variable component is not paid due to failure to achieve the objectives set out *below*;
- (ii) an annual variable component achievable against the attainment of predefined company objectives (so-called MBO), linked to the results expected on the basis of the Strategic Plan approved by the Company. The variable component is equal to a predetermined percentage of the fixed gross annual remuneration, generally not less than 50%;
- (iii) *fringe benefits* such as the allocation of company vehicles, *housing* contributions and membership in pension and insurance plans that reflect the ordinary pension and insurance protection, as provided by the applicable National Collective Labour Agreement. The Remuneration Policy does not provide for the payment of other non-monetary benefits.

Key managers (if any) are reimbursed for expenses incurred in the performance of their duties and benefit from a “*Directors and Officers*” insurance coverage on civil liability for acts committed in the exercise of their functions, except in cases of wilful misconduct and gross negligence, in addition to the general protection provided by the applicable National Collective Labour Agreement.

At the date of this Report, no key managers have been identified within the Issuer’s corporate organisation chart.

#### **5. Remuneration of the members of the control body**

Pursuant to Article 2402 of the Italian Civil Code, the remuneration of members of the Board of Statutory Auditors is determined by the Shareholders’ Meeting upon their appointment for the entire term of their office.

#### **6. Elements of the Remuneration Policy that can be waived in exceptional circumstances**

In exceptional circumstances, the Company may depart from elements of the Remuneration Policy as set out below.

“Exceptional circumstances” are defined as situations in which deviations from the Remuneration Policy are necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to continue operating as a going concern, such as but not limited to:

(i) the occurrence, at a national or international level, of extraordinary and unforeseeable events concerning the Company and/or the sectors and/or markets in which it operates, which significantly affect the Company’s results, including the occurrence of significant adverse effects not only of an economic or financial nature, such as those resulting from the Covid-19 health emergency;

(ii) substantial changes in the organisation of the company’s business, both of an objective nature (such as extraordinary transactions, mergers, disposals, etc.), and of a subjective nature, such as changes in the *top management* team and the identification of persons (other than the directors and statutory auditors) qualifying as key managers under this Policy;

(iii) appreciable changes in the company’s scope of activity during the effective term of the Policy, such as the disposal of a company/business unit whose activity was used as benchmark for the performance objectives of the Policy or the acquisition of a significant business that was not envisaged when preparing the Policy.

In any case, any departure from the Policy will be subject to the prior examination of the Committee and to the application of the rules set out in the RPT Procedure.

Notwithstanding the foregoing, departure from the Policy may concern: (i) reformulation of *performance* targets to which the variable remuneration is linked and frequency of their determination; (ii) revision of criteria used to assess the objectives; (iii) change in the ratio of the fixed to variable remuneration components; (iv) award of one-off monetary bonuses; (v) allocation of special indemnities, in order to take account of the above-mentioned exceptional circumstances and only to the extent that this contributes to the pursuit of the above-mentioned interests.

## SECTION II

This section contains the individual remuneration for directors, statutory auditors and general managers and in aggregate form those for key managers:

- in the first paragraph, (i) 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 approved the previous year and how the remuneration contributes to the Company's long-term performance; (ii) it describes how the Company has taken into account the vote cast the previous year by the Shareholders' Meeting on Section Two of the Remuneration Report;
- in the second paragraph, it describes in detail the remuneration paid for any reason and in any form by the Company and its subsidiaries or associated companies in the relevant financial year (i.e. financial year 2022, hereinafter the "**Financial Year**"), indicating any components of the aforesaid remuneration that refer to activities carried out in financial years prior to the reference financial year and also highlighting the remuneration to be paid in one or more subsequent financial years for the activity carried out in the Financial Year, possibly indicating an estimated value for those components that cannot be objectively quantified in the Financial Year;
- in the third paragraph, it indicates, according to the criteria set out in Annex 3A, Schedule 7-ter of Consob Regulation on Issuers, the shareholdings held, in the Issuer and its subsidiaries, by the members of the governing and control bodies, the general manager and the other key managers (if any) as well as by non-legally separated spouses and minor children, directly or through subsidiaries, trust companies or intermediaries, as shown in the shareholders' register, in communications received and in other information obtained by members of the governing and control bodies, the general manager and other key managers (if any).

Please note that the auditing firm Deloitte & Touche S.p.A. has verified - in compliance with the provisions of art. 123-ter, paragraph 8-bis, of the Consolidated Law on Finance - that this Section of the Remuneration Report has been prepared by Piaggio's Board of directors.

## **1. Remuneration paid to members of the governing and control bodies, general managers and key managers**

The Shareholders' Meeting of 14 April 2021 set the annual gross remuneration in favour of each member of the Board of Directors at Euro 40,000 for the entire term of office and until otherwise resolved by the Shareholders' Meeting. The remuneration of directors holding special offices pursuant to Article 2389, paragraph 3, of the Italian Civil Code and the remuneration for any special assignments were excluded from that amount.

As decided by the Board of Directors on 15 April 2021, the Directors called to participate in the Internal Control and Risk Management Committee and in the Remuneration Committee are paid an additional emolument of Euro 10,000 owing to their greater commitment. The Chairman of the Internal Control and Risk Management Committee, on the other hand, receives an emolument of Euro 20,000.

The remuneration of the Chairman and Chief Executive Officer, the Director with Delegated Powers and the Deputy Chairman was approved by the Board of Directors on 15 April 2021, after obtaining the opinion of the Board of Statutory Auditors and on the proposal of the Remuneration Committee.

The emolument of the Chairman and Chief Executive Officer, in accordance with the provisions of the Remuneration Policy, consists of a gross annual fixed component of Euro 1,250,000 (in addition to Euro 40,000 gross per annum for the office of Director) and a variable component. The amount of the variable component (which is capped to 30% of the amount established for the fixed remuneration) is determined by the Board of Directors, upon a proposal made by the Remuneration Committee.

For the Financial Year, the Remuneration Committee, which met to formulate its proposal to be submitted to the Board of Directors, set the variable remuneration component for the Chairman and Chief Executive Officer for the Financial Year at Euro 375,000, or 30% of the fixed component. This variable component was confirmed by resolution of the Board of Directors of 2 March 2023.

The aforementioned fixed component percentage was determined by taking into consideration the endogenous elements that affected the Company's business, such as turnover, EBITDA, net financial position and the sustainability objective relating to the reduction of direct CO<sub>2</sub> emissions from the Group's main production sites (for about -5.6%, as certified in the consolidated non-financial statement for the year 2022), achieved in a difficult and challenging environment owing to the complex geopolitical scenario, as well as on the basis of exogenous objective evidence, including first and foremost Piaggio stock market *performance* from 1 January 2022 to 31 December 2022, compared to the average trend of the main benchmark indexes.

The mentioned *performance* is obviously the result of industrial and commercial policies that have seen the Company embark on several important and innovative projects and collaborations in the area of sustainable mobility. The fixed and variable components represent 77.48% and 22.52%, respectively, of the total remuneration, calculated as percentage of the sum of the fixed and variable remuneration, respectively, in relation to the total remuneration.

The Executive Deputy Chairman of the Company was granted a further remuneration of Euro 100,000, in addition to a gross annual remuneration of Euro 40,000 for the office of

Director and, by virtue of the delegated powers in the area of institutional relations at a national and international level granted to him on 28 October 2022, an additional *pro rata temporis* emolument of Euro 52,000 to remunerate the aforesaid delegated powers (the gross annual emolument for these powers being Euro 300,000.00).

On 15 April 2021, the Board of Directors, having obtained the opinion of the Board of Statutory Auditors and on the proposal of the Remuneration Committee, granted the Director with delegated powers Michele Colaninno an additional remuneration – with respect to the gross annual amount of Euro 40,000 received for the office of Director – totalling Euro 250,000 per year, of which: (i) Euro 100,000 per year in respect of delegated powers to engage within the Group’s activities; and (ii) Euro 150,000 per year in respect of the delegated powers received in relation to product and *marketing* strategies. Subsequently, on 2 March 2022, the Board of Directors, having obtained the opinion of the Board of Statutory Auditors and on the proposal of the Remuneration Committee and subject to the prior opinion of the Related Party Committee, approved the increase of the annual gross remuneration for Director Michele Colaninno, due to the delegated powers granted to him by the Board of Directors on 15 April 2021, from Euro 250,000 (of which Euro 100,000 per year for delegated powers to engage within the Group’s activities and Euro 150,000 per year for delegated powers received in relation to product and marketing strategies) to Euro 500,000, of which Euro 200,000 per year for delegated powers to engage within the Group’s activities and Euro 300,000 per year for delegated powers received in relation to product and marketing strategies (in addition to the emolument of Euro 40,000 approved by the Shareholders’ Meeting on 14 April 2021, unchanged).

Please note that the Board of Directors in its meeting of 2 March 2023, on the proposal of the Remuneration Committee, set the variable remuneration component of the Director with delegated powers Michele Colaninno at Euro 150,000, or 30% of the fixed component, on the basis of the same objectives considered for the variable remuneration of the Chief Executive Officer (see *above*).

Please note that, as of the date of this Remuneration Report, the Board of Directors has not identified any key managers.

No agreements have been entered into with the Directors that regulate *ex ante* the applicable financial terms (indemnities and/or other benefits) in the event of termination of office or relating to the early termination of employment at the initiative of the Company or the person concerned.

There are no agreements that provide for the allocation or retention of non-monetary benefits in favour of persons who have terminated their employment or for the conclusion of consulting agreements after termination of their employment.

There are no agreements providing for compensation for non-competition undertakings.

There are no *ex post* adjustment mechanisms for the variable remuneration component.

On 14 April 2021, the Ordinary Shareholders’ Meeting of the Company resolved to set the emolument of the Statutory Auditors at Euro 40,000 gross per annum for each Standing Auditor and Euro 75,000 gross per annum for the Chairman of the Board of Statutory Auditors. The statutory auditor Giovanni Barbara, as a member of the Supervisory Board, receives an additional annual emolument of Euro 25,000.

Comparison data are provided below for the years 2021 and 2022, showing the annual change between:

- (i) the total remuneration of each of the persons for whom the information in this Section of the Report is provided by name;
- (ii) the company's results;
- (iii) the average gross annual remuneration, measured on a full-time employee basis, of employees other than those whose remuneration is shown by name in this section of the Report.

	2021	2022
<b><u>Total remuneration of persons for whom information is provided by name</u></b>		
Roberto Colaninno	Euro 1,665,000	Euro 1,665,000
Matteo Colaninno	Euro 140,000	Euro 192,000
Michele Colaninno	Euro 440,000	Euro 690,000
Federica Savasi	Euro 40,000	Euro 40,000
Andrea Formica	Euro 50,000	Euro 50,000
Rita Ciccone	Euro 60,000	Euro 60,000
Graziano Gianmichele Visentin	Euro 70,000	Euro 70,000
Micaela Vescia	Euro 50,000	Euro 50,000
Patrizia Albano	Euro 40,000	Euro 40,000
Piera Vitali	Euro 75,000	Euro 75,000
Giovanni Barbara	Euro 65,000	Euro 65,000
Massimo Giaconia	Euro 40,000	Euro 40,000
<b><u>Company's Results</u></b>		
NFP	----476,987 €	---- 473,011 €
<b><u>Average gross annual remuneration of full-time employees other than persons whose remuneration is shown by name</u></b>		
Average remuneration of full-time employees	Euro 37,622	Euro 38,234

\* \* \*

For the sake of completeness, please note that the remunerations paid during the Financial Year are consistent, in their amount and in their components, with the Remuneration Policy defined by the Company and approved by the Shareholders' Meeting most recently on 11 April 2022. The aforesaid Shareholders' Meeting also voted in favour of Section II of the Report, with a non-binding resolution approved by a majority of 70.30% of the voting participants; therefore, the Company believes that it has adequately presented the items that make up the remuneration of the relevant persons indicated in this Section II in compliance with the applicable regulations.



## 2. Detailed presentation of the remuneration paid during the Year

**Fixed emoluments:** are indicated separately, possibly in the notes and on an accrual basis: (i) accrued emoluments approved by the shareholders' meeting, even if not paid; (ii) attendance fees; (iii) lump-sum reimbursements of expenses; (iv) remuneration received for holding special offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code (e.g. Chairman, Deputy Chairman); (v) fixed employee remuneration gross of social security and tax charges paid by the employee, excluding mandatory collective social security charges paid by the company and provision for severance indemnity (TFR) Other components of employee remuneration (bonuses, other remuneration, non-monetary benefits, etc.), if any, must be indicated in the relevant columns, specifying in the footnote the portion paid by virtue of the office of director and the portion paid by virtue of the employment relationship.

**Emoluments for participation in committees:** these are indicated on an accrual basis and may be indicated on an aggregate level. The note indicates the committees of which the director is a member and, if he/she is a member of several committees, the remuneration he/she receives for each of them.

**Bonuses and other incentives:** this includes the portions of remuneration accrued (*vested*), even if not yet paid, during the financial year for objectives achieved during the year, in respect of cash incentive plans. The amount is shown on an accrual basis even if the financial statements have not yet been approved and also for the part of the *bonus* that may be subject to deferral. The values of *stock options* granted or exercised or other compensation in the form of financial instruments are never included.

**Profit-sharing:** the amount is reported on an accrual basis even if the financial statements and the distribution of profits have not yet been approved.

**Non-monetary benefits:** this shows the value of *fringe benefits* (on a taxable basis), including any insurance policies and supplementary pension funds.

**Other remuneration:** any further remuneration arising from other services rendered is shown separately and on an accrual basis. The notes provide information on any loans, advance payments and guarantees, granted by the company or its subsidiaries to executive directors and to the chairman of the board of directors, if, in view of their special terms (deviating from market conditions or from those applicable in a standardised manner to categories of persons), they represent a type of indirect remuneration.

**Fair value of share-based remuneration:** it indicates the *fair value* at the allocation date of the remuneration for the year under incentive plans based on financial instruments, estimated in accordance with international accounting standards<sup>2</sup>

Indemnities for **termination of office or termination** of employment: these indicate the indemnities accrued, even if not yet paid, in favour of directors for termination of office during the financial year in question, with reference to the financial year in which the termination of office actually occurred. This amount also includes the estimated value of any non-monetary benefits paid, the amount of any consulting agreement and the indemnities relating to non-competition undertakings. The amount of indemnities for non-competition undertakings must be stated only once at the time the office is terminated, specifying in the first part of Section II of the report the duration of the non-competition undertaking and the date of actual payment.

Please note that this includes all persons who held the position of member of the governing or control body, general manager or key manager during the financial year, including for just a portion of such period.

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<sup>2</sup> This item does not refer to the full share-based remuneration granted during the year, but only to the portion of it recognised in the financial statements, in application of accounting principles that require the vesting period of the rights to be taken into account, by spreading the related cost over the *vesting period*.

**Table 1** - Remuneration paid to members of the Board of Directors, General Managers and Key Managers.

Full name	Position	Period in which the office was held	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of share-based remuneration	Indemnities for termination of office or employment
						Bonuses and other incentives	Profit-sharing					
<b>Roberto Colaninno</b>	Chairman/CEO	01/01/22 - 31/12/22	Approval of 2023 financial statements	1,290,000						1,665,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				1,290,000		375,000			1,665,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				1,290,000					1,665,000			
<b>Matteo Colaninno</b>	Deputy Chairman	01/01/22 - 31/12/22	Approval of 2023 financial statements	192,000						192,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				192,000					192,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				192,000					192,000			
<b>Michele Colaninno</b>	Executive Director with delegated powers	01/01/22 - 31/12/22	Approval of 2023 financial statements	540,000								
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				540,000		150,000			690,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				540,000								
<b>Federica Savasi</b>	Director	01/01/22 - 31/12/22	Approval of 2023 financial statements	40,000						40,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000					40,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000					40,000			

<b>Andrea Formica</b>	Director	01/01/22 - 31/12/22	Approval of 2023 financial statements	40,000	10,000 (RC Member)					50,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000	10,000					50,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000	10,000					50,000		
<b>Rita Ciccone</b>	Director	01/01/22 - 31/12/22	Approval of 2023 financial statements	40,000	10,000 (RC Chairman) 10,000 (ARSC Member)					60,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000	20,000					60,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000	20,000					60,000		
<b>Graziano Gianmichele Visentin</b>	Director	01/01/22 - 31/12/22	Approval of 2023 financial statements	40,000	20,000 (ARSC Chairman) 10,000 (RC Member)					70,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000	30,000					70,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000	30,000					70,000		
<b>Micaela Vescia</b>	Director	01/01/22 - 31/12/22	Approval of 2023 financial statements	40,000	10,000 (ARSC Member)					50,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000	10,000					50,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000						50,000		
<b>Patrizia Albano</b>	Director	01/01/22 - 31/12/22	Approval of 2023 financial statements	40,000						40,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000						40,000		

(II) Remuneration from subsidiaries and associates									
(III) Total	40,000						40,000		

**Table 2** - Remuneration paid to members of the Board of Statutory Auditors.

Full name	Position	Period in which the office was held	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of share-based remuneration	Indemnities for termination of office or termination of employment
						Bonuses and other incentives	Profit-sharing					
<b>Piera Vitali</b>	Chairman	01/01/2022-31/12/2022	Approval of 2023 financial statements	75,000						75,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				75,000					75,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				75,000					75,000			
<b>Giovanni Barbara</b>	Statutory Auditor	01/01/2022-31/12/2022	Approval of 2023 financial statements	40,000	25,000 (Member of the Supervisory Board)					65,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000	25,000				65,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000	25,000				65,000			
<b>Massimo Giaconia</b>	Statutory Auditor	01/01/2022-31/12/2022	Approval of 2023 financial statements	40,000						40,000		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				40,000					40,000			
(II) Remuneration from subsidiaries and associates												
(III) Total				40,000					40,000			
<b>Gianmarco Losi</b>	Alternate Auditor		Approval of 2023 financial statements	-						-		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				-					-			
(II) Remuneration from subsidiaries and associates												
(III) Total				-					-			
<b>Fabrizio Piercarlo Bonelli</b>	Alternate Auditor		Approval of 2023 financial statements	-						-		
						Bonuses and other incentives	Profit-sharing					
(I) Remuneration in the reporting company				-					-			

(II) Remuneration from subsidiaries and associates									
(III) Total	-						-		

**Table 3B. Monetary bonuses for members of the board of directors, general managers and other key managers**

The information required under Annex 3A, Schedule 7-bis of Consob Regulation on Issuers No. 11971/99 is provided below, with particular reference to monetary *bonuses* to members of the board of directors.

“Column 2A” shows the *bonus* accrued for the financial year for objectives achieved during the year and paid or payable as it is not subject to further conditions (*upfront* remuneration).

“Column 2B” shows the *bonus* linked to objectives to be achieved in the financial year but not payable because it is subject to further conditions (deferred *bonus*).

“Column 3A” shows the sum of *bonuses* deferred in previous years not yet disbursed at the beginning of the financial year and no longer payable due to non-fulfilment of the applicable conditions.

“Column 3B” shows the sum of *bonuses* deferred in previous years not yet disbursed at the beginning of the financial year and paid during the year or payable.

“Column 3C” shows the sum of *bonuses* deferred in previous years not yet disbursed at the beginning of the financial year and further deferred.

The sum of the amounts indicated in columns 3A, 3B and 3C corresponds to the sum of the amounts indicated in columns 2B and 3C of the previous year. The column “Other Bonuses” shows *bonuses* pertaining to the financial year that are not explicitly included in plans defined *ex ante*.

(A) Full name	(B) Position	(1) Plan	(2) Bonus for FY2022			(3) Bonuses of previous years			(4) Other Bonuses
			(A) Paid/Payable	(B) Deferred	(C) Deferment period	(A) No longer payable	(B) Paid/Payable	(C) Still deferred	
Roberto Colaninno	Chairman of Piaggio & C. S.p.A.								
(I) Remuneration in the reporting company	Resolution by BoD of Piaggio & C. S.p.A. 02/03/2023		375,000						
(II) Remuneration from subsidiaries and associates									
Michele Colaninno	Director with delegated powers		150,000						
(I) Remuneration in the reporting company	Resolution by BoD of Piaggio & C. S.p.A. 02/03/2023								
(II) Remuneration from subsidiaries and associates									
(III) Total			525,000						

**3. Shareholdings of members of governing and control bodies, general managers and key managers (Schedule No. 7-ter of Annex 3A to the Regulation on Issuers)**

The members of governing and control bodies do not hold shares in the Company or in companies controlled by it.

FULL NAME	POSITION	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR - 2021	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT YEAR - 2022
Roberto Colaninno	Chairman and Chief Executive Officer	Piaggio & C. S.p.A.	0	250,000	0	250,000