



INTERPUMP GROUP S.P.A. REMUNERATION POLICY

Prepared pursuant to art. 123-(3) of Italian legislative decree no. 58 of 24 February 1998

18 March 2016

This report relates to 2015 and is available on the Company's website www.interpumpgroup.it

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SECTION I

INTRODUCTION

This report on Remuneration Policy (the “**Report**”) prepared by Interpump Group S.p.A. is organized as follows:

- **Section I:** contains a description of the general policy for remunerating the members of the Board of Directors (the “**Directors**”) including, in particular, the directors assigned special duties and the non-executive directors of Interpump Group S.p.A., as well as the procedures followed in order to adopt and implement such policy;
- **Section II:** contains a review of the remuneration recognized in 2015.

This Report, prepared in compliance with the provisions of art 123-(3) of Legislative Decree no. 58 of 24 February 1998, (the “**Consolidated Finance Act**” or “**TUF**”), provides the shareholders of Interpump Group S.p.A. (“**Interpump**” or the “**Company**”) and the market with detailed information concerning both the policy for the remuneration and incentivization of the directors and Managers with Strategic Responsibilities - construed as the persons with powers and responsibilities, directly or indirectly, for planning, managing and controlling the activities of the Company in accordance with the definition supplied in this regard in Annex 1 to the Consob Regulation on transactions with related parties no. 17221 of 12 March 2010 - adopted for 2015, and the compensation paid to said persons and to the statutory auditors.

The Remuneration Policy is prepared in compliance with the recommendations of article 6 of the code of corporate governance of listed companies issued by Borsa Italiana S.p.A. (the “**Code of Corporate Governance**”), as amended most recently in July 2015¹, to which the company adheres, and for the purposes of Article 3.2 letter (b) of the Related Party Transactions Procedure approved by Interpump on 10 November 2010 and subsequently updated on 18 March 2014 (the “**Procedure**”). This Remuneration Policy, approved by the Company's Board of Directors on a proposal

¹ In particular the update of the Code of Corporate Governance has changed art. 6 "Remuneration of the directors" by adding a new principle (6.P.5) that covers situations in which an executive director or general manager ceases to serve and/or is terminated. The Issuer must provide detailed information to the market about the internal processes that result in the allocation or recognition of indemnities and/or other benefits to such persons. Commencing from the new remuneration policy, approved with effect from 1 January 2015, the Issuer must also provide information about any contractual agreements that enable the company to reclaim, in whole or in part, the variable elements of remuneration already paid (or to withhold amounts subject to deferral), if they were determined on the basis of data later found to be clearly incorrect (6.C.1. f)). The Code of Corporate Governance has also added an application criterion (6.C.8) that governs the content of the communication to the market envisaged in principle 6.C.5.

from the Remuneration Committee on 18 March 2016, may be revised and updated by the Board of Directors on a proposal from the Remuneration Committee, which periodically assesses its adequacy, overall consistency and effective application.

1. INTRODUCTION - COMPANY INFORMATION

Interpump Group S.p.A. is company with liability limited by shares that was formed on 1 December 1995. The company was admitted to the STAR segment of Borsa Italiana on 1 April 2001, since inter alia it met the related transparency and corporate governance requirements.

The issued and fully-paid share capital amounts to 56,617,232.88 euro and represented by 108,879,294 ordinary shares having a nominal value of 0.52 euro each.

The Company is managed by a Board of Directors comprising 9 members, as shown below:

NAME	POSITION	DATE APPOINTED	END DATE
Fulvio Montipò	Chairman and Chief Executive Officer	30 April 2014	Approval of financial statements at 31 December 2016
Paolo Marinsek	Deputy Chairman and Chief Executive Officer	30 April 2014	Approval of financial statements at 31 December 2016
Stefania Petruccioli	Non-Executive Director	30 June 2015	Approval of financial statements at 31 December 2016
Giuseppe Ferrero	Non-Executive Director	30 April 2014	Approval of financial statements at 31 December 2016
Giancarlo Mocchi	Non-Executive Director	30 April 2014	Approval of financial statements at 31 December 2016
Giovanni Tamburi	Non-Executive Director	30 April 2014	Approval of financial statements at 31 December 2016
Marcello Margotto	Non-Executive Director	6 August 2015	Approval of financial statements at 31 December 2016

Franco Garilli	Non-Executive Director	30 April 2014	Approval of financial statements at 31 December 2016
Paola Annunziata Tagliavini	Non-Executive Director	30 April 2014	Approval of financial statements at 31 December 2016

At this date of this Report, the executive directors that the Board of Directors also recognizes as Managers with Strategic Responsibilities are (i) the Chairman and Chief Executive Officer Fulvio Montipò and (ii) the Deputy Chairman and Chief Executive Officer Paolo Marinsek, who were both confirmed on 30 April 2014. The Board of Directors does not consider it necessary to identify other Managers with Strategic Responsibilities since, due to the way the group is structured, there are no executives with this level of responsibility.

Until 1 July 2015, the Remuneration Committee appointed on 30 April 2014 comprised Carlo Conti, Chairman, Franco Garilli and Giovanni Tamburi. Following the resignation of Carlo Conti as a director, the Board of Directors replaced him by co-opting Marcello Margotto at the meeting held on 6 August 2015, who was then appointed as Chairman of the Committee. On the same date, the Board of Directors appointed Franco Garilli as Lead Independent Director. The Remuneration Committee comprises 3 non-executive members, the majority of whom are independent:

- **Marcello Margotto**, Chairman
- **Franco Garilli**, Lead Independent Director
- **Giovanni Tamburi**, Non-executive director

2. PROCEDURES UTILIZED FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

2.1 Corporate bodies or parties involved in the preparation and approval of the Remuneration Policy, and the bodies or parties responsible for its proper implementation

Interpump has adopted a governance model designed to guarantee transparency, consistency at group level among the member companies (the “**Group**”), and adequate control in relation to the Remuneration Policy and its implementation.

The Remuneration Policy is approved by the Company's Board of Directors, based on a proposal from the Remuneration Committee, and is consistent with the corporate governance model adopted by the Company and the recommendations contained in the Code of Corporate Governance. The Policy is presented to the Shareholders' Meeting at the time of approving the financial statements and, if required pursuant to article 123-(3), of the Consolidated Finance Act, is subjected to a consultative vote of

the shareholders.

In addition to approving the Remuneration Policy and presenting it to the Shareholders' Meeting, the Board of Directors is also responsible for:

- (i) allocating the overall compensation established for the directors by the Shareholders' Meeting, pursuant to the provisions of art. 2389, subsection 1 of the Italian civil code, if not already decided by the Shareholders' Meeting;
- (ii) determining the remuneration of the directors assigned special duties pursuant to art. 2389, subsection 3 of the Italian civil code, further to a proposal from the Remuneration Committee;
- (iii) analyzing the incentive plans to be submitted for shareholder approval;
- (iv) establishing a Remuneration Committee from among its members and determining the related duties, in compliance with the recommendations of the Code of Corporate Governance.

In expressing its opinion on the remuneration of directors assigned special duties, in compliance with article 2389, subsection 3, of the Italian civil code, the Board of Statutory Auditors assesses the consistency of the proposals with this Remuneration Policy. Pursuant to art. 149, subsection 1, letter c-bis) of the Consolidated Finance Act, the control bodies are responsible for monitoring the practical implementation of the corporate governance rules envisaged in the codes of conduct adopted by the Company and, therefore, those governing the decisions made about remuneration and other benefits.

In establishing the remuneration due to their directors and managers with strategic responsibilities, group companies follow the indications provided by Interpump and apply the guidelines set down in this Remuneration Policy.

2.2 Role, composition and operation of the Remuneration Committee

The Remuneration Committee - formed by and within the Board of Directors - is vested with the following functions:

- (a) making proposals to the Board of Directors about the general policy for the remuneration of the chief executive officers and the directors assigned special duties and monitoring the application of the decisions taken by the Board in this regard;
- (b) periodically assessing the criteria adopted for remuneration of Managers with Strategic Responsibilities, supervising their application on the basis of information provided by the Chairman and making general recommendations in this regard to the Board;
- (c) examining and, in response to recommendations from the Chairman, formulating proposals to the Board of Directors for the approval of annual and

long-term incentives for the executive directors and Managers with Strategic Responsibilities;

- (d) formulating general recommendations to the Board of Directors in relation to the remuneration of other directors;
- (e) formulating recommendations to the Board of Directors in relation to: (a) the use of incentive plans based on treasury shares and on the annual incentive plans; and (b) all the relevant technical aspects associated with the formulation and application of incentive plans, specifically, submitting proposals to the Board in relation to the incentive system deemed to be most appropriate;
- (f) supervising the use, evolution and application of incentive systems, including, notably, the incentive plans based on treasury shares adopted time by time, the methods for selecting beneficiaries, the identification of goals and the determination of bonuses, as more fully described in the respective plans;
- (g) monitoring the effective attainment of the performance objectives set down in the incentive plans for the executive directors and Managers with Strategic Responsibilities;
- (h) assessing, at least once each year, its own activities and the adequacy, overall consistency and effective application of the Remuneration Policy, proposing any appropriate amendments to the Board of Directors;
- (i) assisting the Board of Directors with special topics or matters assigned or delegated to the committee from time to time by the Board.

In formulating its proposals and making its assessments, the Remuneration Committee takes account of the provisions of the Code of Corporate Governance and the best practices followed by listed companies.

In the execution of its functions, the Remuneration Committee can access the necessary information and company functions required for its duties and can also make use of external consultants with expertise in remuneration policies, within the terms established by the Board of Directors and on the condition that such consultants do not simultaneously provide the human resources department, the directors or the Managers with Strategic Responsibilities with services of such significance that the independence of judgment of the consultants is jeopardized.

Directors do not attend meetings of the Remuneration Committee at which proposals are made to the Board of Directors concerning their personal remuneration; the only exception concerns proposals about the remuneration of directors without mandates and members of committees.

Until 1 July 2015, the Remuneration Committee appointed on 30 April 2014 comprised Carlo Conti, Chairman, Franco Garilli and Giovanni Tamburi. Following the resignation of Carlo Conti as a director, the Board of Directors replaced him by co-opting Marcello Margotto at the meeting held on 6 August 2015, who was then

appointed as Chairman of the Committee. On the same date, the Board of Directors appointed Franco Garilli as Lead Independent Director. The Remuneration Committee is currently composed of three non-executive directors, the majority of whom are independent, in the persons of Marcello Margotto (Chairman), Franco Garilli and Giovanni Tamburi.

2.3 Activities of the Remuneration Committee during 2015.

The Committee met twice during 2015 and the meetings were attended by all members. The meetings were properly minuted.

Since Carlo Conti resigned on 1 July 2015, both meetings of the Committee, held on 18 March 2015 and 28 April 2015, were attended by the following members: Carlo Conti, Chairman, Franco Garilli and Giovanni Tamburi.

With specific reference to remuneration matters, the first meeting held in 2015:

- discussed the general policy for the remuneration of the executive directors, the other directors assigned special duties and the Managers with Strategic Responsibilities;
- discussed the recommendations made to the Board of Directors concerning compensation for the office of director and the total maximum remuneration of directors assigned special duties in relation to 2015 and to the period from 1 January 2016 until the date of approval of the 2015 financial statements;
- approved the draft illustrative report of the Board of Directors to the Shareholders' Meeting for submission to the Board;
- resolved to propose to the Board of Directors the 2014 bonuses to be assigned to two executive directors of the Group, based on the accomplishment of the objectives established by the Board of Directors;
- resolved to propose to the Board of Directors an increase in the remuneration of the Chairman.

During the second meeting held on 28 April 2015, the Remuneration Committee resolved to propose to the Board of Directors:

- the remuneration to attribute to the individual directors assigned special duties in relation to 2015 and the period from 1 January 2016 until the date of approval of the 2015 financial statements;
- the amount of the 2015 bonuses to be assigned to the top managers of the Group, based on the accomplishment of the objectives established by the Board of Directors and determination of the objectives associated with the 2015 bonuses;
- the methods for assigning the options to be granted to the beneficiaries in relation

to the 2014 Tranche of the "Interpump 2013/2015 Incentive Plan".

The members of the Board of Statutory Auditors did not participate in the work of the Remuneration Committee.

The Committee also monitored changes in the related regulatory framework and in the market best practices with regard to remuneration.

2.4 **Names of any independent experts who assisted in preparing the Remuneration Policy**

The Company did not use the services of independent experts when preparing the Remuneration Policy.

3. **AIMS AND PRINCIPLES OF THE REMUNERATION POLICY**

3.1 The Remuneration Policy is designed to attract and motivate qualified professional personnel for the pursuit of the objectives of the Company and the Group, and incentivize such persons to remain within the organization. Moreover, with a view to increasing the value of the Company in a sustainable manner, the Remuneration Policy is designed to align the interests of management with the medium/long-term interests of the shareholders.

3.2 With the aim of attaining the foregoing goals, the Remuneration Policy is defined on the basis of the following principles:

- **sustainability:** in defining the remuneration, specifically by means of incentive plans, the Company must contribute to the sustainability of the group, seeking to align individual goals with the goals of Interpump and ensuring that the remuneration is based on the results actually achieved. Remuneration is therefore directly associated with both individual performance and with the medium/long-term creation of value for the Company and hence for its shareholders;
- **proper integration of different remuneration components:** the Company seeks an optimal balance between different forms of remuneration, primarily the fixed and variable components, checking that these are appropriately balanced having regard for the strategic objectives and the risk management policy, while also taking account of fringe benefits and non-monetary components. In this manner, the remuneration acquires a degree of flexibility that makes it possible to more effectively align compensation levels with performance over time;
- **respect for and appreciation of the individual:** Interpump recognizes that professional commitment and potential are decisive criteria for the development of earnings and career. The variable component is established in such a way as to reward commitment and emphasize individual contributions to the results achieved by the Group, although it should not thereby become the predominant portion of remuneration;

- **continuous monitoring of market practices and trends:** the observance of market practices and trends allows the Company to attract and retain qualified and adequately motivated professional resources by defining competitive remuneration levels and guaranteeing internal fairness and transparency;
- **compliance:** the Company draws inspiration from best practices in the area of remuneration, starting from the recommendations of the Code of Corporate Governance, and it adheres to the prescriptions of the stock exchange regulation for retention of its "STAR" rating. In addition, Interpump and the group companies comply with the laws governing the remuneration of those members of its administrative bodies who are also administrators of local authorities that, directly or indirectly, are shareholders of Interpump and, if applicable, with the rules that limit the compensation payable by companies in which public bodies hold an interest.

4. REMUNERATION COMPONENTS

The remuneration of directors assigned special duties includes a fixed component, a variable short-term component and long-term incentives in order to promote the achievement of specific objectives in the interest of all shareholders. The long-term incentives component is especially geared towards promoting the achievement of long-range objectives with the aim of aligning the interest of managers with those of shareholders.

4.1 Fixed component

- 4.1.1 The level of fixed remuneration is mainly correlated: (i) with professional specialization; (ii) with the organizational role performed; and (iii) with responsibilities.
- 4.1.2 The fixed remuneration component is anyway sufficient to remunerate the director or manager concerned even if the variable component is withheld due to failure to accomplish the associated performance objectives. Given the aim of attracting and motivating qualified and competent professionals, the Company constantly monitors market practices in relation to the fixed remuneration components in order to ensure alignment with the relevant best practices.

4.2 Short-term variable component - Management by Objectives

- 4.2.1 Part of the variable remuneration is correlated with performance in the short term, construed as both individual performance and the results of the Company and the Group. The variable remuneration component is never higher than 75% of the fixed component.
- 4.2.2 In particular, the Company adopts a variable remuneration system called Management by Objectives (MBO), designed to incentivize - through the award of a variable remuneration amount - the accomplishment of specific performance objectives by the directors. The MBO plan, which is adopted each year by the Board of Directors after consulting the Remuneration Committee, envisages specific objectives for each

recipient (or category of recipients) identified with the assistance of the persons in charge of the Company's different business areas and the human resources function, employing specific parameters used by management to monitor the trend of the line of business of each recipient of the plan, or economic indicators (such as, currently, EBITDA, the net cash position, and working capital/sales), either consolidated or relative to said lines of business. In identifying the specific performance objectives and the related parameters, the competent functions take account of the need to guarantee: (i) precise, clear and objectively measurable targets, indicated and determined in advance; (ii) coordination with the objectives of the Company and the Group; (iii) adequate progression through time of the performance objectives, with regard also to the sustainability of remuneration.

- 4.2.3 The MBO plan specifies maximum limits for bonuses that can be disbursed to ensure that they cannot exceed the threshold set annually by the Remuneration Committee (currently equivalent to 75% of fixed remuneration) and it provides the faculty to establish deferred payment mechanisms for all or part of the bonus amounts, although at present the Board of Directors has decided not to make use of said faculty.

4.3 Long-term incentives

- 4.3.1 The variable remuneration component is also oriented towards a medium/long-term horizon, thereby: (i) focusing the attention of beneficiaries on factors of strategic interest; (ii) building loyalty; (iii) aligning remuneration with the creation of value for shareholders in the medium/long-term; and (iv) guaranteeing a level of remuneration that is globally competitive.

- 4.3.2 With regard to compensation plans based on financial instruments, the Interpump shareholders' meeting held on 21 April 2010 approved, pursuant to article 114 of the Consolidated Finance Act, an incentive plan denominated "2010/2012 Interpump Incentive Plan", reserved for directors, employees and collaborators of the Company and of the Group, having significant roles or functions, based on the allocation of a maximum number of 3,000,000 options, exercisable in the period from 30 June 2013 and 31 December 2016, each of which awarded the right for the beneficiaries - on reaching certain objectives defined by the Board of Directors - to, at the discretion of the Company (i) purchase 1 (one) ordinary Interpump treasury share ("Share") (already held in the Company's portfolio or purchased subsequently); or (ii) to subscribe for 1 (one) Share at an exercise price of 3.75 euro per option. It is also the faculty of the Board of Directors to meet the request for exercise submitted by individual beneficiaries by paying an amount equal to any capital gain calculated by multiplying the number of options exercised by the difference between: (i) the market value of a share at the exercise date, and (ii) the strike price. Exercise of the options is subject to the following conditions:

- (i) continuation, (a) for directors, in the office of director, (b) for employees, of the employment contract, with the exception of cases of retirement, and (c) for collaborators, of the independent collaboration agreement;
- (ii) the achievement of the performance objectives established by the Board of

Directors and comprising, (a) in relation to 70% of the options offered to each beneficiary, the accomplishment of specific results in terms of the consolidated balance sheet and income statement; and (b) in relation to the remaining 30% offered to each beneficiary, the increase in value returned to Interpump shareholders (total return) in the reference period.

The assignments of this plan are now completed.

In 2012 an exception was granted to Giovanni Cavallini in relation to the condition illustrated in the prior point (i) in the context of the global framework of the termination of office agreement, which was signed on 7 November 2012.

The “Interpump 2010/2012 Incentive Plan” is described in the document ex art. 114-(2) of the Consolidated Finance Act published on the Company website at www.interpumpgroup.it/governance/remuneration-policy.

4.3.3 On 30 April 2013 the Interpump shareholders' meeting approved, pursuant to article 114 of the Consolidated Finance Act, an incentive plan denominated "Interpump 2013/2015 Incentive Plan", to benefit employees, directors and/or collaborators, identified - at the final and sole discretion of the Board of Directors - from among persons who occupy or perform significant roles or functions in, or for, the Company and/or the group member companies, based on the assignment of a maximum number of 2,000,000 options, each of which granting the right for the beneficiaries - on the achievement of specific objectives identified by the Board of Directors - to, at the discretion of the Company, (i) purchase no. 1 (one) ordinary Interpump treasury share (“Share”) (already in the Company's portfolio or purchased at a later date); or (ii) to subscribe for 1 (one) newly issued Share at an exercise price of 6.00 euro per option. It is also the faculty of the Board of Directors to meet the request for exercise submitted by individual beneficiaries by paying an amount equal to any capital gain calculated by multiplying the number of options exercised by the difference between: (i) the market value of a share at the exercise date, and (ii) the strike price. Exercise of the options is subject to the following conditions:

- (i) continuation, (a) for directors, in the office of director, (b) for employees, of the employment contract, with the exception of cases of retirement, and (c) for collaborators, of the independent collaboration agreement;
- (ii) on the achievement of the performance objectives to be established by the Board of Directors, further to the non-binding opinion of the Remuneration Committee, for each of the single reference years of the Plan (and, hence, for 2013, 2014 and 2015), - and represented (a) in the amount of 70% of the options offered to each beneficiary, by the achievement of specific results in terms of the balance sheet or income statement, accomplished at the consolidated level by the group in each of the reference years; and (b) for the remaining 30% of the options offered to each beneficiary, by the increase in value returned to Interpump shareholders (total return) in the reference period.

The “Interpump 2013/2015 Incentive Plan” is described in the document ex art. 114-(2) of the Consolidated Finance Act published on the Company website at

www.interpumpgroup.it/governance/remuneration-policy.

- 4.3.4 In addition to the matters described in point 4.3.3, the stock option plans shown in Table (2) also exist and are described in the information documents prepared in compliance with art. 84-(2), subsection 1, of Consob regulation 11971/1999, available at the Company headquarters and on the website at www.interpumpgroup.it/governance/remuneration-policy. With regard to all plans in existence, the same section of the website offers the information notice required by art. 84-(2), subsection 5, of Consob regulation 11971/1999.
- 4.3.5 Finally, the Board of Directors reserves the right, after consulting with the Remuneration Committee, to propose additional incentive plans, which can be based on:
- (i) option grant plans that envisage the granting of option rights for the future purchase of Interpump shares with settlement by physical consignment (stock options) or by cash on the basis of a differential (stock appreciation right);
 - (ii) compensation plans that do not involve the consignment of financial instruments but that are settled by the payment of a differential based on the change of the price quotations of Interpump group shares (phantom stocks).

Beneficiaries of the plans can be employees or directors of Interpump and group companies, on the condition that they are involved in the management of Interpump or the Group. With regard to the option grant and phantom stock plans, the exercise of the options assigned (or the payment of the relative differentials) will be conditional on the expiry of an adequate average vesting period (not less than three years) that takes account, for example, of the goals of the individual plan and the duration in the office of the directors and of the achievement of specific preset performance goals in strict correlation with the Company's medium/long-term targets.

The granting of option rights, like the recognition of differentials in cash, will be correlated with: (i) the ability of the individual to contribute to the development of the Company; (ii) the professional competence and role occupied in the organization chart; (iii) the level of compensation received overall; and (iv) staff retention requirements.

- 4.3.6 There are currently no plans to introduce deferred payment systems or any mechanism for ex-post correction.

4.4 Benefits and insurance coverage, i.e. social security and pensions, other than compulsory contributions

With the aim of ensuring a global remuneration offer that is as competitive as possible and aligned with best market practices, the remuneration package of Managers with Strategic Responsibilities is completed by fringe benefits such as a company car, etc..

4.5 Treatments to be applied in the case of termination of the office or of the employment contract

4.5.1 The Company can agree on special treatments associated with the end of office or termination of employment with its directors and Managers with Strategic Responsibilities, if this is considered appropriate in order to recruit adequate professional resources or in the framework of the investment agreements entered into during the pursuit of business activities. The amount of such treatments cannot exceed the maximum limit of three times the value of the fixed component of gross annual remuneration.

4.5.2 Specifically, the right to such treatments will be awarded in the following cases:

- (i) reduction and/or limitation of the areas of responsibility and/or mandates;
- (ii) demotion.

If an executive director ceases to serve and/or is terminated, detailed information will be provided to the market about the internal processes that result in the allocation or recognition of indemnities and/or other benefits. This information must include:

- a) adequate information about the indemnity and/or other benefits, including the amount, the timing of payment and any repayment clauses, with particular reference to:
 - expiry of appointment or employment termination indemnity, specifying the circumstances that justify recognition;
 - retention of rights associated with any incentive plans involving cash payments or based on financial instruments;
 - post termination benefits;
 - no competition agreements, describing their principal characteristics;
 - all other compensation recognized for whatever reason and in whatever form;
- b) information about the compliance, or otherwise, of the indemnity and/or other benefits with the provisions of the Remuneration Policy;
- c) information about mechanisms that impose corrections to indemnity payments if termination of the relationship is due to the achievement of objectively inadequate results, as well as about any requests made for the repayment of remuneration already paid;
- d) information about the procedures followed or to be followed in order to replace the terminated director.

5. DIRECTORS' REMUNERATION

5.1 Remuneration of directors assigned special duties

- 5.1.1 The remuneration due to directors assigned special duties is defined by the Board of Directors based on a proposal from the Remuneration Committee.
- 5.1.2 The remuneration of directors assigned special duties must comprise: (i) a fixed annual component that takes account of the special duties assigned to the directors; and (ii) in the case of directors assigned specific functions, variable components as described in Headings 4.2 and 4.3 above.

5.2 Remuneration of non-executive directors

- 5.2.1 The remuneration of non-executive directors is normally determined by the Board of Directors on allocation of the remuneration defined at the shareholders' meeting *ex art.* 2389, subsection 1 of the Italian civil code, based on a proposal of the Remuneration Committee, including additional compensation that takes account of the commitment required of each non-executive director, in particular in relation to participation in one or more committees.
- 5.2.2 The remuneration of non-executive directors cannot be linked to the economic results of Interpump. Specifically, non-executive directors are not beneficiaries of the incentive plans approved by the Company.

6. REMUNERATION OF MANAGERS WITH STRATEGIC RESPONSIBILITIES

- 6.1.1 The remuneration of Managers with Strategic Responsibilities must comprise all the above elements, in particular: (i) fixed annual gross remuneration; (ii) a variable short-term component, through participation in the MBO plan adopted by the Company; and (iii) a variable long-term component through participation in the long-term incentive plans approved by Interpump.
- 6.1.2 The variable remuneration portion, linked to the economic results achieved by the Company and the achievement of the previously identified individual performance objectives, cannot exceed the fixed component of the remuneration of the manager and, in any event, its value can never be greater than 75% of the fixed remuneration.
- 6.1.3 After consulting the Remuneration Committee, the Board of Directors can also attribute discretionary bonuses to individual managers in relation to specific operations and/or projects, for a maximum value equivalent to three times the fixed component of the gross annual remuneration.

SECTION II

1. FIRST PART

1.1 Description of items comprising remuneration

“Fixed compensation”: this is construed separately as (i) the emoluments authorized at the Shareholders' meeting, even if not paid; (ii) attendance fees; (iii) fixed refunds of expenses; (iv) compensation received for the performance of special duties, ex Article 2389, subsection 3 of the Italian civil code; (v) fixed employment salary including social security and tax to be paid by the employee and excluding compulsory collective social security expenses to be paid by the Company and the allocation to the severance indemnity provision.

“Compensation for sitting on committees”: the compensation due to directors for sitting on the committees set up by the Board of Directors.

“Non-equity variable compensation”: this refers to “Bonuses and Other Incentives” and “Profit Sharing”.

“Bonuses and other incentives”: this is the variable part of compensation, including the portions of remuneration, even if not yet paid, vested during the year for objectives that have been achieved in the year, in relation to cash type incentive plans. These amounts do not include the values of stock options assigned or exercised or other compensation in the form of financial instruments.

“Profit sharing”: this is the amount of profit due on an accrual basis, even if approval of the financial statements and distribution of profits are still pending.

“Non-cash benefits”: these are fringe benefits (defined in accordance with a criterion of taxability), any insurance policies in existence and supplementary pension funds.

“End of office or employment termination indemnity”: these are the indemnities matured, even if not yet paid, in respect of directors for cessation of their functions during the financial period under consideration, with reference to the year during which the office effectively lapsed. Also considered are the estimated value of any disbursement of fringe benefits, the amount of any consultancy contracts and of indemnities related to non-competition undertakings entered into. In the case of indemnities for non-competition undertakings, the amount is indicated just once at the time of termination of the office, with a specification of the duration of the non-competition undertaking and the effective date of payment.

“Other compensation”: meaning, separately and on an accruals basis, all and any additional remuneration deriving from other services rendered.

“Stock Options”: these are (i) options held at the start of the year, with an indication

of the exercise price and the period in which exercise is permitted; (ii) the options assigned during the year; (iii) the options exercised during the year, with an indication of the exercise price and the market price of the underlying shares at the time of exercise; (iv) the options expired in the year; (v) the options held at year end.

“**Incentive plans based on financial instruments other than stock options**”: these are all medium/long-term incentive plans based on financial instruments other than options.

* * *

In the case in question, in relation to 2015 the economic treatment of directors assigned special duties is composed of the following elements:

A. Chairman and Chief Executive Officer – Fulvio Montipò

- (i) Fixed remuneration component: the fixed compensation awarded to the Chairman and Chief Executive Officer includes:
- from Interpump, approximately 1,432 thousand euro of which 45 thousand euro as emoluments for the office of director, as resolved at the shareholders' meeting, 1,018 thousand euro for the performance of special duties pursuant to art. 2389, subsection 3, Civil Code, 186 thousand euro to cover the personal security expenses incurred and 183 thousand euro deriving from the emoluments received from the companies absorbed by Interpump Group S.p.A. with accounting and tax effect from 1 January 2015;
 - from other subsidiaries, approximately 103 thousand euro as emoluments for the office of director.
- (ii) Short-term variable remuneration component: non-equity variable compensation in the form of MBO plans. Interpump awards a maximum bonus of 400 thousand euro on the achievement of specific qualitative and quantitative objectives.
- (iii) Medium/long-term variable remuneration component: *Stock Options* – The following are assigned to the Chairman and Chief Executive Officer at 31 December 2015:
- 1,000,000 options in the framework of the Interpump 2013/2015 incentive plan, to date vested in part;
 - 1,000,000 options in the framework of the Interpump 2010/2012 incentive plan, all vested at 31 December 2012 following attainment of the established objectives;
 - 380,000 options in the framework of the Interpump 2006/2009 Incentive Plan.

For more details refer to Table 2.

B. Deputy chairman and chief executive officer – Paolo Marinsek

- (i) Fixed remuneration component: the fixed compensation awarded to the Deputy Chairman and Chief Executive Officer includes:
 - from Interpump, approximately 600 thousand euro of which 45 thousand euro as emoluments for the office of director, as resolved by the shareholders' meeting, and 435 thousand euro for the performance of special duties ex art. 2389, subsection 3, Civil Code and 120 thousand euro for the non-competition agreement.
- (ii) Short-term variable remuneration component: non-equity variable compensation in the form of MBO plans. Interpump awards a maximum bonus of 350 thousand euro on the achievement of specific qualitative and quantitative objectives.
- (iii) Fringe benefits – These benefits, totaling 10 thousand euro, refer to a company car and housing allowance.
- (iv) Medium/long-term variable remuneration component: Stock Options – The following were assigned to the Chief Executive Officer at 31 December 2015:
 - 320,000 options in the framework of the Interpump 2013/2015 incentive plan, to date vested in part;
 - 20,000 options in the framework of the Interpump 2010/2012 incentive plan, all vested at 31 December 2012 following attainment of the established objectives.

For more details refer to Table 2.

The compensation due to non-executive directors is indicated by name in the Tables in the Second Part of Section II of this report.

1.2 Consistency of compensation recognized with the Remuneration Policy

The compensation disbursed to directors assigned special duties is in line with the Remuneration Policy in that it is made up of a fixed component, a short-term variable component and long-term incentives similar to those described in Section I of this report.

1.3 Compensation plans based on financial instruments

The compensation plans based on financial instruments for members of the Board of Directors of the Company pursuant to art. 114-(2) of Italian legislative decree no. 58 dated 24 February 1998 are published in their entirety on the Company website: www.interpumpgroup.it, in the section Governance/remuneration policy.

2. SECOND PART

TABLE (1): COMPENSATION DISBURSED TO MEMBERS OF ADMINISTRATIVE AND CONTROLLING BODIES, TO GENERAL MANAGERS AND TO OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES.

Amounts shown in thousands of euro

(A) Name and surname	(B) Office	(C) Period in office	(D) Term of office	(1) Fixed compensation	(2) Compensation for sitting on committees	(3) Variable non-equity compensation		(4) Fringe benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) End of office or employment termination indemnity
						Bonuses and other incentives	Profit sharing					
(I) Compensation by the company preparing the financial statements												
BOARD OF DIRECTORS												
Fulvio Montipò	Chairman and Chief Executive Officer	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	1.432(a)	-	400	-	-	-	1,832	587	-
Paolo Marinsek	Deputy Chairman and Chief Executive Officer	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	600 (b)	-	350	-	10	-	960	188	-
Mara Anna Rita Caverni	Independent Director	01/01/2015 – 30/06/2015	Approval of 2016 financial statements - resigned on 30/06/2015	23	10 (e)					33		
Carlo Conti	Independent Director	01/01/2015 – 01/07/2015	Approval of 2016 financial statements - resigned on 01/07/2015	23	15 (e) (f)					38		
Giuseppe Ferrero	Non-executive Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	-	-	-	-	-	45	-	-
Franco Garilli	Independent Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	18 (e) (f) (g)					63		
Marcello Margotto	Independent Director	06/08/2015 – 31/12/2015	Approval of 2016 financial statements	18	5 (f) (g)					23		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period in office	Term of office	Fixed compensation	Compensation for sitting on committees	Variable non-equity compensation		Fringe benefits	Other compensation	Total	Fair value of equity compensation	End of office or employment termination indemnity
						Bonuses and other incentives	Profit sharing					
Giancarlo Mocchi	Non-executive Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45		-	-	-	-	45	-	-
Stefania Petruccioli	Independent Director	30/06/2015 – 31/12/2015	Approval of 2016 financial statements	23	10 (e)					33		
Paola Annunziata Tagliavini	Independent Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	20 (e)					65		
Giovanni Tamburi	Non-executive Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	10 (f) (g)	-	-	-		55	-	-
BOARD OF STATUTORY AUDITORS												
Pierluigi De Biasi	Chairman Board of Statutory Auditors	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45					-	45		
Alessandra Tronconi	Statutory	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	30					-	30		
Paolo Scarioni	Statutory	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	30	-	-	-	-		30	-	-
(II) Compensation from subsidiaries and associates												
Fulvio Montipò	Chairman and Chief Executive Officer	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	103 (c)	-	-	-	-	-	103	-	-
Alessandra Tronconi	Statutory	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	52 (d)					10 (h)	62		
(III) Total												
BOARD OF DIRECTORS												
Fulvio Montipò	Chairman and Chief Executive Officer	01/01/2015 –	Approval of 2016 financial statements	1,535	-	400	-	-	-	1,935	587	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period in office	Term of office	Fixed compensation	Compensation for sitting on committees	Variable non-equity compensation		Fringe benefits	Other compensation	Total	Fair value of equity compensation	End of office or employment termination indemnity
						Bonuses and other incentives	Profit sharing					
		31/12/2015										
Paolo Marinsek	Deputy Chairman and Chief Executive Officer	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	600	-	350	-	10	-	960	188	-
Mara Anna Rita Caverni	Independent Director	01/01/2015 – 30/06/2015	Approval of 2016 financial statements - resigned on 30/06/2015	23	10 (e)					33		
Carlo Conti	Independent Director	01/01/2015 – 01/07/2015	Approval of 2016 financial statements - resigned on 01/07/2015	23	15 (e) (f)					38		
Giuseppe Ferrero	Non-executive Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	-	-	-	-	-	45	-	-
Franco Garilli	Independent Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	18 (e) (f) (g)					63		
Marcello Margotto	Independent Director	06/08/2015 – 31/12/2015	Approval of 2016 financial statements	18	5 (f) (g)					23		
Giancarlo Mocchi	Non-executive Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45		-	-	-	-	45	-	-
Stefania Petruccioli	Independent Director	30/06/2015 – 31/12/2015	Approval of 2016 financial statements	23	10 (e)					33		
Paola Annunziata Tagliavini	Independent Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	20 (e)					65		
Giovanni Tamburi	Non-executive Director	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45	10 (f) (g)	-	-	-		55	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period in office	Term of office	Fixed compensation	Compensation for sitting on committees	Variable non-equity compensation		Fringe benefits	Other compensation	Total	Fair value of equity compensation	End of office or employment termination indemnity
						Bonuses and other incentives	Profit sharing					
BOARD OF STATUTORY AUDITORS												
Pierluigi De Biasi	Chairman Board of Statutory Auditors	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	45					-	45		
Alessandra Tronconi	Statutory	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	82					10	92		
Paolo Scaroni	Statutory	01/01/2015 – 31/12/2015	Approval of 2016 financial statements	30	-	-	-	-		30	-	-
(III) Total				2,604	88	750		10	10	3,462	775	-

NOTE

(1) Fixed compensation

- (a) The fixed compensation of the Chairman and Chief Executive Officer, 1,063 thousand euro, includes the emoluments for the office of director authorized at the Shareholders' Meeting, 45 thousand euro, plus 1,018 thousand euro for the performance of special duties pursuant to art. 2389, subsection 3, Civil Code, 186 thousand euro to cover the personal security expenses incurred and 183 thousand euro deriving from the emoluments received from companies absorbed by Interpump Group S.p.A.
- (b) The compensation of the Deputy Chairman and Chief Executive Officer of 600 thousand euro includes the emoluments for the office of director authorized at the Shareholders' Meeting, 45 thousand euro, plus 435 thousand euro for the performance of special duties pursuant to art. 2389, subsection 3, Civil Code, and 120 thousand euro for the non-competition agreement.
- (c) The fixed compensation paid to the Chairman and Chief Executive Officer by subsidiaries and associates of 103 thousand euro refers to emoluments for the office of director.
- (d) These are emoluments recognized for the office of statutory auditor held in subsidiaries.

The fixed compensation of non-executive directors refers to emoluments for the office of director resolved by the Shareholders' Meeting of 45 thousand euro and the fixed compensation of the members of the board of statutory auditors is that established at the Shareholders' Meeting.

(2) Compensation for sitting on committees

This comprises 20 thousand euro paid as a member of the Audit and Risks Committee (e) and 10 thousand euro paid as a member of the Remuneration Committee. The Board of Directors appointed the members of the Appointments Committee, being the same as the members of the Remuneration Committee, on 10 November 2015. The remuneration of that Committee is included in the remuneration envisaged for membership of the Remuneration Committee. Mara Caverni and Carlo Conti resigned as directors with effect from 30/06/2015 and 01/07/2015 respectively. Stefania Petruccioli was co-opted as a director on 30/06/2015 and appointed to the Control and Risks Committee.

(3) Variable non-equity compensation

This is a bonus that can be disbursed on the achievement of the preset qualitative and quantitative objectives.

(4) Fringe benefits

Fringe benefits consist of a company car and the housing allowance of the Chief Executive Officer.

(5) Other compensation

Other compensation relates to the compensation earned as Chairman of the Supervisory Body of Hydrocontrol S.p.A., amounting to 10,000 euro (h).

(7) Fair value of equity compensation

The amounts represent the fair value of stock options at the grant date for the portion booked to the 2015 income statement and hence they have not been paid.

TABLE (3B): CASH INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

Amounts shown in thousands of euro

A	B	(1)	(2)			(3)			(4)
Name and surname	Office	Plan	Bonus for the year			Bonuses for prior years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Vesting period	No longer payable	Still Payable/Paid	Payable/Paid Deferred	
(I) Compensation by the company preparing the financial statements									
Fulvio Montipò	Chairman and Chief Executive Officer	Resolved by the Board of Directors on 30/04/2015	400 – payable						
Paolo Marinsek	Deputy Chairman and Chief Executive Officer	Resolved by the Board of Directors on 30/04/2015	350 – payable						
Fulvio Montipò	Chairman and Chief Executive Officer	Resolved by the Board of Directors on 14/05/2014					400 - disbursed		
Paolo Marinsek	Deputy Chairman and Chief Executive Officer	Resolved by the Board of Directors on 14/05/2014					350 – paid		
(II) Compensation from subsidiaries and associates	N/A								
(III) Total			750				750		

TABLE (2): STOCK OPTIONS ASSIGNED TO MEMBERS OF THE ADMINISTRATIVE BODY, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

Amounts shown in thousands of euro

A	B	(1)	Options held at year start			Options granted in the year						Options exercised in the year			Options expired during the year	Options held at year end	Options pertaining to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Exercise price	Possible exercise period (from - to)	Number of options	Exercise price	Possible exercise period (from - to)	Fair value at the grant date	Grant date	Market price of underlying shares at the options grant date	Number of options	Exercise price	Market price of underlying shares at the exercise date	Number of options	Number of options	
Compensation by the company preparing the financial statements																	
Fulvio Montipò	Chairman and Chief Executive Officer	2006/2009 plan approved at the shareholders' meeting of 20/04/2006	215,033 215,191 80,000 300,000	7.2884 5.4047 3.7524 3.7524	1/05/2010-31/05/2015 1/05/2011-31/05/2016 1/11/2012-31/05/2017 1/5/2010-31/12/2017							(215,033) (215,191)	7.2884 5.4047	15.0456 14.1874		- - 80,000 300,000	- - - -
Fulvio Montipò	Chairman and Chief Executive Officer	2010/2012 plan approved at the shareholders' meeting of 21/04/2010	1,000,000	3.75	01/07/2013-31/12/2016							(1,000,000)	3.75	14.1874		-	-
Paolo Marinsek	Deputy Chairman and Chief Executive	2010/2012 plan approved at the shareholders' meeting of 21/04/2010	100,000	3.75	01/07/2013-31/12/2016							(80,000)	3.75	13.3814		20,000	-

A	B	(1)	Options held at year start			Options granted in the year						Options exercised in the year			Options expired during the year	Options held at year end	Options pertaining to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Exercise price	Possible exercise period (from - to)	Number of options	Exercise price	Possible exercise period (from - to)	Fair value at the grant date	Grant date	Market price of underlying shares at the options grant date	Number of options	Exercise price	Market price of underlying shares at the exercise date	Number of options	Number of options	
Compensation by the company preparing the financial statements																	
	Officer																
Fulvio Montipò	Chairman and Chief Executive Officer	2013/2015 plan approved at the shareholders' meeting of 30/04/2013	1,000,000	6.00	30/06/2016-31/12/2019											1,000,000	587
Paolo Marinsek	Deputy Chairman and Chief Executive Officer	2013/2015 plan approved at the shareholders' meeting of 30/04/2013	320,000	6.00	30/06/2016-31/12/2019											320,000	188
(II) Compensation from subsidiaries and associates	N/A																
(III) Total			3,230,224									(1,510,224)			-	1,720,000	775

A	B	(1)	Options held at year start			Options granted in the year						Options exercised in the year			Options expired during the year	Options held at year end	Options pertaining to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
Name and surname	Office	Plan	Number of options	Exercise price	Possible exercise period (from - to)	Number of options	Exercise price	Possible exercise period (from - to)	Fair value at the grant date	Grant date	Market price of underlying shares at the options grant date	Number of options	Exercise price	Market price of underlying shares at the exercise date	Number of options	Number of options	
Compensation by the company preparing the financial statements																	

TABLE 7-(3): EQUITY INTERESTS OF MEMBERS OF THE ADMINISTRATIVE AND CONTROLLING BODIES AND GENERAL MANAGERS

NAME AND SURNAME	OFFICE	INVESTEES COMPANY	NUMBER OF SHARES HELD AT END OF PRIOR YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT END OF CURRENT YEAR
Fulvio Montipò (held directly)	Chairman and Chief Executive Officer	Interpump Group S.p.A.	420,200	1,430,224*	(1,215,191)*	635,233
Paolo Marinsek (held directly)	Deputy Chairman and Chief Executive Officer	Interpump Group S.p.A.	-	80,000*	(80,000)*	-
Giuseppe Ferrero (held directly)	Non-executive Director	Interpump Group S.p.A.	-	100,000	-	100,000

* for exercise of stock options at the same time

Note that: (i) Giovanni Tamburi, non-executive director of Interpump Group S.p.A., is the Chairman and Chief Executive Officer of Tamburi Investment Partners S.p.A., a company that held 67,348 shares at 31 December 2015, representing 23.641% of IPG Holding S.p.A. and (ii) Fulvio Montipò held 97,521 shares at 31 December 2015, representing 34.233% of IPG Holding S.p.A. In turn, IPG Holding S.p.A. held a total of 22,026,799 shares in Interpump Group S.p.A.