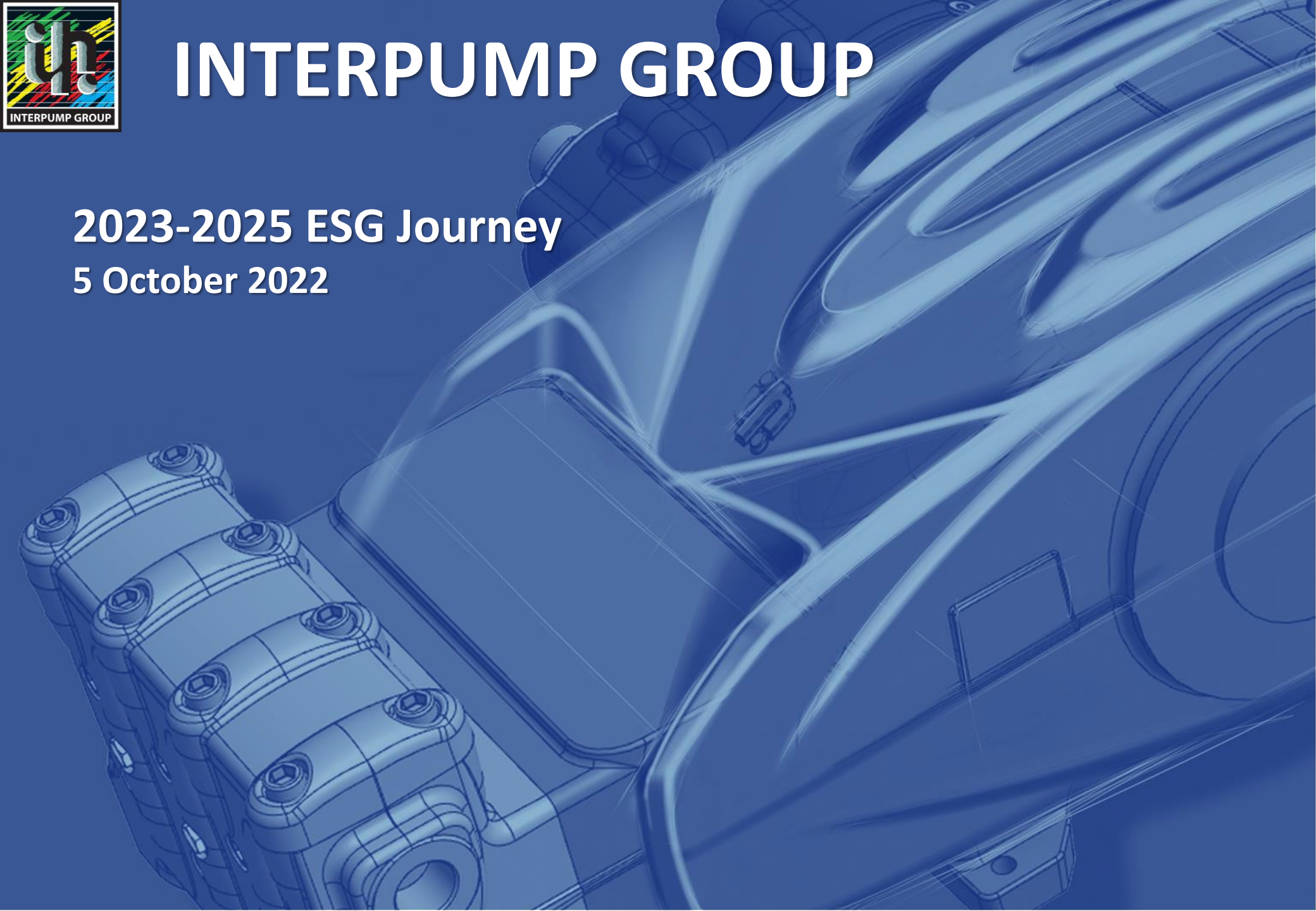




INTERPUMP GROUP

2023-2025 ESG Journey

5 October 2022





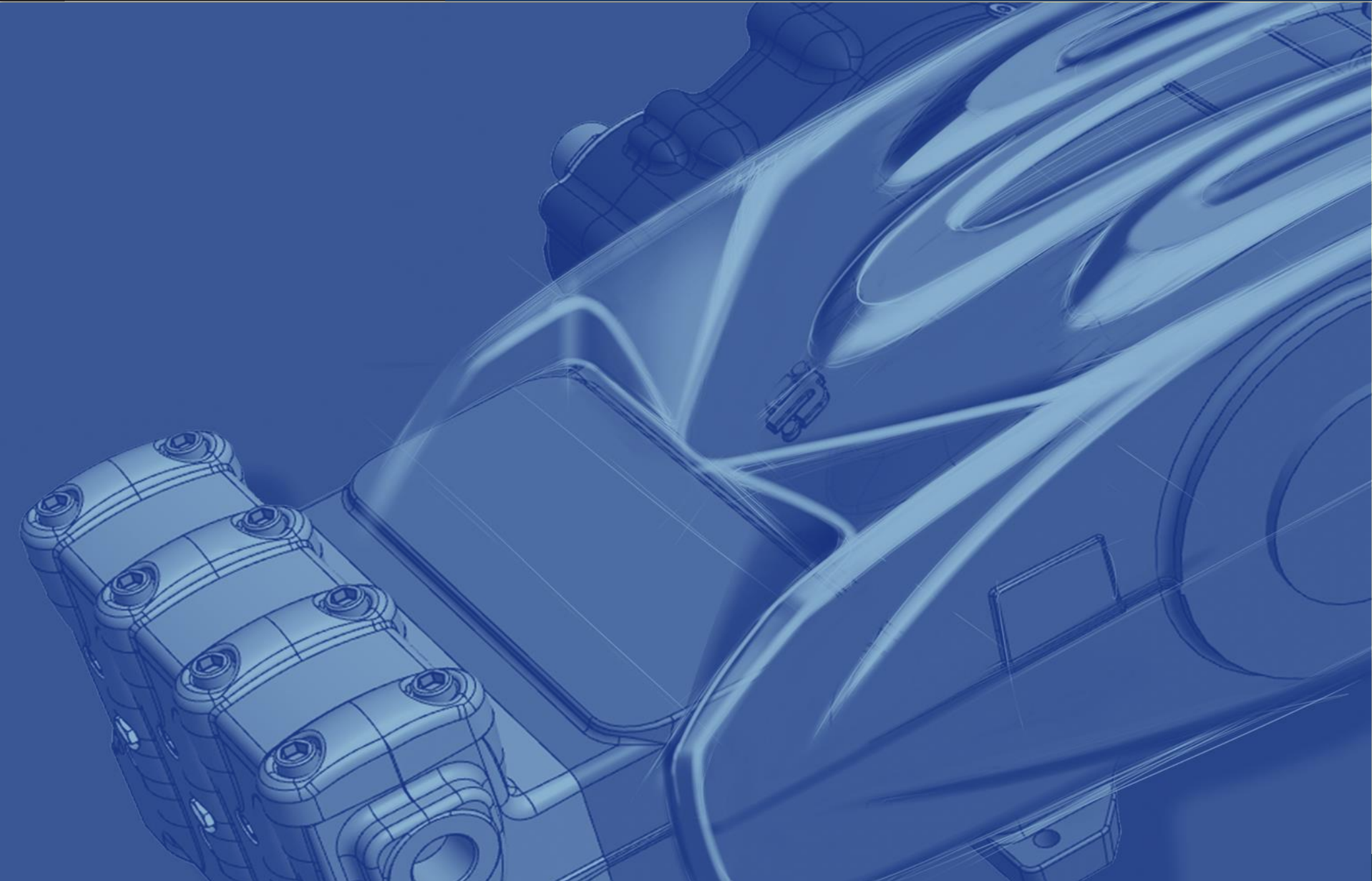
- **KEY HIGHLIGHTS**
- **GROUP APPROACH**
- **ACTIONS**
- **CONCLUSION**
- **ANNEX**

“A falling tree makes more noise than a growing forest”

Lao Tzu



2023-25 ESG JOURNEY KEY HIGHLIGHTS



- “Consolidation and alignment of Group sustainability activities and processes” consistent with 2022 Group focuses

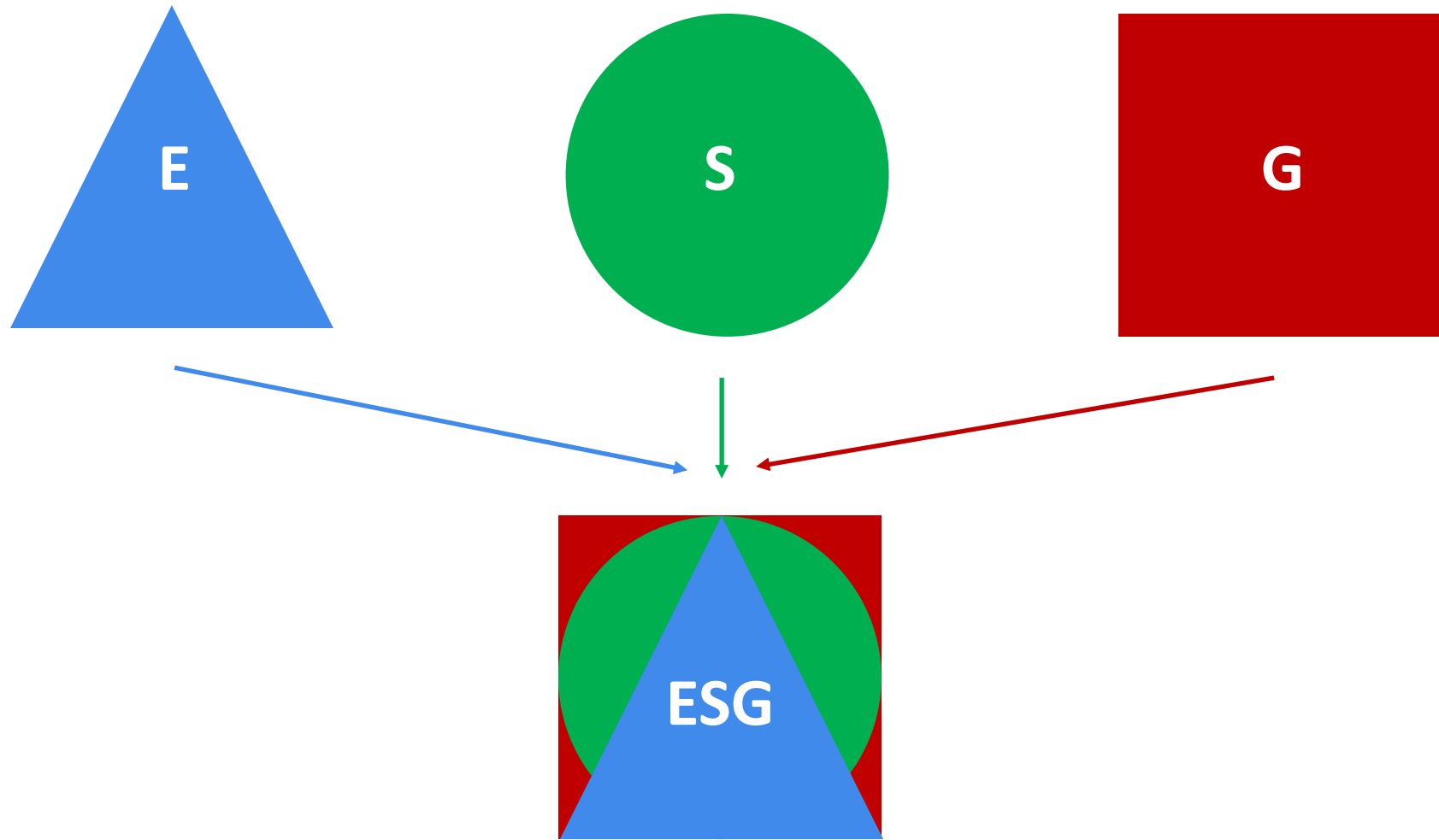
- Concrete achievement of this focus: Group “2023-2025 ESG journey”
 - The first project at Group level

- Concrete and precise actions: 20 targets to be delivered
 - 12 to be delivered in the next two years to built Group ESG foundations
 - 8 to be executed before 2025⁽¹⁾ to lead to 2030-2050 decarbonisation targets

- Concrete resources defined for the entire Journey
 - CAPEX: approximately 10m, around 40% already included in 2022 budget
 - OpEx: around € 3m of incremental costs
 - G&A: no material impacts is expected, resources placed at disposal in case

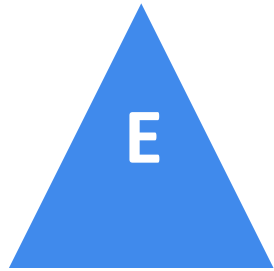
- Concrete correlation with top management remuneration policy
 - 2022-2024 Stock Option Plan already linked to ESG targets ⁽²⁾
 - 2023-2025 bonuses will be correlated to execution and I Section of Group remuneration policy to be updated at the AGM 2023

⁽¹⁾ 7 to be executed before 2025 and 1 before 2027 - ⁽²⁾ ESG targets to be achieved for the vesting and consequent exercisability of the Options and foresight of a clause which will allow the Board to align the new Stock Option Plan to I Section Group Remuneration Policy evolution (see please 2022-2024 Stock Option Plan for details)



2023-2027 KEY TARGETS

SUPPORTED GRI and SDG



<ul style="list-style-type: none"> ▪ Definition of Group “Carbon neutrality” strategy 	2023
<ul style="list-style-type: none"> ▪ Reduction of Group “Carbon intensity” 	2025
<ul style="list-style-type: none"> ▪ Increase of renewed electricity consumption 	2025

GRI
305-1 and 2
302-1



<ul style="list-style-type: none"> ▪ Injury rate improvement 	2024
<ul style="list-style-type: none"> ▪ ESG supply chain evaluation 	2023
<ul style="list-style-type: none"> ▪ ISO 45001 extension 	2027

GRI
403-9
308-1 / 414-1



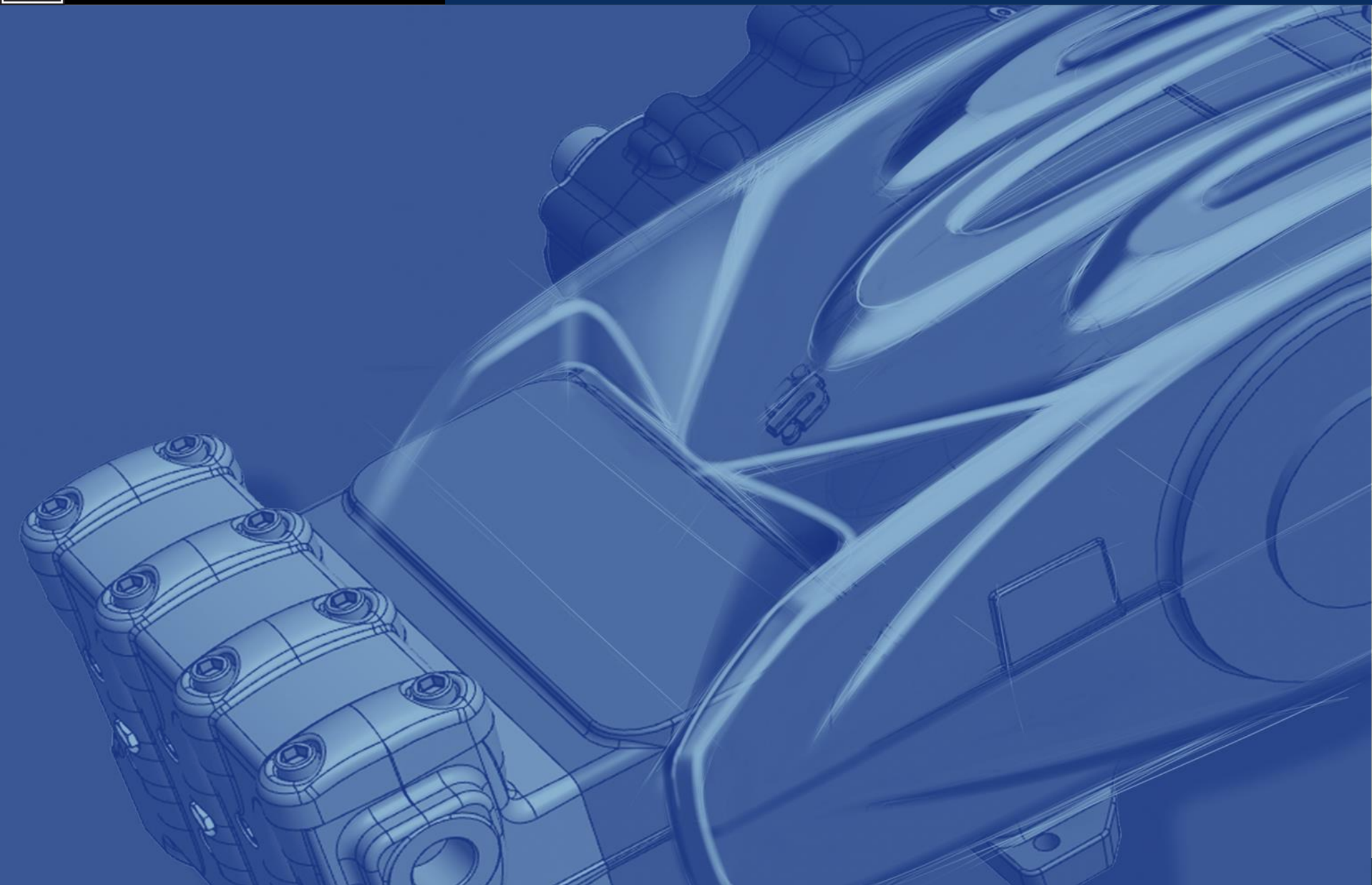
<ul style="list-style-type: none"> ▪ Establishment of Board ESG Committee 	2023
<ul style="list-style-type: none"> ▪ Succession plan formalisation 	2023
<ul style="list-style-type: none"> ▪ Tax compliance consolidation 	2024

GRI
207-1, 2 and 3





2023-25 ESG JOURNEY GROUP APPROACH



- Four Group key success factors to incorporate and balance
 - Diversification by product, geography and application sector
 - Business models heterogeneity
 - Growth strategy based on both organic and M&A
 - “Soft integration policy” for acquired companies
 - Powerful and consistent focus on Operations and execution

- Three guidelines to follow
 - “Dynamic materiality” approach
 - Focus on production activities
 - Leverage on subsidiaries “best practices”

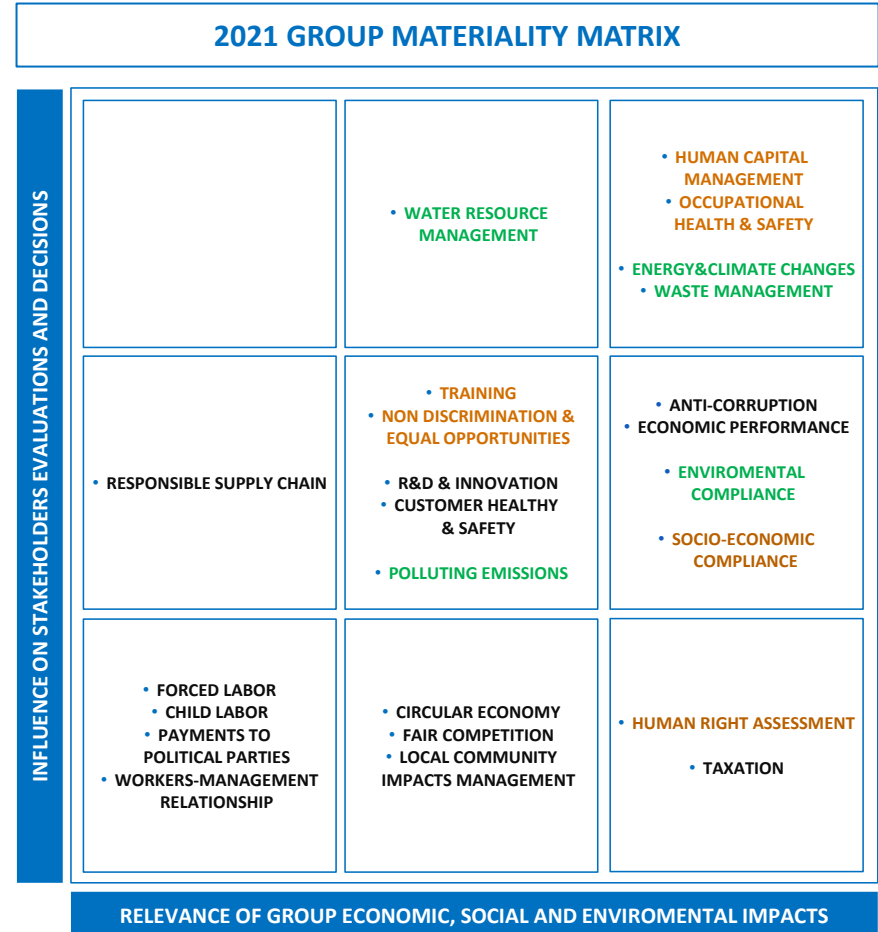
- Two phases to implement
 - 2023-2024: building Group ESG foundations
 - 2025: leading to 2030-2050 decarbonisation targets

- One mantra to apply
 - Concreteness

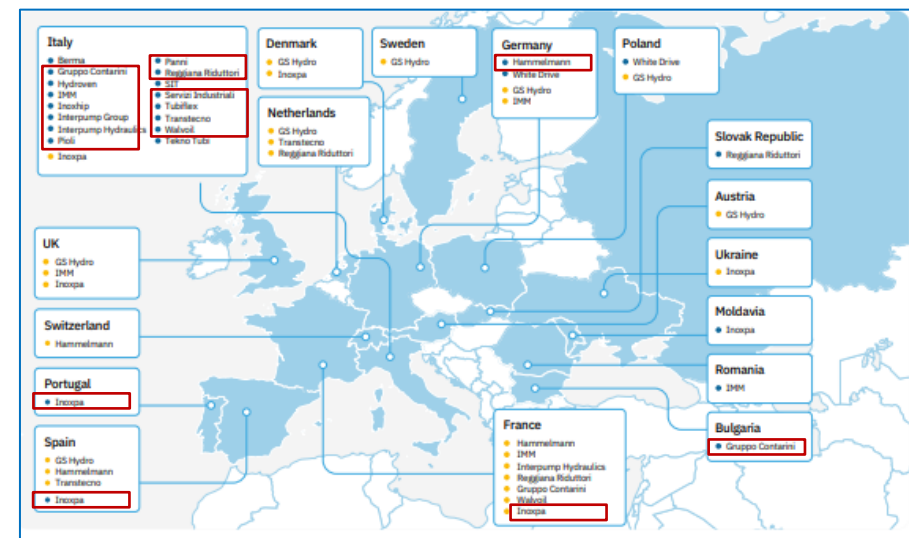
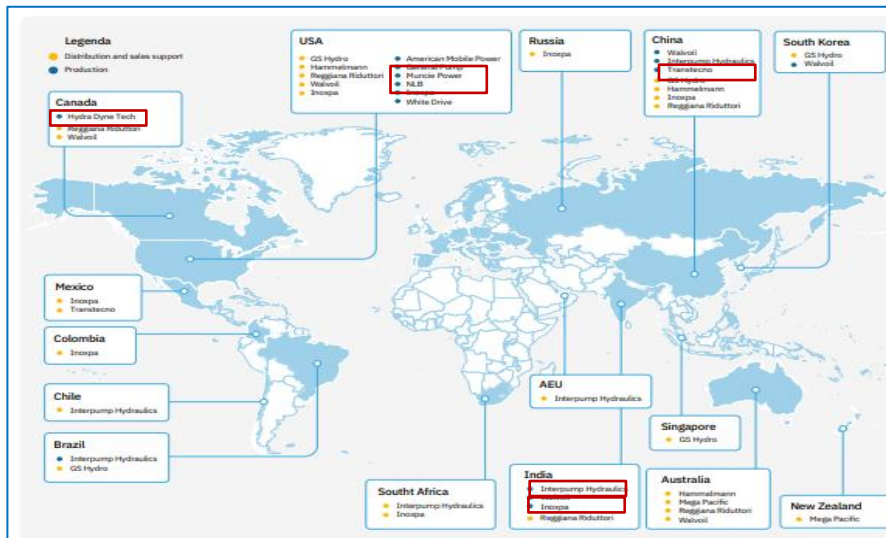
- 2021 “materiality matrix” was ones of the most important starting points

- Group adopted a “dynamic materiality” approach to anticipate important changes the recent macro and geo-political would most likely drive

- Other important planning elements were
 - Engagement of business leaders
 - Drafting of an appropriate analysis and measurement model
 - Deep comparison and combination among heterogeneous business models present inside the Group
 - Identification of Group “best-in-class” for each pillar and/or activities
 - Industrial and financial benchmark analysis



- Manufacturing Group subsidiaries are the journey starting point
- Almost 65% of 2021 sales covered ⁽¹⁾
 - Around 50% of top Group productive sites ⁽²⁾ and around 70% of Group employees
 - 16 and 9 in the Hydraulic and Water-Jetting division respectively



⁽¹⁾ Total consolidated revenues of € 1.551m (see please 2021 Non-Financial Statements) - ⁽²⁾ Perimeter: factories above 1.000sq

- “Pilot projects” represent an important means to face Group journey
- They allow to leverage on Group subsidiaries best practices
 - Overcame in a efficient and effective way Group business models heterogeneity



- In the horizon plan, for different “actions”, different “best practices” coming from different “subsidiaries”
 - **E.4** (circular economy - phase 1): IMM and Interpump
 - **S.5** (ESG supply chain evaluation model definition): Walvoil
 - **S.7** (diversity & inclusion): Muncie





ANALYSIS AND MEASUREMENT

BUILDING GROUP ESG FOUNDATIONS

LEADING TO 2030 AND 2050 DECARBONISATION TARGETS

2022

2023

2024

2025

2027

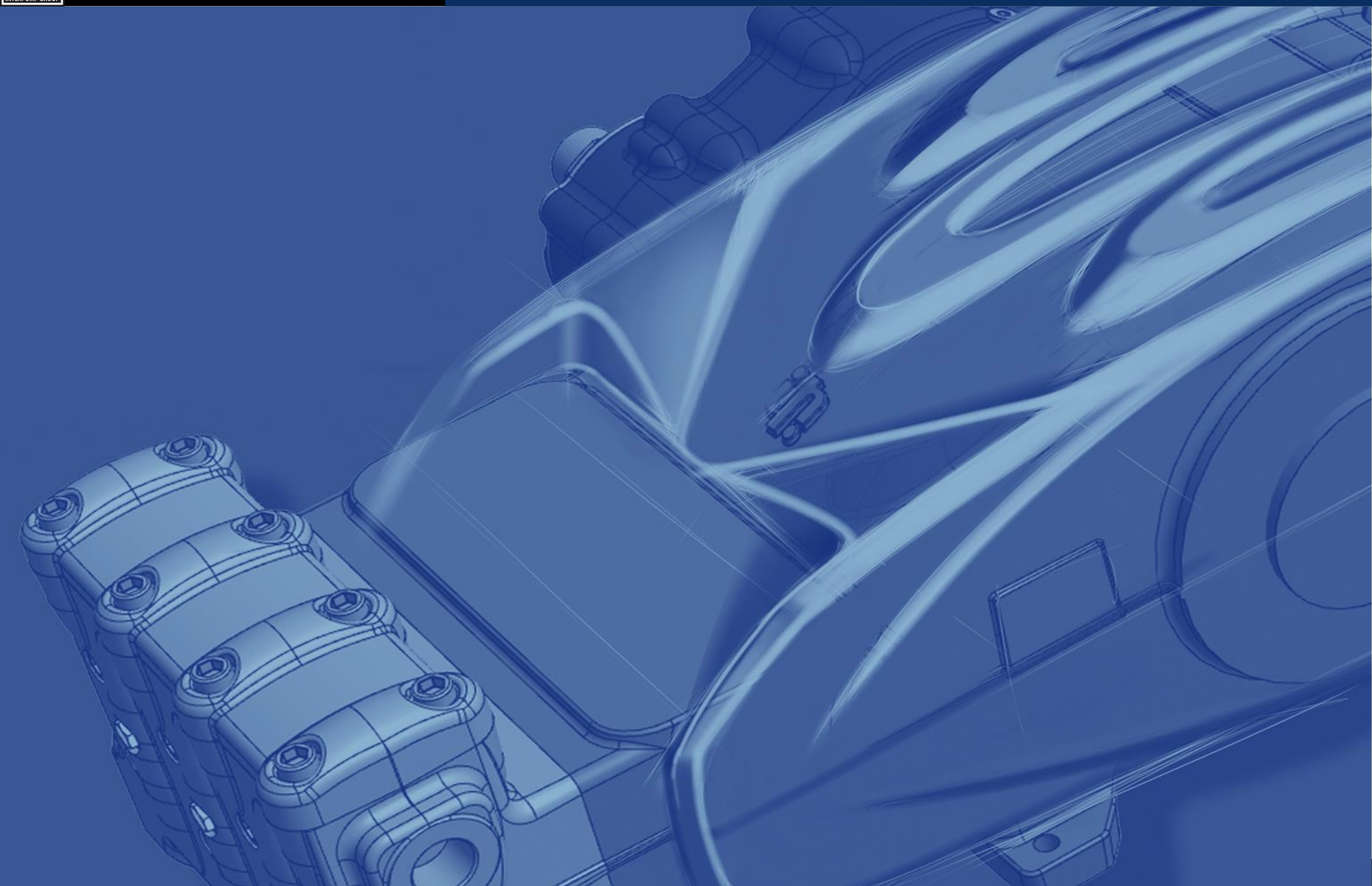
- **E.1** - Carbon neutrality strategy
- **E.4** - Circular economy (phase 1)
 - **E.7** - Product ECO-design
- **S.1** - Injury rate improvement
- **S.5** - ESG supply chain evaluation model definition
- **S.6** - ESG supply chain evaluation model extension
- **G.1** - Board ESG Committee
- **G.2** - Code of Ethics revision
- **G.3** - Succession plan formalisation
- **G.4** - Tax Control Framework adoption
- **G.5** - GR1 207-4 information updating

- **E.2** - Carbon intensity reduction
- **E.3** - Increase of renewable energy consumption
- **E.5** - Circular economy (phase 2)
- **E.6** - Water monitoring system
- **S.2** - ISO 45001 extension
- **S.3** - Increase of non-compulsory training
- **S.4** - Global mobility program
- **S.7** - Diversity&inclusion model definition

ANALYSIS, MEASUREMENT, REVIEW AND FINETUNE






2023-25 ESG JOURNEY ACTIONS



- 3 main streams
 - Climate change
 - Product life cycle
 - Water efficiency

- Formalisation of Group “E” strategy and policies is the cornerstone

- Approximately € 10m of CAPEX and not material impact on Group G&A in the plan horizon
 - CAPEX: around 40% already included in 2022 projects
 - G&A: most activities will be performed internally

ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
<div style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; text-align: center;">CLIMATE CHANGE</div> <div style="text-align: center; padding: 20px;">E.1</div>	<p style="color: #0056b3; margin: 0;">Carbon neutrality strategy definition</p> <ul style="list-style-type: none"> ■ To be applied to the entire Group perimeter and to all carbon emission categories (Scope 1, 2 and 3) ■ Fundamental support to reach timely 2030 and 2050 EU target 	  	N.A.	Base year: 2022 Target year: 2023

	ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
CLIMATE CHANGE	E.2	<p>Carbon intensity reduction</p> <ul style="list-style-type: none"> Focus on Scope 1 and 2 Main leverages: photovoltaic plants installation and renewable purchase energy agreement Italian manufacturing site as PPA starting point 	 305-1 and 2	<p>K.P.I. tCO₂eq/€ ⁽¹⁾</p> <p>Target: -30% (from 0.040 ⁽²⁾ to 0.028)</p>	<p>Base year: 2021 Target year: 2025</p>
	E.3	<p>Increase of renewable energy consumption</p> <ul style="list-style-type: none"> Main leverages: photovoltaic plants installation and renewable purchase energy agreement Italian manufacturing site as PPA starting point 	 302-1	<p>K.P.I. Total renewable EE (GJ)/Total energy</p> <p>Base: 3% Target: 25%</p>	<p>Base year: 2021 Target year: 2025</p>
PRODUCT LIFE CYCLE	E.4	<p>Circular economy – Phase 1</p> <ul style="list-style-type: none"> Waste assessment and potential by-products analysis Network with partner entities at regional level Pilot project in IPG and IMM subsidiaries 	 6 CLEAN WATER AND SANITATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	N.A.	<p>Base year: 2022 Target year: 2023</p>
	E.5	<p>Circular economy – Phase 2</p> <ul style="list-style-type: none"> Feasibility study on Phase 1 project extension Italian manufacturing site as possible perimeter 	 6 CLEAN WATER AND SANITATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	N.A.	<p>Base year: 2023 Target year: 2025</p>

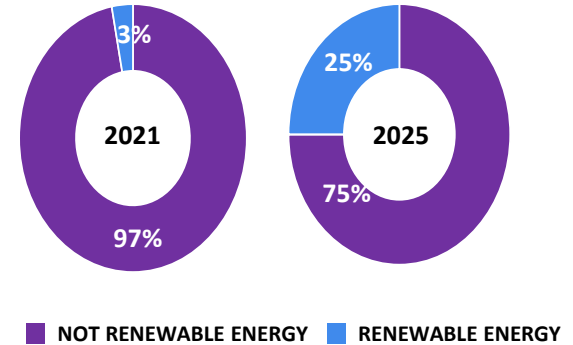
⁽¹⁾ tCO₂eq/Total consolidated revenues - ⁽²⁾ Baseline 2021: tCO₂eq of 62.181 and total consolidated revenues of € 1.551m (see please 2021 NFS)

	ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
WATER EFFICIENCY	E.6	<p>Water monitoring system</p> <ul style="list-style-type: none"> Phase 1: mapping of the installed water monitoring systems across the Group Phase 2: implementation of a continuous water monitoring system in all Group factories 	<p>GRI 303-3 and 4</p>	N.A.	<p>Base year: 2022 Target year: 2025</p>
PRODUCT LIFE CYCLE	E.7	<p>Product ECO-design</p> <ul style="list-style-type: none"> Phase 1: definition of a Group ECO-design policy Phase 2: implementation of Group policy through procedures reflecting business model heterogeneities 		N.A.	<p>Base year: 2022 Target year: 2024</p>

- 2021 data
 - “Not renewable energy”: 97%
 - “Renewable energy”: 3%

- 2025 target: 25% of “renewable energy”
 - “Self production” and moreover “external purchase” will be the most important driver of the increase of “renewable energy” incidence

2021-2025E ENERGY CONSUMPTION BREAKDOWN by SOURCE



IPH India – Rudrapur factory - Electric energy production started last September all self consumed – Exp. yearly energy production: above 730Mwh



V. Fermi factory roof before photovoltaic plants installation



V. Fermi factory roof after photovoltaic plants installation

IP Italy - Sant'Ilario d'Enza, v. Fermi factory - Electric energy production started last May all self consumed – Exp. yearly energy production: above 610 Mwh

- 4 main streams
 - Health & safety
 - People development
 - Responsible supply chain
 - Diversity & inclusion

- “Pilot projects” will be crucial to capitalise on already existing best practices at subsidiaries level
 - Walvoil for “ESG supply chain evaluation model definition” and Muncie for “diversity & inclusion”

- Not material financial impacts in the implementation horizon
 - Around € 3m of incremental costs for both ISO 45001 extension and non-compulsory training

ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
<div style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">HEALTH & SAFETY</div> <p style="text-align: center; font-weight: bold; color: #0056b3;">S.1</p>	<p style="text-align: center; font-weight: bold; color: #0056b3;">Injury rate improvement</p> <ul style="list-style-type: none"> ■ Keep injury frequency below 2019-21 average 	<div style="display: flex; align-items: center; justify-content: center;"> <div style="margin-right: 10px;"> <p>GRI 403-9</p> </div> <div> </div> </div>	<p style="text-align: center; font-weight: bold;">K.P.I.</p> <p style="text-align: center;">Injury rate ⁽¹⁾</p> <p style="text-align: center;">Average 2019-21: 2,2 ⁽²⁾</p>	<p style="text-align: center;">Base year: 2021</p> <p style="text-align: center; font-weight: bold;">Target year: 2024</p>

⁽¹⁾(Total n° of employees injuries above 1 day / Total n° of hours worked) x 200.000 - ⁽²⁾Please refer to Non-financial statements as of 31 December 2019, 2020 and 2021 for details

	ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
HEALTH & SAFETY	S.2	<p>ISO 45001 extension</p> <ul style="list-style-type: none"> Focus on subsidiaries with manufacturing sites 	 	<p>K.P.I.</p> <p>% Group turnover</p> <p>Base: 22% Target: 45%</p>	<p>Base year: 2021 Target year: 2027</p>
PEOPLE DEVELOPMENT	S.3	<p>Increase of non-compulsory training</p> <ul style="list-style-type: none"> Focus on “below - in line” target subsidiaries Definition of Group guidelines and identification of training areas 	 	<p>K.P.I.</p> <p>About 35% increase average training hours x employee⁽¹⁾</p>	<p>Base year: 2021 Target year: 2025</p>
	S.4	<p>Global mobility program</p> <ul style="list-style-type: none"> Define and implement a worldwide mobility program across Group subsidiaries 	 	<p>N.A.</p>	<p>Base year: 2022 Target year: 2025</p>
RESPONSIBLE SUPPLY CHAIN	S.5	<p>ESG supply chain evaluation model definition</p> <ul style="list-style-type: none"> Updated suppliers’ evaluation model with environmental and social criteria Initial focus on “material” suppliers Execution of a pilot project in Walvoil Group 	 	<p>N.A.</p>	<p>Base year: 2022 Target year: 2023</p>

⁽¹⁾(Total n° of «non-compulsory» training hours / Total N° of employees)

	ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
RESPONSIBLE SUPPLY CHAIN	S.6	<p>ESG supply chain evaluation model extension</p> <ul style="list-style-type: none"> First focus on Italy (100% of manufacturing subsidiaries) Feasibility study for a worldwide application 		N.A.	<p>Base year: 2023 Target year: 2024</p>
DIVERSITY & INCLUSION	S.7	<p>Diversity & inclusion model definition</p> <ul style="list-style-type: none"> Systematic and consistent mapping of HR evolution and development from a diversity & inclusion point of view Execution of a pilot project in Muncie 		N.A.	<p>Base year: 2023 Target year: 2025</p>



Hammelman, Germany – Oelde factory

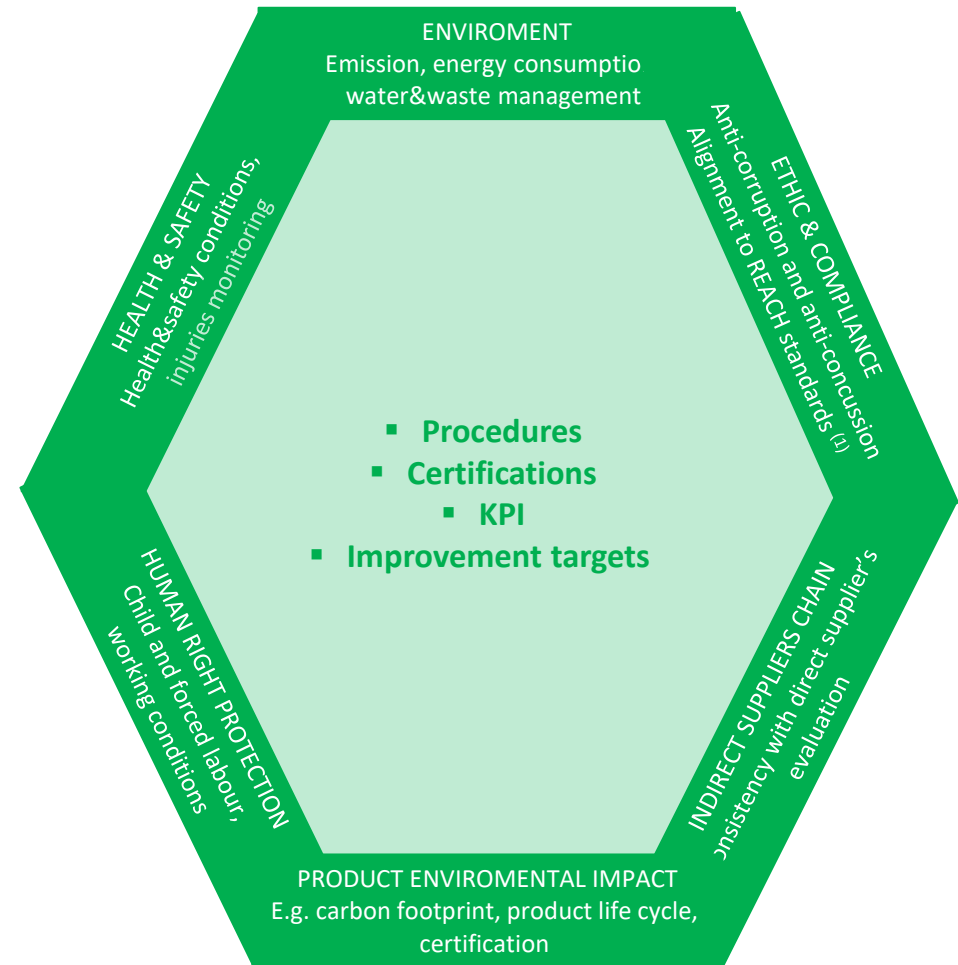


Reggiana Riduttori, Italy – San Polo d’Enza factory

- Quality is the main focus of Group direct suppliers evaluation criteria and methodology
 - Technical performances
 - Timely delivery
 - Capability to follow and support Group flexible production approach

- ESG criteria will be incorporated and applied with the same discipline, leveraging on analysis and assessment of our counterparties
 - Procedures
 - Certifications
 - KPI
 - Improvement targets

- Strong correlation to E.1-2 actions to support our journey to Scope 3





⁽¹⁾ R.E.A.C..H. = European regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals

- 3 main streams
 - ESG as governance cornerstone
 - Spread of ESG principles, actions and results inside and outside the Group
 - Tax compliance consolidation in line with best practices







- “G” actions will follow the natural path of Group governance activities
 - Mostly be addressed by 2023 annual shareholders meeting

- Almost all activities will be performed internally
 - Possible support on certain areas from specialised external consultants




	ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
ESG CORNESTONE	G.1	<p>Establishment of Board ESG Committee</p> <ul style="list-style-type: none"> ■ Separation between “Control & Risk” and “Sustainability” committees ■ Inclusion of executive directors 	 	N.A.	<p>Base year: 2022</p> <p>Target year:</p> <p>1H2023</p>

ESG PRINCIPLES-ACTIONS-RESULTS SPREAD

ALIGNMENT TO TAX BEST PRACTICES

ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
G.2	<p style="text-align: center;">Code of Ethics revision</p> <ul style="list-style-type: none"> To reflect ESG principles in Code of Ethics 		N.A.	<p>Base year: 2022 Target year: 1H2023</p>
G.3	<p style="text-align: center;">Succession plan formalization</p> <ul style="list-style-type: none"> Succession plan formalization (starting from Interpump Group S.p.A.) 		N.A.	<p>Base year: 2022 Target year: 2023</p>
G.4	<p style="text-align: center;">Tax compliance consolidation in line with best practices</p> <ul style="list-style-type: none"> Tax strategy formalization Tax governance and tax risk management and control enhancement Internal compliance review for OECD Pillar II 	 207-1, 2 and 3 	N.A.	<p>Base year: 2022 Target year: 2024</p>
G.5	<p style="text-align: center;">GR1 207-4 information updating</p> <ul style="list-style-type: none"> Country-by-country report refresh and annual updating 	 207-4 	N.A.	<p>Base year: 2022 Target year: annual</p>

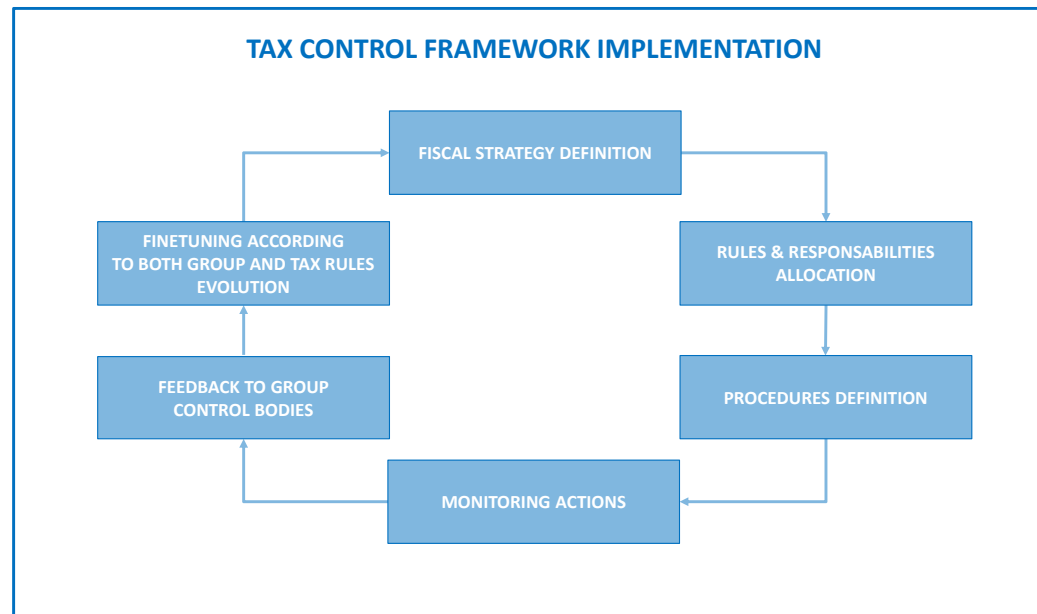
ESG PRINCIPLES-ACTIONS-RESULTS SPREAD

ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
G.6	<p style="text-align: center;">Updating on ESG journey</p> <ul style="list-style-type: none"> ▪ Periodic updating on actions implementation 	  	N.A.	<p style="text-align: center;">Base year: 2022 Target year: annual</p>

- Interpump fiscal approach has been consistently based on
 - “Entity level” focus, in line with a “soft integration” philosophy applied to acquired companies
 - Harmonisation among different fiscal frameworks connected to Group different presence countries

The absence of material fiscal litigations proofs the solidity of this approach

- Through “ESG journey” Group will seize the opportunities to further improve tax management and to align itself to “best practices”
 - Integration of the fiscal strategy inside the Group strategy definition and execution

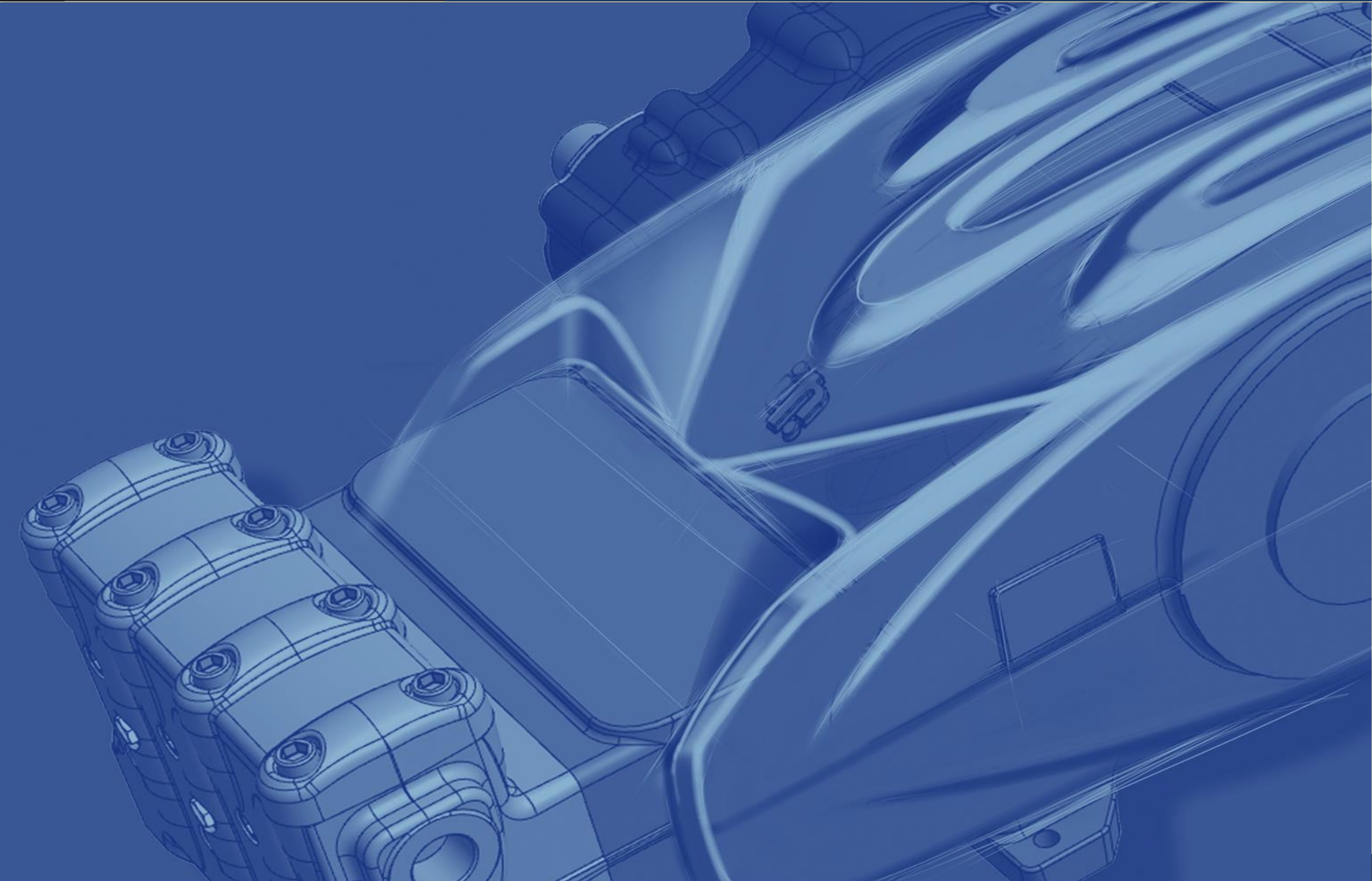


“A falling tree makes more noise than a growing forest”

Lao Tzu

- Concrete achievement of one of Group 2022 focus: Group “ESG journey”
- Concrete and precise actions: 20 targets to be delivered by 2025 ⁽¹⁾
- Concrete resources defined
- Concrete correlation with top management remuneration policy

⁽¹⁾ S.2 to be delivered by 2027



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The Group uses several alternative measures that are not identified as accounting parameters in the framework of IFRS standards, to allow better evaluation of the trend of economic operations and the Group's financial position. Such indicators are also tools that assist the directors in identifying operating trends and in making decisions on investments, resource allocation and other business matters. Therefore, the measurement criterion applied by the Group may differ from the criteria adopted by other groups and hence may not be comparable with them. Such alternative performance indicators are constituted exclusively starting from the Group's historical data and measured in compliance with the matters established by the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015. These indicators refer only to performance in the period illustrated in this Interim Board of Directors' Report and the comparative periods and not to expected performance and must not be taken to replace the indicators required by the reference accounting standards (IFRS). Finally, the alternative indicators are processed with continuity and using uniform definition and representation for all the periods for which financial information is included in this Interim Board of Directors' Report.

The performance indicators used by the Group are defined as follows:

- **Earnings/(Losses) before interest and tax (EBIT):** Net sales plus Other operating income less Operating costs (Cost of sales, Distribution costs, General and administrative expenses, and Other operating costs)
- **Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA):** EBIT plus depreciation, amortization, writedowns and provisions;
- **Net indebtedness (Net financial position):** calculated as the sum of Loans obtained and Bank borrowing less Cash and cash equivalents;
- **Capital expenditure (CAPEX):** the sum of investment in property, plant and equipment and intangible assets, net of divestments;
- **Free Cash Flow:** the cash flow available for the Group, defined as the difference between the cash flow of operating activities and the cash flow for investments in tangible and intangible fixed assets;
- **Capital employed:** calculated as the sum of shareholders' equity and net financial position, including debts for the acquisition of equity investments;
- **Return on capital employed (ROCE):** $EBIT / \text{Capital employed}$;
- **Return on equity (ROE):** $\text{Net profit} / \text{Shareholders' equity}$.

The Group's income statement is prepared by functional area (also called the "cost of sales" method). This form is deemed to be more representative than its "type of expense" counterpart, which is nevertheless included in the notes to the Annual Financial Report. The chosen form, in fact, complies with the internal reporting and business management methods. The cash flow statement was prepared using the indirect method.

