



INTERPUMP GROUP



2023 REMUNERATION POLICY – April 2024

- ONGOING IMPROVEMENT JOURNEY
- 2023 REMUNERATION POLICY
- ANNEX



- **ONGOING IMPROVEMENT JOURNEY**



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

Lao Tzu

2019: “2019-21 Stock Option Plan”

2022: “2022-2024 Stock Option Plan”

2021: 2021-2023 Remuneration Policy, Section I

2023: 2023-2025 Remuneration Policy, Section I

- During the elaboration of 2023-25 Remuneration Policy ⁽¹⁾ in 2023 Group performed brainstorming activities with institutional investors
 - Substantial suggestions
 - KPI target, “claw back” clause and thresholds
 - Disclosure suggestions
 - 2022-2024 Stock Option Plan and 2023 MBO: *ex ante* and *ex post* disclosure on KPI
 - Severance policy and application of clawback and *malus* clauses
- I Section integrated many substantial suggestions received
 - MBO: introduction of ESG KPI target, more details on financial KPI and insertion of a clawback clause
 - LTIP: alignment of the “minimum holding” clauses to the Code of Corporate Governance
 - “Discretionary bonus” and “indemnities on termination”: thresholds introduction
- II Section was not updated pending the validity of 2021-2023 Remuneration Policy

⁽¹⁾ Document with three-yearly validity

2019: “2019-21 Stock Option Plan”

2022: “2022-2024 Stock Option Plan”

2024: Remuneration Policy, Section II

2021: 2021-2023 Remuneration Policy, Section I

2023: 2023-2025 Remuneration Policy, Section I

- In 2024 II Section is updated to integrate disclosure suggestions and best practices
 - Details on financial and ESG KPI
 - 2022-2024 Stock Option Plan and 2023 MBO
 - *Ex ante* and *ex post disclosure*
 - Clarifications
 - Severance policy
 - Claw back and malus clauses application
 - Alignment to disclosure best practices
 - Executive Chairman and CEO remuneration historical evolution
 - CEO pay ratio

- ONGOING IMPROVEMENT JOURNEY
- 2023 REMUNERATION POLICY



- April 2023, Section I of 2023-2025 Remuneration Policy ⁽¹⁾
 - KPI: precise identification of financial KPI and introduction of ESG and “qualitative” KPI
 - Disclosure of KPI weight
 - Financial KPI 70%, ESG 15% and qualitative 15%
 - Introduction of claw back clauses

- March 2024, Section II of 2023 Remuneration Policy

- *Ex ante disclosure*

- Financial KPI: perimeter base and achievement mechanism
 - Excluding M&A
 - No over-performance remuneration
- ESG KPI: disclosure of 2023 MBO actions
- Qualitative KPI: disclosure of 2023 MBO target

- *Ex post disclosure*

MBO 2023-2025				2023	
<i>Ex ante disclosure</i>				<i>Ex poste disclosure</i>	
FINANCIAL KPI		Entry point ⁽²⁾	Minimum level ⁽³⁾	Maximum level ⁽⁴⁾	
	Net Sales	95%	95%-99%	100%	103%
	EBITDA	89%	89%-99%	100%	102%
ESG KPI	2023-25 ESG Plan	<ul style="list-style-type: none"> ▪ Annual step of E.3: increase of renewable energy consumption <ul style="list-style-type: none"> ▪ S.5: ESG supply chain evaluation model definition ▪ G.1: ESG board committee establishment 		All action completed	
QUALITATIVE KPI	Performance	Confirmation of the skills, professionalism and commitment required by the importance of the role held and the size and sectoral characteristics of the Group.		Achieved	

⁽¹⁾ See please Annex part (slide 27-33) - ⁽²⁾ Minimum MBO vesting level - ⁽³⁾ Minimum target (75% of target weight) - ⁽⁴⁾ Maximum level

- April 2022, 2022-2024 Stock Option Plan ⁽¹⁾
 - KPI: introduction of ESG KPI
 - Introduction of claw back clauses

- April 2023, Section I of 2023-2025 Remuneration Policy ⁽²⁾
 - KPI: precise identification of ESG KPI
 - “Minimum holding” best practice: at least 50.1% of the share for 5 years

- Full year 2023
 - *Ex ante disclosure*
 - Financial KPI: perimeter base, achievement mechanism and compensation possibility
 - Including M&A
 - No over-performance remuneration
 - Compensation between financial KPI but not among financial, ESG and qualitative KPI
 - ESG KPI: disclosure of 2023 LTIP actions
 - Qualitative KPI: disclosure of 2023 LTIP target
 - *Ex post disclosure*

		LTIP 2022-2024	2023
		<i>Ex ante disclosure</i>	<i>Ex post disclosure</i>
FINANCIAL KPI		Vesting level II tranche	
	Net Sales	100%	111%
	EBITDA	100%	117%
ESG KPI	2023-25 ESG Plan	<ul style="list-style-type: none"> ▪ E.1: carbon neutrality strategy definition ▪ G.3: succession plan formalization ▪ G.6: updating on ESG journey 	Completed
QUALITATIVE KPI	Performance	Confirmation of the skills, professionalism and commitment required by the importance of the role held and the size and sectoral characteristics of the Group.	Achieved

⁽¹⁾ See please Annex part (slides 19-26) - ⁽²⁾ See please Annex part (slide 27-33)

- Severance policy
 - April 2023, Section I of 2023-2025 Remuneration Policy ⁽¹⁾
 - Chairman, Executive Directors and Key Management Personnel: maximum amount equal to one year of remuneration calculated as the average gross annual remuneration in the previous two years ⁽²⁾
 - Chairman additional details: maintenance of both rights envisaged in the Interpump Incentive Plans and of previous individual agreements still in force at the date

- Clawback and malus application
 - April 2022, 2022-2024 Stock Option Plan ⁽³⁾
 - April 2023, Section I of 2023-2025 Remuneration Policy ⁽¹⁾
 - Application of clawback and malus clauses for both MBO and LTIP

⁽¹⁾ See please Annex part (slide 27-33) – ⁽²⁾ Equal to “fixed compensation”, “fringe benefits”, “non-equity variable remuneration”, “Other remuneration” and “non-competition agreement” (this latter not currently envisaged) - ⁽³⁾ See please Annex part (slides 19-26)

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- **DISCLAIMER**
- **DEFINITIONS**
- **2022-2024 STOCK OPTION PLAN SUMMARY ⁽¹⁾**
- **2023-25 REMUNERATION POLICY SUMMARY ⁽²⁾**

⁽¹⁾ See please “2022-2024 Stock Option Plan” presentation (dated 29 April 2022) on Group web site

⁽²⁾ See please “2023-2025 Remuneration Policy” presentation (dated April 2023) on Group web site

- **DISCLAIMER**



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- **DISCLAIMER**
- **DEFINITIONS**



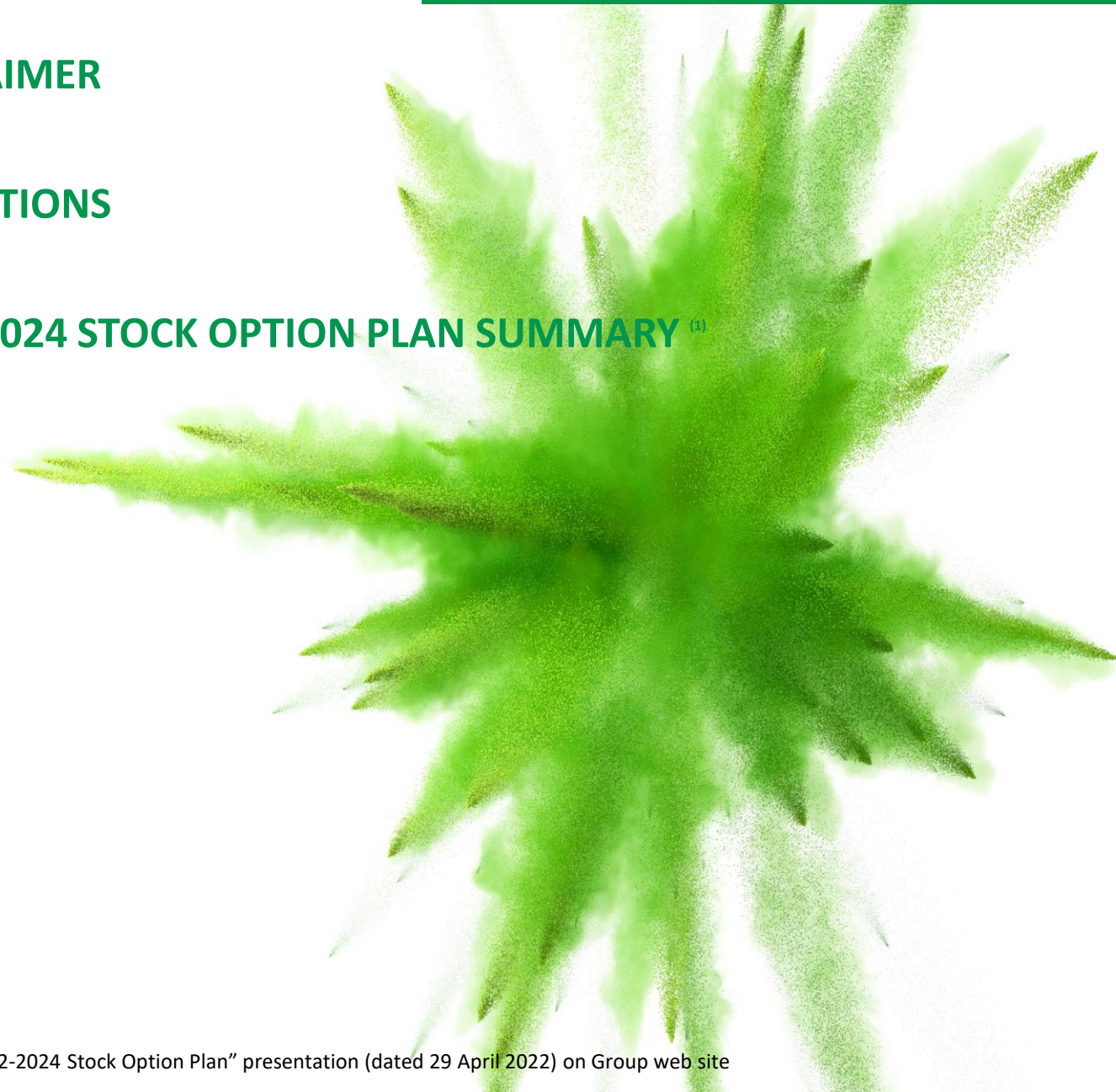
- **“Beneficiaries”**: the Directors, Employees and/or Collaborators of the Group identified - at the sole and final discretion of the Board of Directors - from among the parties that occupy significant positions or perform significant functions within or on behalf of the Group and for which action that strengthens their loyalty is justified in the context of value creation
- **“Board of Directors”**: the Company's *pro tempore* Board of Directors, which will make all measurements associated with the Plan, adopt the Regulation and implement the matters set down therein, directly or by specific delegation to one or more directors, with the abstention of any interested parties
- **Board of Statutory Auditors**: the Company's *pro tempore* Board of Statutory Auditors
- **“Collaborators”**: the collaborators of Group companies who, on the Option assignment date, maintain an independent working relationship with those companies
- **“Compensation Committee”**: the Company's *pro tempore* Compensation Committee
- **“Company”** or **“Interpump”**: Interpump Group S.p.A., with registered offices at Via E. Fermi 25, Sant’Ilario d’Enza (RE), enrolled in the Reggio Emilia Companies Register no. 11666900
- **“Employees”**: the employees of Group companies who, on the Option assignment date, have a permanent employment contract with those companies.
- **“Group”**: collectively, Interpump and its subsidiaries pursuant to article 93 of the Consolidated Finance Act (TUF).
- **“Directors”**: the directors of Group companies in office or appointed on the Options assignment date
- **“Meeting”**: The Shareholders' Meeting of the Company

- **Fixed compensation**: this is construed separately as (i) the emoluments authorised at the Shareholders' Meeting, even if not paid; (ii) attendance fees; (iii) reimbursement of one-off 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 Board committees.
- **“Non-equity variable remuneration”**: 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 accruals basis, even if approval of the financial statements and distribution of profits are still pending.
- **“Non-monetary 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 Option”**: 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”**: means all medium- to long-term incentive plans based on financial instruments other than options.

- **“Assignment Date”**: indicates the sending date of the document of appointment with which the Company communicates to the Beneficiary the number of Options that will be allocated to them if the objectives are reached
- **“Capital Gain”**: the gross amount obtained by multiplying the number of Options exercised by the difference between: (i) the Market Value of a Share on the exercise date, and (ii) the Exercise Price
- **“Exercise date”**: the date the company receives the notice of exercise sent by the Beneficiary
- **Exercise Period**: the period from 30 June 2025 (or another date established by the Board of Directors) and 31 December 2028 (or different later date established by the Board of Directors), during which the Options that have become exercisable, following achievement of the related targets, can be exercised by the Beneficiaries, possibly in several stages.
- **“Exercise Price”**: the price equal to € 38.6496, the official price of the share determined by the Italian Stock Exchange on the day prior to 28 April 2022, the day on which the Shareholders’ Meeting that approved the plan. The Exercise Price corresponds to (i) the price that each Beneficiary must pay to Interpump to exercise an Option and purchase, or subscribe for, one Share, or (ii) in the event of Cash Settlement, the initial amount for the determination of any *Capital Gain*.
- **“EXM”**: the Euronext Milano market organized and managed by Borsa Italiana S.p.A.
- **“Grant Date”**: indicates the date on which the Board of Directors, or the Chairman, depending on the situation, checks that the objectives were reached, therefore with the recognition, in the case of a positive outcome, of the Options to the Beneficiary
- **“Information Document”** this information document prepared pursuant to art. 84-2, par. 1 of the Issuers' Code
- **“Issuers' Code”**: the code of implementation of the Consolidated Finance Act concerning the regulation of issuers adopted by Consob with resolution no. 11971 of 14 May 1999, as amended
- **Market Value**: case by case, the market value of each Share corresponding to the simple arithmetic average of the official prices for the Shares established by Borsa Italiana S.p.A. in compliance with the Stock Market Regulatory Code, on each of the days they were actually traded between the 1st and the 30th day (both inclusive) prior to the Exercise Date of each Option
- **“Minimum Holding”**: indicates the minimum Shares that must be held pursuant

- **“Options”**: all the maximum of 2,250,000 options that are the subject of the Plan
- **“Option Vesting period”**: indicates the period of time between the Grant Date and the moment in which the Options can be exercised.
- **“Plan”**: the *stock option* plan for certain Directors, Employees and/or Collaborators of the Group, governed by the Regulation and known as the “2022/2024 Interpump Incentive Plan”
- **“Regulation”**: the regulation – including the options acceptance and exercise notification form – which will be adopted by the Board of Directors on proposal of the Compensation Committee and with the favorable opinion of the Board of Statutory Auditors, and which will define the criteria, methods and terms of actuation of the Plan
- **“Shares”**: the ordinary Interpump shares with a nominal value of Euro 0.52 each, listed on EURONEXT STAR Milano indexes FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia STAR, FTSE MIB, ISIN code IT0001078911.
- **TUF**: the Consolidated Finance Law, being Decree 58 dated 24th February 1998, as subsequently amended

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- **2022-2024 STOCK OPTION PLAN SUMMARY ⁽¹⁾**



⁽¹⁾ See please “2022-2024 Stock Option Plan” presentation (dated 29 April 2022) on Group web site



IP 2019-2022 INCENTIVE PLAN

2. REASONS FOR ADOPTING THE PLAN

2.1 Objectives that the Plan is intended to achieve

The Plan is deemed to be an efficient instrument for building the loyalty of the persons considered most significant for the growth of Group companies.

Omissis

The principal aims pursued by the Board of Directors in adopting the Plan include:

- (i) developing an entrepreneurial approach by management;
- (ii) involving Employees, Directors and/or Collaborators more in the progress of the Group and focusing activities on long-term strategic success factors;
- (iii) strengthening the loyalty of Employees, Directors and/or Collaborators;
- (iv) increasing the climate of confidence in the growing value of the business;
- (v) promoting a spirit of identification with the Group among Employees, Directors and/or Collaborators.

IP 2022-2024 INCENTIVE PLAN

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The principal aims pursued by the Board of Directors in adopting the Plan include:

- (i) developing an entrepreneurial approach by management;
- (ii) involving Employees, Directors and/or Collaborators more in the progress of the Group and focusing activities on long-term strategic success factors;
- (iii) increasing the involvement of Employees, Directors and/or Collaborators regarding topics that are relevant for the Group from the point of view of ESG (Environmental, Social, Governance);**
- (iv) strengthening the loyalty of Employees, Directors and/or Collaborators;
- (v) increasing the climate of confidence in the growing value of the business;
- (vi) promoting a spirit of identification with the Group among Employees, Directors and/or Collaborators.

IP 2019-2022 INCENTIVE PLAN

3. APPROVAL PROCEDURE AND TIME FRAME FOR ASSIGNMENT AND GRANTING OF THE INSTRUMENTS

Omissis

3.3. Procedures for revising the Plan, having regard for any changes in the underlying objectives

Omissis

Any roundings necessary due to the existence of fractions will be made downwards and, therefore, the Beneficiary will be entitled to one less Share irrespective of the magnitude of the fraction and without prejudice to all other applicable conditions.

IP 2022-2024 INCENTIVE PLAN

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Any roundings necessary due to the existence of fractions will be made downwards and, therefore, the Beneficiary will be entitled to one less Share irrespective of the magnitude of the fraction and without prejudice to all other applicable conditions.

In addition to the above, the Board of Directors may change the Plan and the correlated Regulation if the remuneration policy, which will be approved from time to time by the Shareholders' Meeting pursuant to art. 123-(3) TUF, contains provisions that contrast with what is set forth herein. These changes can be adopted for the sole purpose of aligning the Plan and/or the correlated Regulation with what otherwise specified in the Remuneration Policy that is approved from time to time

IP 2019-2022 INCENTIVE PLAN

4. CHARACTERISTICS OF THE OPTIONS

Omissis

4.5. Plan implementation procedures and clauses, specifying whether actual granting of the instruments is subordinate to the occurrence of conditions or the achievement of specific performance or other results; description of the related conditions and results

Omissis

The Board of Directors must apply the following parameters when establishing these performance targets:

- i. for 80% of the Options offered to each Beneficiary, the objectives must consist of reaching certain results, in terms of Balance Sheet and Profit&Loss on the consolidated Group level during each year of reference.

IP 2022-2024 INCENTIVE PLAN

4. CHARACTERISTICS OF THE OPTIONS

Omissis

4.5. Plan implementation procedures and clauses, specifying whether actual granting of the instruments is subordinate to the occurrence of conditions or the achievement of specific performance or other results; description of the related conditions and results

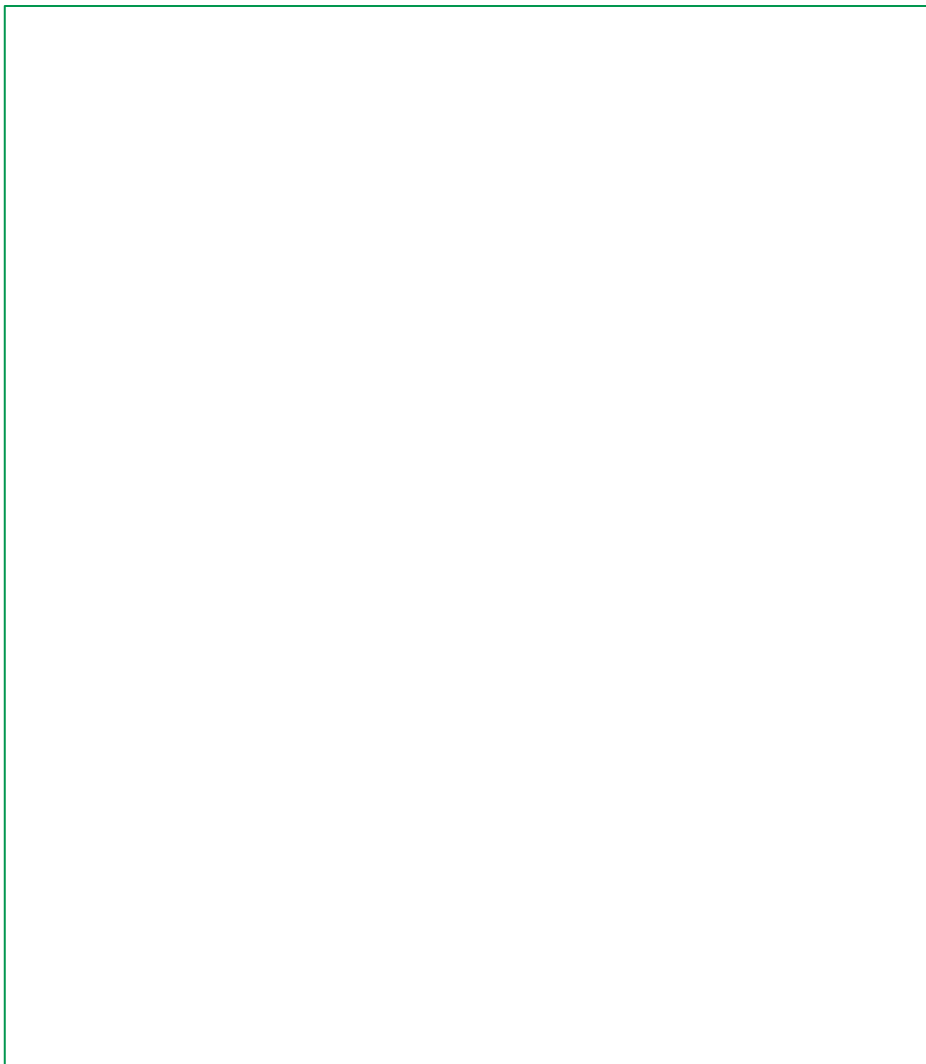
Omissis

The Board of Directors must apply the following parameters when establishing these performance targets:

- i. for **70%** of the Options offered to each Beneficiary, the objectives must consist of reaching certain results on the consolidated Group level during each year of reference. In particular, the Board of Directors must define the objectives correlated to economic parameters conditioned **by the obtainment of two different indicators consisting of Net Sales and EBITDA. Within the said 70% of the total of the Options assigned to each Beneficiary, the obtainment of the relative amount of Net Sales will attribute the right to exercise 50% of the said 70% of the options, obtaining the amount related to EBITDA will attribute the right to exercise 50% of the said 70% of the Options.**



IP 2019-2022 INCENTIVE PLAN



IP 2022-2024 INCENTIVE PLAN

- ii. for 15% of the Options offered to each Beneficiary, the objectives must contribute toward the development and consolidation of the ESG topics relevant for the Group. In particular, the objectives can concern, for example, the Environmental, Social and Governance areas and in relation to the activities considered relevant for the Group from time to time, that are measurable and/or measured also for the purposes of the information provided in the NFD (Non-Financial Declaration):
 - 1. in the “Environmental” area, the adoption of solutions aimed at obtaining a reduced impact of the business activities on the environment, such as, for example, the reduction of emissions to the atmosphere, the reduction in production of waste, a reduction in energy consumption, the installation of photovoltaic systems/increase in energy purchased from producers who use renewable sources and/or the reduction in water consumption;
 - 2. in the “Social” area, the adoption of policies aimed toward improving the social impact of business activities, such as, for example, initiatives related to diversity, inclusion and/or the professional development of employees, the adoption of guidelines for the assessment of suppliers, the definition of policies, procedures or strategies related

See please “2022-2024 Stock Option Plan” presentation (dated 29 April 2022) on Group web site

IP 2019-2022 INCENTIVE PLAN

- ii. for the remaining 20% of the Options offered to each Beneficiary, the performance targets must be qualitative in nature, reflecting the performance of the individual Beneficiary with respect to such parameters as collaboration, commitment and value added to the Group. This will be assessed by a) the Board of Directors for Beneficiary who is Board member or, even if is not Board member, is reporting hierarchically and/or functionally to the Board itself or b) by the direct superior - who will inform the Board - of the Beneficiary, if the Beneficiary does not collaborate directly with the Board

IP 2022-2024 INCENTIVE PLAN

- to the development of sustainable products, the extension of ISO 45001 certification the reduction in the incidence of accidents at work and/or the definition of a policy that supports local communities; certification, the reduction in the incidence of accidents at work and/or the definition of a policy that supports local communities;
- 3. in the “Governance” area, the adoption of policies and/or measures aimed toward improving the management and government of the company and/or the group, such as, for example, the adoption of ESG risk management, the improvement in the organizational and/or functional structure of the Board of Directors and/or the management on a Group level, the definition of Policies that communicate the Group's commitment to ESG, and/or training on the Whistleblowing Policy.
- iii. for the remaining 15% of the Options offered to each Beneficiary, the performance targets must be qualitative in nature, reflecting the performance of the individual Beneficiary with respect to such parameters as collaboration, commitment and value added to the Group. This will be assessed by the Board of Directors or, if the Beneficiary does not collaborate directly with the Board, by the direct superior of that person.

IP 2019-2022 INCENTIVE PLAN

4.10. Any redemption clauses enforceable by the Company

The Company does not have any redemption rights.

IP 2022-2024 INCENTIVE PLAN

4.10. Any redemption clauses enforceable by the Company

The Company does not have any redemption rights.

The Plan has a specific Regulation that will be approved by the Board of Directors, acting on a proposal from the Compensation Committee, that indicates the application of the so-called claw back clause. In particular, the Company – according to the terms and methods that will be defined by the Board of Directors from time to time, after consulting with the Compensation Committee and communicated to the Beneficiaries – reserves the right, within a period of 4 years from the respective vesting date of the Options in reference to (that is the relative Granting Date) and independently of the fact that the relationship with the Beneficiaries is still ongoing or has terminated, to obtain the following from the Beneficiary: (i) the revocation of all or a part of the Options that are already vested, but not yet exercised, or (ii) the return of all or part of the Shares delivered to them, after deducting a number of Shares of a value corresponding to the exercise price of the options and the tax, social security and welfare expenses connected with the exercising of the options that were actually paid, if one of the following cases occurs: (a) fraudulent behavior of the Beneficiary that is damaging to the Group; (b) serious and intentional violations of the law and/or the Code of Ethics; (c) vesting of the options or delivery of the shares based on data that was later found to be obviously



IP 2019-2022 INCENTIVE PLAN



IP 2022-2024 INCENTIVE PLAN

incorrect or maliciously altered. The Plan foresees that if the Shares were already sold, the Company has the right to have the sale value returned by the Beneficiary, after deducting the amount corresponding to the Exercise Price of the options and the tax, social security and welfare expenses connected with the exercising of the options, possibly also by offsetting them against the Beneficiary's wages and/or severance pay.

See please “2022-2024 Stock Option Plan” presentation (dated 29 April 2022) on Group web site

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- **2022-2024 STOCK OPTION PLAN SUMMARY ⁽¹⁾**
- **2023-25 REMUNERATION POLICY SUMMARY ⁽²⁾**

⁽¹⁾ See please “2022-2024 Stock Option Plan” presentation (dated 29 April 2022) on Group web site

⁽²⁾ See please “2023-2025 Remuneration Policy” presentation (dated April 2023) on Group web site

- Beneficiaries of 2023-2025 Remuneration Policy
 - Executive and non-executive directors
 - Directors assigned special duties under operational mandates (e.g. Chairman and CEO)
 - Members of the Board of Statutory Auditors
 - Managers
 - Managers with Strategic Responsibilities and other managers (e.g. manager with operational mandates in Group companies and other key managers)

- Focus on two core components of remuneration packages of Executive Directors and managers
 - Variable short-term component (Management by Objective, “MBO”)
 - Long-term incentives (“LTIP”)
 - For Interpump, a stock option plan

- Changes on two possible additional components too
 - Discretionary bonus
 - Indemnities on termination



- MBO: 2 main changes were implemented compared to the previous Remuneration Policy
 - KPI
 - Introduction of both ESG and “qualitative” KPI and precise identification of financial KPI
 - Disclosure of KPI weight
 - Clawback clauses introduction

KEY ELEMENTS		MBO 2020-2022	MBO 2023-2025
AMOUNT		75% of fix remuneration	75% of fix remuneration
KPI	Type	<ul style="list-style-type: none"> ▪ Specific parameters used to monitor the trend of the line of business of each recipient of the plan, or such economic indicators as net sales and EBITDA 	<ul style="list-style-type: none"> ▪ Financial: Net sales and EBITDA <ul style="list-style-type: none"> ▪ ESG ▪ Qualitative
	Weight	<ul style="list-style-type: none"> ▪ No details 	<ul style="list-style-type: none"> ▪ Financial: 70% (35% sales and 35% EBITDA) <ul style="list-style-type: none"> ▪ ESG: 15% (2023-25 ESG Journey actions: actions to be implemented in the same year or annual part of pluriannual actions) <ul style="list-style-type: none"> ▪ Qualitative: 15%

See please “2023-2025 Remuneration Policy” presentation (dated April 2023) on Group web site



KEY ELEMENTS	2020	2023
ASSESEMENT	<ul style="list-style-type: none"> ▪ Payment of this MBO bonus is correlated with the achievement of 100% of each component ▪ 2 possible mechanisms to set financial KPI and to evaluate their achievement ⁽¹⁾ <ul style="list-style-type: none"> ▪ definition of different KPI values and % of bonus correlated to the achievement of these different values (e.g. 100% of the bonus at KPI value full achievement, XX% of the bonus at the achievement of a lower identified range of KPI values and no bonus at achievement of KPI values below the identified range) ▪ Definition of a single value for each KPI and bonus correlated to the achievement of these single values. Due to the absence of an overperformance mechanism, a compensation among KPI could be envisaged 	<ul style="list-style-type: none"> ▪ Payment of this MBO bonus is correlated with the achievement of 100% of each component ▪ 2 possible mechanisms to set financial KPI and to evaluate their achievement ⁽¹⁾ <ul style="list-style-type: none"> ▪ definition of different KPI values and % of bonus correlated to the achievement of these different values (e.g. 100% of the bonus at KPI value full achievement, XX% of the bonus at the achievement of a lower identified range of KPI values and no bonus at achievement of KPI values below the identified range) ▪ Definition of a single value for each KPI and bonus correlated to the achievement of these single values. Due to the absence of an overperformance mechanism, a compensation among KPI could be envisaged
CLAW BACK CLAUSE	<ul style="list-style-type: none"> ▪ Not present 	<ul style="list-style-type: none"> ▪ 4 years

See please “2023-2025 Remuneration Policy” presentation (dated April 2023) on Group web site - ⁽¹⁾Mechanism A is the one usually adopted by the Group

- LTIP: 2 main changes were introduced in the “2022-2024 Stock Option Plan” approved in April 2022
 - KPI: introduction of ESG KPI
 - Claw back clauses

- With the approval of the 2023-25 Remuneration Policy, the option foreseen in “2022-2024 Stock Option Plan” to be finetuned according to regulatory evolutions allowed to align the “minimum holding” mechanism to Recommendation 28 of the Corporate Governance Code
 - Executive Directors have to hold continuously for 5 years 50.1% of stocks

KEY ELEMENTS		2019-2021	2022-2024
N° OF OPTION		2.500.000	2.250.000
EXERCISE PRICE		€ 28.4952	€ 38.6469
KPI	Type	<ul style="list-style-type: none"> ▪ Financial: sales, EBITDA and Working Capital (% on net sales) ▪ Qualitative 	<ul style="list-style-type: none"> ▪ Financial: Net sales and EBITDA ▪ ESG ▪ Qualitative
	Weight	<ul style="list-style-type: none"> ▪ Financial: 80% (32% sales, 32% EBITDA and 16% Net Working Capital) ▪ Qualitative: 20% 	<ul style="list-style-type: none"> ▪ Financial: 70% (35% sales and 35% EBITDA) ▪ ESG: 15% ▪ Qualitative: 15%

See please “2023-2025 Remuneration Policy” presentation (dated April 2023) on Group web site



KEY ELEMENTS	2019-2021	2022-2024
VESTING	<ul style="list-style-type: none"> Plan is divided in 3 tranches with increasing KPI absolute values <ul style="list-style-type: none"> Each tranche will be vested if the yearly targets are achieved Full or partial not achievement in one year will not result in a definitive loss of the related exercise option right: 2nd of 3rd year targets achievement will result in the vesting of the options assigned with reference to previous year(s) Achievement of last year target in a prior year will result in immediate vesting of all options. Such early vesting will not however change the exercise period 	
EXERCISE	<ul style="list-style-type: none"> Exercise period starts after the approval of last year Financial Report 	
MINIMUM HOLDING	<ul style="list-style-type: none"> Executive directors: hold continuously at least 20% of the shares until the date on which they cease to be a director <ul style="list-style-type: none"> Key Management Personnel: hold continuously for 3 years from exercise date at least 20% of the shares 	<ul style="list-style-type: none"> Directors assigned special duties under operational mandates: hold continuously for 5 years from assignment date at least 50.1% of the shares
CLAW BACK CLAUSES	<ul style="list-style-type: none"> Not present 	<ul style="list-style-type: none"> 4 years



- “Discretionary bonus” and “indemnities on termination of the appointment/employment relationship” are additional compensation package components which could be eventually defined and assigned by the Board

	2021	2023
DISCRETIONARY BONUS	<ul style="list-style-type: none"> ▪ 3x fix component of gross annual remuneration ⁽¹⁾ 	<ul style="list-style-type: none"> ▪ Maximum 30% the average gross annual remuneration paid in the two years prior to the payment, without in any case exceeding the 75% limit with respect to fixed remuneration specified in the MBO plan
INDEMNITIES	<ul style="list-style-type: none"> ▪ 3x average gross annual remuneration paid in the two years prior to termination of the appointment 	<ul style="list-style-type: none"> ▪ To be paid once to each individual ▪ Maximum equal to the average gross annual remuneration paid in the two years prior to the termination

See please “2023-2025 Remuneration Policy” presentation (dated April 2023) on Group web site - ⁽¹⁾Equal to “fixed compensation”, “fringe benefits”, “non-equity variable remuneration” and “other remuneration”