



INTERPUMP GROUP

2023-25 ESG JOURNEY – RESPONSABLE SUPPLY CHAIN

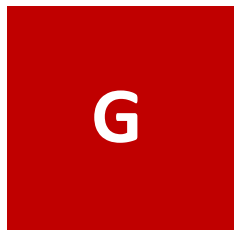
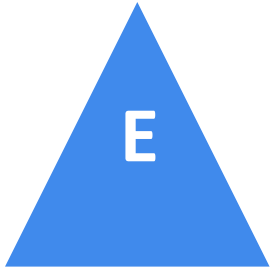
13 January 2025

- HIGHLIGHTS
- RESPONSIBLE SUPPLY CHAIN
- ANNEX



- Responsible Supply Chain
 - Approach: leverage on existing best practices at subsidiaries level
 - Methodology: internally performed activities
 - Principles: concreteness and applicability
 - Goal: development of a methodology which overcomes both Group variety and decentralisation and suppliers' features
- Sample: all Italian manufacturing companies
- Focus: “Cost of sales”⁽¹⁾, the most important cost item of P&L
 - 4 most important cost items⁽²⁾
- Possible next steps
 - Based on 2024 data: evaluation model finetuning
 - Based of 2025-26 data: process governance definition, suppliers' action plan definition and implementation, audit introduction, sample enlargement
- Ready for CSDDD implementation in 2027

⁽¹⁾ Group 2023 data: around 65% of sales (see please pg. 14 of Group 2023 Annual Report) - ⁽²⁾ Group 2023 data: around 70% of “Cost of sales”



2023-2025 KEY TARGETS

SUPPORTED GRI and SDG

<ul style="list-style-type: none"> ▪ Definition of Group “Carbon neutrality” strategy ▪ Reduction of Group “Carbon intensity” ▪ Increase of renewed electricity consumption 	<p>2023</p> <p>2025</p> <p>2025</p>
<ul style="list-style-type: none"> ▪ Injury rate improvement ▪ ESG supply chain evaluation ▪ ISO 45001 extension 	<p>2024</p> <p>2023 & 2024</p> <p>2027</p>
<ul style="list-style-type: none"> ▪ Establishment of Board ESG Committee ▪ Succession plan formalisation ▪ Tax compliance consolidation 	<p>2023</p> <p>2023</p> <p>2024</p>



305-1 and 2
302-1



403-9
308-1 / 414-1



207-1, 2 and 3





2023-25 ESG JOURNEY HIGHLIGHTS - A DELIVERING GROUP

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
 - G.6 - Updating on ESG journey

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

ANALYSIS, MEASUREMENT, REVIEW AND FINETUNE




- HIGHLIGHTS
- RESPONSIBLE SUPPLY CHAIN



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

Lao Tzu

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

ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
RESPONSIBLE SUPPLY CHAIN	<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 	  	N.A.	Base year: 2022 Target year: 2023
	<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.	Base year: 2023 Target year: 2024

- Approach: leverage on existing best practices at subsidiaries level
- Methodology: internally performed activities
 - Harmonise business model variety between and inside divisions
 - Overcome decentralised organisation at operational level
 - Consider the relatively small and streamlined structure of Group suppliers
- Principles: concreteness and applicability
 - Analysis of questionnaire received from Group’s customers
 - Benchmark with industry sectors best practices
 - Brainstorming with internal functions (e.g. Procurement, “Internal Audit, Risk & Compliance”)
- Goal: development of a methodology which overcomes both Group variety and decentralisation and suppliers’ features
 - Solid foundation for future next steps (e.g. sample enlargement, audit activities)

- Focus: “Cost of sales”, the most important cost item of P&L
 - 4 most important cost items
 - Purchase of raw materials, semi-finished products, finished products
 - External manufacturing costs
 - Consumable tools
 - Consumables
- Sample: all Italian manufacturing companies
 - 18 companies
 - Among most important Group subsidiaries: IMM, Interpump Group⁽¹⁾, Interpump Hydraulics, Reggiana Riduttori, Transtecno e Walvoil
- Coverage: at least 50% of “Cost of sales” sample

⁽¹⁾ The holding parent company is a manufacture entity too

2023 – S.5: ESG supply chain evaluation model definition

- 4 main activities
 - Updated suppliers’ evaluation model with environmental and social criteria
 - Initial focus on significant suppliers
 - Execution of a pilot project on Walvoil S.p.A.

WALVOIL CHOICE

In term of production, one of the most vertically integrated Group business model: e.g. steel iron foundry in India

Subsidiaries all around the world: from USA to China and India



Different suppliers for all different production phases

Complexity management capability



Over 1,400 suppliers

Biggest Group company: more than € 300m of turnover in 2023

Most structured Group “Procurement function”: close to 20 people



Supply chain improvement as ongoing operational goal

A model for others Group “procurement functions”



2023 – S.5: ESG supply chain evaluation model definition

WALVOIL OLD SUPPLIER EVALUATION MODEL

LEGENDA:	
Buono - punteggio maggiore di	80%
Intermedio - punteggio compreso tra	60% 80%
Bocciato - punteggio minore di	60%

Nel caso di domanda non applicabile inserire N/A

PUNTEGGIO COMPLESSIVO	
Punteggio ottenuto	% Ottenuta

8 macro area and 66 analysis parameters

1. General organisation: 21 parameters
2. Quality: 20 parameters
3. Environment: 7 parameters
4. Safety: 8 parameters
5. Financial Information: 1 parameter
6. Compliance: 5 parameters
7. Business continuity: 3 parameters
8. Documental sample checks: 1 parameter

WALVOIL NEW SUPPLIER EVALUATION MODEL

LEGENDA:	
Buono - punteggio maggiore di	80%
Intermedio - punteggio compreso tra	60% 80%
Bocciato - punteggio minore di	60%

Nel caso di domanda non applicabile inserire N/A

PUNTEGGIO COMPLESSIVO				
Aree:	Punteggio ottenuto	% Ottenuta	Punteggio	Punteggio

14 macro area and 132 parameters

1. General organisation: 25 parameters
2. Quality: 20 parameters
3. Environment: 31 parameters
4. Health & safety: 17 parameters
5. Anticorruption & compliance: 11 parameters
6. Human rights: 5 parameters
7. HR management: 5 parameters
8. IT: 8 parameters
9. Welfare: 1 parameter
10. Information Technology: 8 parameters
11. Welfare: 1 parameter
12. Business continuity: 3 parameters
13. Documental sample checks: 1 parameter
14. Financial Information: 1 parameter

2023 – S.5: ESG supply chain evaluation model definition

2024 – S.6: ESG supply chain evaluation model extension

- Walvoil evaluation model finetuned by ESG corporate function
 - Inclusion of Hydraulics other business model features
 - Adaptation to Water Jetting business model features

- Further finetuning
 - Involvement of Group “Internal Audit, Risk & Compliance” function
 - Sharing with other Italian subsidiaries Procurement functions

- Evaluation model final establishment and implementation
 - July: approval by Group Executive Committee
 - August: adoption from all Italian manufacturing companies

- Timetable
 - December as collection deadline
 - first reports at 1Q2025 end

2023 – S.5: ESG supply chain evaluation model definition

2024 – S.6: ESG supply chain evaluation model extension

Next steps

- Possible next steps
 - Based on 2024 data collection
 - Evaluation model finetuning
 - Based on 2025 and 2026 data collection
 - Process governance definition (e.g. function owner, information flow)
 - Suppliers' action plan definition and implementation
 - Audit introduction
 - Sample enlargement (e.g. companies' sample and/or cost items)

- Ready for CSDDD implementation in 2027

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