

REMUNERATION POLICY AND REPORT

PURSUANT TO ARTICLE
123-TER OF THE CFA

Intercos S.p.A.

<https://www.intercos-investor.com/>

Approved by the Board of Directors on March 23, 2022

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GLOSSARY

IN ADDITION TO THE TERMS DEFINED WITHIN THIS REPORT, THE TERMS LISTED BELOW SHALL HAVE THE MEANINGS ASCRIBED TO THEM BELOW:

ARC

the Appointments and Remuneration Committee of Intercos.

BOARD OF DIRECTORS OR THE BOARD OR BOD

the Board of Directors of Intercos S.p.A.

BOARD OF STATUTORY AUDITORS

the Board of Statutory Auditors of Intercos S.p.A.

BUSINESS PLAN

the 2021-2024 Business Plan approved by the Board of Directors of Intercos on August 25, 2021.

CFA

Legislative Decree No. 58 of February 24, 1998 (Consolidated Finance Act) in force at the Reporting Date.

CG COMMITTEE/CORPORATE GOVERNANCE COMMITTEE

The Italian Committee for the Corporate Governance of listed companies, promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

CG REPORT

the Corporate Governance and Ownership Structure Report that companies are required to prepare in accordance with Article 123-*bis* of the CFA.

CHIEF EXECUTIVE OFFICER/CEO

the Chief Executive Officer of Intercos S.p.A.

CIVIL CODE/CIV. COD./C.C.

the Italian Civil Code.

CODE/CG CODE

the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

COMPANY OR INTERCOS

Intercos S.p.A.

CONSOB ISSUERS' REGULATION OR ISSUERS' REGULATION

the Regulation issued by Consob Resolution No. 11971 of 1999 (as subsequently amended).

ECRS 2024

The percentage share of energy consumption from renewable sources to total energy consumption by the Group in the year 2024, as reflected in the Consolidated Non-Financial Statement for the year 2024.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION OR EBITDA

this is an indicator of operating performance. It is calculated as net income for the year before taxes, net financial income (expense) and amortization, depreciation and impairment, as reported in the statutory or consolidated financial statements, as appropriate¹.

EARNINGS PER SHARE OR EPS

the "virtual unitary share" of net income available to ordinary shareholders, calculated by dividing the net income available, as per the approved consolidated financial statements, by the average number of shares in the year in question.

ESG

acronym for Environment, Social, Governance: it refers to three central factors in measuring the sustainability of a company. The factors under letter (E) refer to environmental impact, including parameters such as carbon dioxide emissions, efficiency in the use of natural resources, attention to climate change, population growth, biodiversity and food security, but also indirect factors such as the impact operators may have on the climate and the environment, or in investment and financing processes. Factors under (S) refer to a company's social impact, including respect for human rights, working conditions, attention to equality and inclusion in the treatment of people and employees, control of the supply chain, customer focus, and sustainable impact on communities. Factors under (G) refer to aspects of corporate governance, including the presence of Independent Directors and diversity policies (gender, ethnicity, etc.) on the composition of the Board of Directors and, in particular, issues relating to the internal system of processes, procedures and controls that the organization adopts for its governance, to comply with laws and regulations and to meet the needs of stakeholders.

EURONEXT - MILAN

the stock exchange organized and managed by Borsa Italiana S.p.A.

EXECUTIVE DIRECTORS

Pursuant to the CG Code, Chief Executive Officers of the Company or of a subsidiary with strategic importance, including the relative Chairperson, are those attributed individual powers of management or when they have a specific role in the strategies of the business; Executive Directors are also those that hold directive offices within the Company or within a subsidiary company with strategic importance, or in the parent company if the appointment also concerns Intercos.

GROUP EBITDA MARGIN

the EBITDA margin measures the ratio in percentage terms between the EBITDA economic indicator and turnover.

INTERCOS GROUP OR GROUP

collectively, Intercos S.p.A. and the companies directly or indirectly controlled by it pursuant to Article 93 of the CFA.

LONG-TERM INCENTIVE PLAN (LTI)

the long-term incentive plan that entitles the persons involved to a bonus in relation to the achievement of multi-year targets defined at company level.

MEETING OR SHAREHOLDERS' MEETING

the Shareholders' Meeting of Intercos S.p.A.

NET FINANCIAL POSITION OR NFP

this is an indicator used in financial statement analysis that represents the company's net debt to third parties in terms of financial payables net of cash and cash equivalents.

REPORTING DATE

the date of approval of this Report by the Board of Directors of Intercos.

REPORT/REMUNERATION REPORT

the Remuneration Policy and Report that the Company is required to prepare and publish in accordance with Article 123-*ter* of the CFA and Article 84-*quater* of the Consob Issuers' Regulation.

SHORT-TERM INCENTIVE PLAN (STI)

the short-term incentive that entitles the persons involved to receive an annual cash bonus, based on the objectives established and agreed with each person participating in the Plan.

TRADING COMMENCEMENT DATE

the date of November 2, 2021, the first day the shares of Intercos were traded on the Euronext - Milan exchange.

TOTAL SHAREHOLDER RETURN OR TSR

the total return on an equity investment, calculated as the sum of the following components:

- capital gain: ratio between the change in the share price (difference between the price recorded at the end and at the beginning of the reporting period) and the price recorded at the beginning of the same period;
- reinvested dividends: the ratio of dividends per share distributed during the reporting period to the share price at the beginning of the period. The dividends are considered reinvested in the stock.

VALUE ADDED SALES

calculated as the difference between revenues for the year, as per the Issuer's consolidated financial statements, and the costs incurred for packaging, net of those relating to products in the Delivery System segment.

¹ SWe note, to the extent necessary, that for the purposes of ascertaining the achievement of the operating performance indicators within the Group, the reference EBITDA is the consolidated EBITDA of the Intercos Group determined by applying the criteria set forth in the loan agreement entered into on December 17, 2019 by the Company with the pool of banks comprising "Banca IMI S.p.A.", "BNP Paribas - Italian Branch", "UniCredit S.p.A.", "Crédit Agricole Italia S.p.A.", "Crédit Agricole Corporate and Investment Bank, Milan Branch", "Banca Nazionale del Lavoro S.p.A." and "Intesa Sanpaolo S.p.A." (the "Loan Agreement"), or by any subsequent Group loan agreement replacing the aforementioned agreement within the date of ascertainment.

INTRO- DUCTION

This Report, approved by the Board of Directors of Intercos S.p.A. on March 23, 2022, on the proposal of the ARC, prepared in accordance with Article 123-*ter* of the CFA, is divided into the following sections:

- **SECTION I** illustrates in a clear and comprehensible manner the policy (the “**Remuneration Policy**” or the “**Compensation Policy**”) adopted by Intercos with reference to the members of the Board of Directors and, without prejudice to the provisions of Article 2402 of the Civil Code, of the Controlling Body, as well as the other “Senior Executives” identified by the Board of Directors of Intercos (hereinafter the “**SEs**”), describing its general philosophy, the bodies involved and the procedures used for its adoption, review and implementation, including the measures aimed at avoiding or managing any conflicts of interest. The Remuneration Policy is valid for one year, until the Shareholders’ Meeting called to approve the 2022 Annual Accounts; Section I of the Report, in compliance with the provisions of the CFA², is subject to the binding vote of the Ordinary Shareholders’ Meeting called to approve the 2021 Annual Accounts;
- **SECTION II** illustrates the compensation paid in fiscal year 2021 by the Company and its subsidiaries or associated companies by name for members of the Board of Directors (executive and non-executive), Statutory Auditors and, in aggregate, for other SEs. Section II of the Report, in compliance with the provisions of the CFA, is submitted to the advisory vote of the Ordinary Shareholders’ Meeting called to approve the 2021 Annual Accounts.

The Remuneration Policy described in Section I has been prepared in line with the recommendations on remuneration of the CG Code, to which Intercos adheres, and is consistent with the provisions of Consob³.

The two sections of the Report are preceded by a paragraph in which some background information useful for reading the Remuneration Policy in relation to the Company’s strategy is presented to the market and investors. This introductory section also presents an easy-to-read summary of the main elements of the Remuneration Policy. It should be noted that Section I does not describe the changes from the Remuneration Policy last submitted to the Shareholders’ Meeting, and how such revision takes into account the votes and evaluations expressed by the shareholders at that meeting or thereafter, as the listing of the Company occurred on November 2, 2021, and during 2021 the Company was not required to submit for a vote at the Shareholders’ Meeting, and did not submit for approval at the Shareholders’ Meeting, the report pursuant to Article 123-*ter* CFA and the Remuneration Policy.

For the same reason, with reference to the compensation paid in 2021 as illustrated in Section II, it should be noted that it was not paid on the basis of a remuneration policy prepared (and approved by the Shareholders’ Meeting) pursuant to Article 123-*ter* of the CFA and the related determination was carried out without the involvement of the ARC.

Moreover, Section II contains: (i) information - according to the criteria set out in Annex 3A, Schedule 7-*ter* of the Issuers’ Regulation - on the equity investments held in the Issuer and its subsidiaries by the members of the management and control boards, as well as by spouses who are not legally separated and minor children, pursuant to the provisions of Article 84-*quater*, paragraph 4 of the Issuers’ Regulation; and (ii) information on the financial instruments assigned in implementation of the remuneration plans based on financial instruments, in compliance with the provisions of Article 84-*bis*, paragraph 5 of the Issuers’ Regulation.

This Report is available to the public at the registered office of the Company in Milan (MI), Piazza Generale Armando Diaz no. 1, Italy, as well as on the Company’s website www.intercos-investor.com in the *Governance* section.

² Article 123-*ter* of the CFA, which stipulates that “at least twenty-one days before the date of the Shareholders’ Meeting [...] listed companies shall make available to the public a remuneration policy and report, at their registered office, on their website and in accordance with the other procedures established by Consob in its regulations”. The same Article 123-*ter*, paragraph 3-*bis* of the CFA states that “companies shall submit the remuneration policy [...] to the vote of the shareholders at least every three years or on the occasion of changes to the policy”. Paragraph 3-*ter* states that “the resolution provided for in paragraph 3-*bis* is binding” (i.e. on Section One of this document), further adding that “if the Shareholders’ Meeting does not approve the remuneration policy submitted for a vote pursuant to paragraph 3-*bis*, the company shall continue to pay remuneration in accordance with the most recent remuneration policy approved by the shareholders’ meeting or, failing that, may continue to pay remuneration in accordance with current practices.”

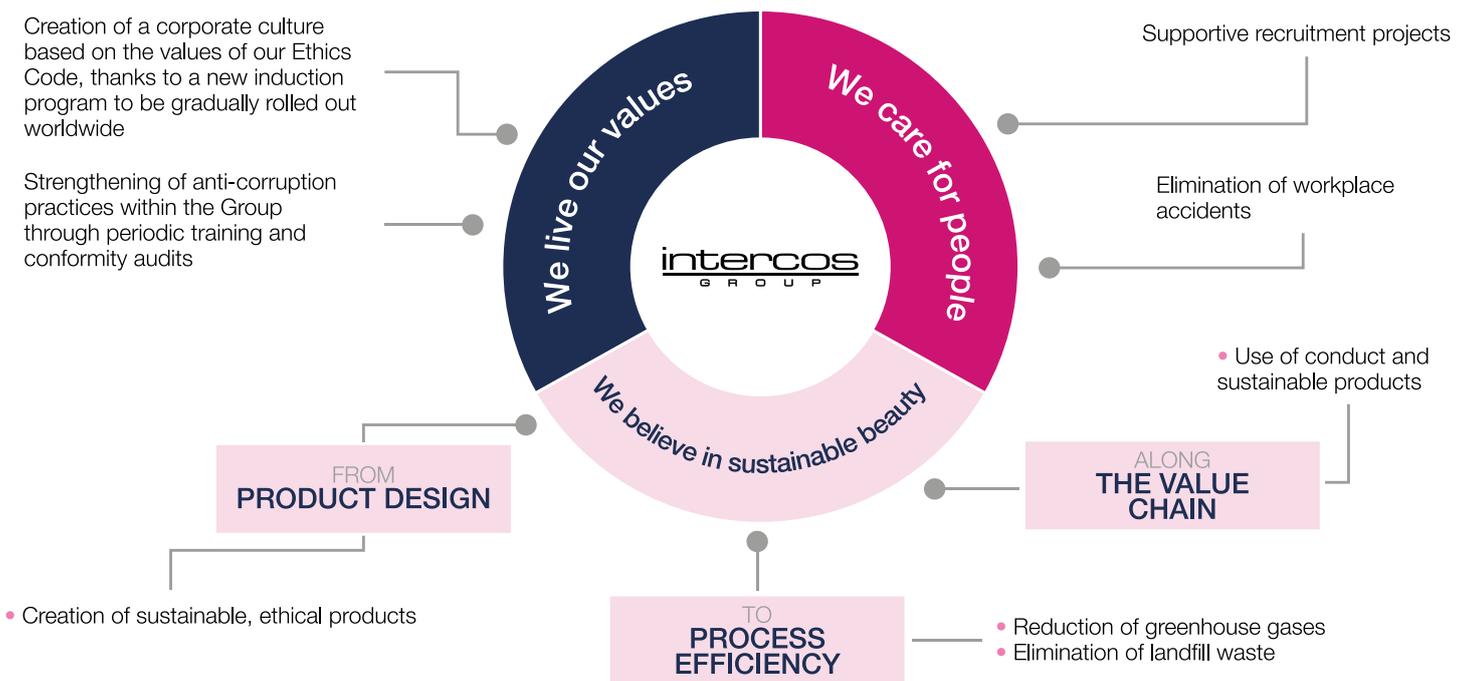
³ Specifically, the Issuers’ Regulation.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Intercos Remuneration Policy is closely related to the Company’s business strategy, as described in the following paragraph; the ESG component, and in particular the sustainability of the Group’s business strategy, is one of the founding and guiding elements of Intercos’ work, which targets the creation of long-term value for the organization (with particular reference to internal stakeholders, such as the Group’s human capital) and for society (with particular reference to external stakeholders, such as shareholders, suppliers and third parties in general) by integrating sustainability variables into the assessment of all aspects of the organization’s context and processes.

“WE LIVE OUR VALUES”, “WE CARE FOR PEOPLE” AND “WE BELIEVE IN SUSTAINABLE BEAUTY” ARE THE THREE MAIN GUIDELINES (ALSO OUTLINED IN THE INTERCOS CONSOLIDATED NON-FINANCIAL STATEMENT PREPARED IN ACCORDANCE WITH LEGISLATIVE DECREE NO. 254/2016) THROUGH WHICH THIS ACTION IS EXPRESSED.



These aspects are incorporated in the Remuneration Policy also through the provision of sustainability KPIs within the long-term incentive system, as better described below.

INTERCOS BUSINESS STRATEGY

The Intercos Business Strategy, as envisaged in the Business Plan, is based on the following fundamental pillars, to which the Company’s Remuneration Policy is linked as a fundamental tool for the pursuit of medium-long term strategic objectives:

PILLARS OF THE BUSINESS STRATEGY	SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE
Innovation and R&D as a creation of shareholder value		Absolute TSR Cumulative EPS
Consolidate and increase business unit growth and related margins	EBITDA EBITDA Margin NFP Value Added Sales	Cumulative EPS
Expansion of target markets also through M&A operations and consolidation of leadership in markets already covered	EBITDA EBITDA Margin Value Added Sales	Absolute TSR Cumulative EPS
Customer portfolio expansion		
Optimization of the Supply Chain also through the reduction of the environmental impact	EBITDA EBITDA Margin NFP	Cumulative EPS Percentage of Energy Consumption from Renewable Sources (ECRS)

REMUNERATION POLICY

Intercos’ Remuneration Policy, defined in accordance with the corporate governance model adopted by the Company and in line with the recommendations of the CG Code, is summarized below:

PURPOSE OF THE REMUNERATION POLICY	REMUNERATION POLICY PRINCIPLES	COMPENSATION ELEMENTS
Value creation	Align management ‘s interests with corporate strategies by clearly linking Remuneration Policy to business results.	Short-Term Incentive Long-Term Incentive

<p>Performance Enhancement</p>	<p>Ensure that remuneration systems contribute: a) to the achievement of the Company’s strategic objectives, the pursuit of the Company’s medium- to long-term interests and the sustainable success of the Company; and b) considered risk management, including by constantly monitoring the effectiveness and reviewing remuneration and incentive systems.</p>	<p>Short-Term Incentive Long-Term Incentive</p>
<p>Attractiveness and motivation</p>	<p>Ensure a transparent compensation and incentive system designed to attract, motivate and retain key people for the organization with the skills and professionalism critical to the sustainable success of the Company.</p>	<p>Fixed remuneration Non-monetary benefits</p>
<p>Sustainability</p>	<p>Contribute to the pursuit of the Company’s strategy, in a manner that is functional to the pursuit and achievement of the objective of creating value in the medium-long term for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Group.</p>	<p>Long-Term Incentive</p>

INTERCOS APPLIES THE PRINCIPLES OF THE REMUNERATION POLICY ACROSS THE BOARD TO ALL THE RESOURCES THAT CONTRIBUTE TO THE GROUP’S WORK, IN AN INCLUSIVE MANNER AT EACH LEVEL OF THE ORGANIZATION (*WE CARE FOR PEOPLE*) AND WITH THE AIM OF CREATING A CORPORATE CULTURE TARGETED AT CREATING LONG-TERM SUSTAINABLE VALUE (*WE BELIEVE IN SUSTAINABLE BEAUTY*). AT THE SAME TIME IT MAINTAINS A SPECIAL FOCUS ON KEY PEOPLE WHO CAN CONTRIBUTE TO THE ACHIEVEMENT OF THE COMPANY’S OBJECTIVES, IN LINE WITH THE GROUP’S VALUES (*WE LIVE OUR VALUES*).

SUMMARY

COMPENSATION COMPONENT	PURPOSE	CONDITIONS FOR IMPLEMENTATION	AMOUNTS/BENEFITS ATTRIBUTED
Fixed remuneration	Attract, motivate and retain resources with key skills and expertise	Verification of salary positioning relative to market salary levels based on assigned role and responsibilities	<p>Executive Chairperson: Euro 1,640,000</p> <p>CEO: Euro 800,000</p> <p>Executive Director Arabella Ludovica Ferrari: Euro 315,000</p> <p>Executive Director Gianandrea Ferrari: Euro 190,000 (see details below)</p> <p>SEs: commensurate with assigned role and experience</p>
Short-term variable incentive	Promote achievement of annual goals and performance enhancement	<p>CEO: 2021 Objectives: Group Ebitda (80%)/ Group PFN (20%)</p> <p>2022 Objectives: Group Ebitda Margin (50%) / Value Added Sales (30%) / Group PFN (20%)</p> <p>Executive Directors: 2021 and 2022 Targets Ludovica Arabella Ferrari: Group Ebitda (60%)/ Group PFN (20%)/Financial targets, on an individual basis (20%).</p> <p>2021 Targets Gianandrea Ferrari: Group Ebitda (50%)/Group PFN (20%)/ Financial targets, on an individual basis (30%).</p> <p>2022 Targets Gianandrea Ferrari: Group EBITDA (20%)/Group NFP (10%)/ Legal Entity/Regional Targets (40%)/Financial targets, on an individual basis (30%).</p> <p>SEs: Targets: Group EBITDA (60%)/Group NFP (20%)/Financial targets, on an individual basis (20%).</p>	<p>CEO: target opportunity 66.7% base salary/ max pay-out opportunity 100% base salary</p> <p>Executive Directors: target opportunity 30% base salary/ max pay-out opportunity 37.5% base salary</p> <p>SEs: target opportunity 30/40% base salary/ max pay-out opportunity 37.5/50% base salary</p>

COMPENSATION COMPONENT	PURPOSE	CONDITIONS FOR IMPLEMENTATION	AMOUNTS/BENEFITS ATTRIBUTED
Long-term variable incentive	<i>Promote sustainable value creation in the medium/long term</i>	<p>“2022-2024 Performance Shares Plan”</p> <p>Targets: Absolute TSR 2024 (50%); Cumulative EPS (35%); ECRS 2024 (15%).</p> <p><i>Plan reserved for beneficiaries (employees and Directors of the Group) identified by the Board of Directors or to be identified by name by the Board of Directors upon the proposal of the Chief Executive Officer, no later than June 30, 2022, from among the managers of the Company or its subsidiaries (including Executive Directors and SEs) who hold positions with the greatest impact on the Company’s results or with strategic importance for the achievement of the Group’s long term objectives.</i></p>	<p>CEO: target opportunity 99% base salary/ max pay-out opportunity 168% base salary</p> <p>Executive Directors: Ludovica Arabella Ferrari: target opportunity 60% base salary/ max pay-out opportunity 103% base salary Gianandrea Ferrari: target opportunity 67% base salary/ max pay-out opportunity 113% base salary</p> <p>SEs: target opportunity 53-95% base salary/ max pay-out opportunity 90-162% base salary</p> <p><small>* Estimated annual values based on the market price of the security granted</small></p>
Non-monetary benefits	<i>Integrating the compensation package</i>	<p>Executive Chairperson, CEO and Executive Directors, SEs</p> <p><i>Benefits foreseen by the relevant national collective bargaining agreements (CCNL) and/or Remuneration Policy</i></p>	<p>Executive Chairperson, CEO and Executive Directors</p> <p><i>Includes, but is not limited to, the use of cell phones and laptop, company cars, supplemental health and accident, disability and death insurance coverage.</i></p> <p>SEs: <i>The compensation offer is supplemented with the non-monetary benefits provided for by the relevant national collective bargaining agreements (CCNL) and company practices (i.e., professional and extra-professional accident policy, disability and death policy, supplementary pension, supplementary medical insurance and annual check-up, allocation of a dual purpose car and fuel card, company devices)</i></p>
Termination of office and/ or employment relationship	<i>Attract and/or retain management resources</i>	<p>Executive Chairperson: N.A.</p> <p>Chief Executive Officer and Executive Directors: N.A.</p> <p><i>A non-competition agreement is in place with the Chief Executive Officer, valid for</i></p>	<p>Executive Chairperson: N.A.</p> <p>Non-competition agreement CEO: <i>the relevant fixed remuneration on an annual basis, the amount of which is paid on a continuing basis.</i></p>

COMPENSATION COMPONENT	PURPOSE	CONDITIONS FOR IMPLEMENTATION	AMOUNTS/BENEFITS ATTRIBUTED
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twelve months from the date of leaving office.

SEs: The Company may recognize additional compensation with respect to what is due in accordance with the provisions of the law in force and the applicable national and company collective bargaining agreements or severance indemnities. The Company may also enter into non-competition agreements with SEs that are valid for twelve months from the date of termination of employment.

SEs: With reference to indemnities and severance pay, a maximum of 24 months' pay, in any case in compliance with the applicable national collective bargaining agreements (CCNL). With reference to the non-competition agreement, a maximum of 75% of the gross annual remuneration paid after termination of the employment relationship.

A

SECTION I
— REMUNE—
RATION
POLICY

1. GOVERNANCE OF THE REMUNERATION PROCESS

1.1 BOARDS AND PARTIES INVOLVED

The preparation and approval of the Remuneration Policy involves the ARC, the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

The Remuneration Policy for the members of the Board of Directors of Intercos is defined in accordance with the regulatory and statutory provisions, according to which:

- the Shareholders' Meeting determines an overall amount for the remuneration of all Directors, including Executive Directors;
- within the limits of the remuneration established by the Shareholders' Meeting, the determination of the remuneration due to each Director is carried out by the Board of Directors, taking into account the roles and powers assigned. The Board of Directors determines the remuneration of the Executive Directors in compliance with the By-Laws and for their participation in the Board Committees, having heard the opinion of the Board of Statutory Auditors.

In particular, the ARC, exercising its powers also as provided for in the CG Code, assists the BoD in the elaboration of the Remuneration Policy by formulating proposals regarding the structure and relative contents and, together with the BoD, monitors its correct implementation, as well as the need to make any revisions.

The BoD is, therefore, the board responsible for approving the Remuneration Policy, based on the proposal made by the ARC.

SUBSEQUENTLY, PURSUANT TO ARTICLE 123-TER, PARAGRAPHS 3-BIS AND 3-TER, OF THE CFA, DURING THE APPROVAL OF THE ANNUAL ACCOUNTS, THE SHAREHOLDERS' MEETING IS CALLED UPON TO RESOLVE IN FAVOR OR AGAINST THE REMUNERATION POLICY, AS DETAILED BELOW. THE TABLE BELOW SUMMARIZES THE PROPOSING BODIES, DECISION-MAKING BODIES AND SUPPORTING STRUCTURES FOR EACH PERSON COVERED BY THE REMUNERATION POLICY.

PARTY REMUNERATED	PROPOSAL BODY	DECISION-MAKING BODY	SUPPORT STRUCTURE	INDEPENDENT EXPERTS
Chairperson	Board of Directors assisted by the Appointments and Remuneration Committee	<ul style="list-style-type: none"> • Shareholders' Meeting (*) • Board of Directors (**) 	Human Resources, Organization & SA and Public Affairs, Legal & Business Development	Independent consultant
Chief Executive Officer	Board of Directors assisted by the Appointments and Remuneration Committee	<ul style="list-style-type: none"> • Shareholders' Meeting (*) • Board of Directors (**) 		
Directors	Board of Directors assisted by the Appointments and Remuneration Committee	<ul style="list-style-type: none"> • Shareholders' Meeting (*) • Board of Directors (**) 		
Board of Statutory Auditors	Shareholders' Meeting	Shareholders' Meeting		
SEs	Board of Directors assisted by the Appointments and Remuneration Committee	Board of Directors		

(*) The Shareholders' Meeting determines the total amount of the remuneration for all Directors, including Senior Directors.
 (**) Within the limits of the total remuneration set at the Shareholders' Meeting, the determination of the remuneration due to each Director is approved by the Board of Directors, having consulted the Board of Statutory Auditors, taking into account the offices and powers assigned.

1.2 SHAREHOLDERS' MEETING

The duties of the Shareholders' Meeting, with respect to the matters of interest within the scope of this Report, are:

- determine the total amount for the remuneration of all the Directors, including Executive Directors and the remuneration of the Statutory Auditors; in particular, with regard to Directors, the By-Laws provide that the Shareholders' Meeting may not only determine a total amount for the remuneration of all Directors, including Executive Directors, but also grant Directors the right to receive a severance indemnity;

- express its binding vote on the Remuneration Policy adopted by the Company, pursuant to Article 123-*ter*, paragraphs 3-*bis* and 3-*ter* of the CFA;
- express its non-binding vote on the second section of the Company's Remuneration Policy and Report, pursuant to Article 123-*ter*, paragraph 6 of the CFA;
- resolve on any remuneration plans based on financial instruments for Directors, employees (including Senior Executives) and collaborators, pursuant to Article 114-*bis* of the CFA.

1.3 BOARD OF DIRECTORS

The Board of Directors of Intercos, in office as of the Reporting Date, consists of 11 members:

NAME	OFFICE
DARIO GIANANDREA FERRARI	Executive Chairperson
RENATO SEMERARI	Chief Executive Officer
LUDOVICA ARABELLA FERRARI	Executive Director
GIANANDREA FERRARI	Executive Director*
NIKHIL KUMAR THUKRAL	Non-Executive Director
MICHELE SCANNAVINI	Non-Executive Director
NIKHIL SRINIVASAN	Non-Executive Director
CIRO PIERO CORNELLI	Non-Executive Director
GINEVRA OTT	Non-Executive Director
PATRIZIA DE MARCHI	Non-Executive Director
MAGGIE FANARI	Non-Executive Director

(*) Considered an Executive Director pursuant to the provisions of the CG Code, since he holds the position of Director with management powers in Intercos Europe S.p.A., a subsidiary of Intercos with strategic importance.

Pursuant to applicable law and the By-Laws, the Board of Directors has the following responsibilities under the Remuneration Policy:

- to determine the remuneration of Directors, including Senior Executives, in compliance with the By-Laws and within the limits of the total remuneration for all Directors established by the Shareholders' Meeting, having consulted the Board of Statutory Auditors;
- setting targets and approving business results for the performance plans to which the determination of the Executive Directors' variable remuneration is linked;
- approve general criteria for SE compensation;
- approve the Remuneration Report, to be submitted to the vote of the Shareholders' Meeting, binding with regard Section I and non-binding with regard to the Section Two.

It should be noted that all parties abstain from participating in board discussions and motions relating to their own remuneration.

For further details on the role of the Board of Directors, please refer to the By-Laws available on the Company's website www.intercos-investor.com in the "Governance" section and to the CG Report approved by the Board of Directors on March 23, 2022, published at the same time as this Report and available on the Company's website in the "Governance" section.

1.4 APPOINTMENTS AND REMUNERATION COMMITTEE

The Board of Directors of Intercos appointed the ARC on July 20, 2021, effective subject to Trade Commencement Date which occurred on November 2, 2021, and subsequently confirmed the ARC on November 11, 2021. The ARC, therefore, took office effective November 2, 2021.

The duties, powers and operating rules of the ARC are governed by the specific regulation - approved by the Board of Directors on July 20, 2021 and subsequently confirmed on November 11, 2021 (the "ARC Regulation") - in line with the provisions contained in the CG Code, to which the Company adheres.

In accordance with the provisions of the CG Code, the ARC is composed only of Non-Executive Directors, the majority of whom are independent, and is chaired by an Independent Director:

NAME	COMMITTEE ROLE	OFFICE	COMMITTEE ACTIVITIES
Patrizia De Marchi	Chairperson	Independent Non-Executive Director	The ARC met on December 16, 2021, and subsequently on March 11, 2022 and March 21, 2022
Michele Scannavini	Member	Independent Non-Executive Director	
Ciro Piero Cornelli	Member	Non-Executive Director	

Pursuant to the provisions of Article 2 of the ARC Regulations and the recommendations of the CG Code (see Recommendation 26), the ARC is composed of 3 Non-Executive Directors, the majority of whom meet the independence requirements set out in the CG Code, and is chaired by an Independent Director. At least one member of the Committee has appropriate knowledge and experience in finance or remuneration policy. In this regard, the Board of Directors meetings of July 20, 2021 and November 11, 2021 confirmed that all members of the ARC met this requirement.

The ARC has the right to access the information and the corporate functions necessary for the performance of the tasks assigned, to avail itself of financial resources and external consultants within the limits established by the Board of Directors (annual budget of Euro 15,000.00). It carries out its activities making use of the information provided by the Board of Directors and the support of the Human Resources, Organization & SA and Public Affairs, Legal & Business Development departments.

The principal functions of the ARC, as defined in the Regulations, are as follows:

1. with regard to appointments, assist the Board of Directors:

- a. in the self-evaluation process of the board and its committees (given the Company's recent listing, the first self-evaluation of the Board on an annual basis will be by the end of fiscal year 2022);
- b. in the definition of the optimal composition of the Board of Directors and its committees;
- c. in identifying candidates for the office of Director in the event of co-option;

- d. in any presentation of a slate by the outgoing Board of Directors to be carried out according to methods that ensure its transparent composition and presentation;
- e. in the preparation, updating and implementation of any plan for the succession of the Chief Executive Officer and the other Executive Directors (also in this case, the ARC has decided to carry out these duties starting from 2022);

2. with regard to remuneration:

- a. assist the Board of Directors in developing remuneration policy;
- b. monitor the concrete application of the policy, verifying, in particular, the effective achievement of the performance objectives;
- c. present proposals or express opinions to the Board of Directors on the remuneration of the Executive Directors and Senior Directors in addition to establishing the performance objectives related to the variable component of this remuneration, and
- d. periodically assess the adequacy and overall consistency of the policy adopted for the remuneration of Directors and Senior Management.

No Director attended or participates in the Committee meetings at which proposals were made to the Board of Directors regarding his or her own compensation and decisions regarding the compensation of Committee members were made with the abstention of those involved.

During 2021, the ARC met once on December 16, 2021 to, among other things, review the ARC Regulation governing its operation and determined to schedule meetings during 2022, depending on the Company's actual needs in this regard.

During 2022 and up to the date of approval of this Report, two meetings of the Committee were held on March 11, 2022 and March 21, 2022, respectively dedicated to, among other things, establishing proposed Compensation Policies for both Executive Directors and SEs, as well as reviewing this Report for subsequent approval by the Board of Directors.

For further information on the composition of the Appointment and Remuneration Committee, reference should be made to the information contained in the Section "*Internal Committees of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d) of the CFA*" and in the "*Self-evaluation and succession of Directors. Remuneration of the Directors. Appointments and Remuneration Committee*" of the CG Report, published at the same time as this Report and available for consultation on the Company's website www.intercos-investor.com in the "Governance" section.

1.5 BOARD OF STATUTORY AUDITORS

The Chairperson of the Board of Statutory Auditors or another Statutory Auditor designated by them are involved in the ARC's work; the other Statutory Auditors may also be involved.

Moreover, with regard to remuneration, the Board of Statutory Auditors expresses its opinion on the proposals for the remuneration of Executive Directors, pursuant to Article 2389, paragraph 3 of the Civil Code.

1.6 APPOINTMENT OF INDEPENDENT EXPERTS

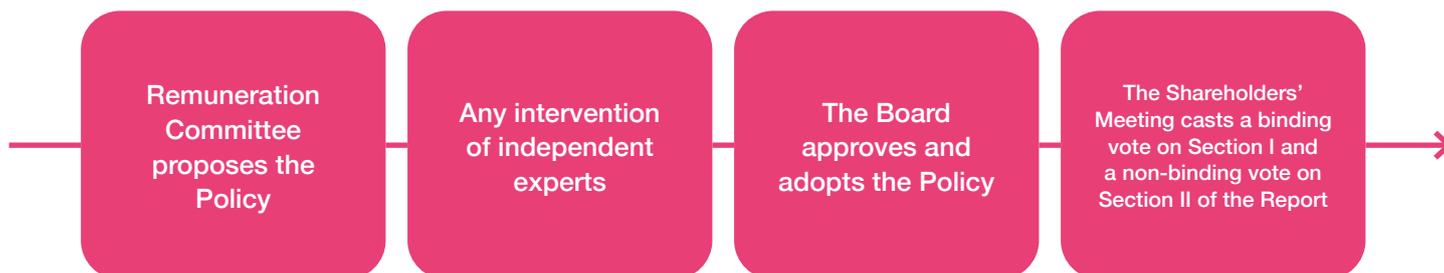
For 2021 and for the current financial year, Intercos has decided to use expert consultants for the support in the evaluation of positions and in the definition of remuneration policies (Mercer Italia).

1.7 PROCESS FOR DEFINING AND APPROVING THE REMUNERATION POLICY

The Remuneration Policy is submitted by the ARC to the Board of Directors for approval by the latter. In drafting the policy, the ARC involves the Human Resources, Organization & SA and Public Affairs, Legal & Business Development Departments, also with the aim of gathering market data in terms of practices, policies and benchmarking, ensuring regulatory compliance, and in order to better elaborate the policy and, where necessary, also independent experts in the field.

The Board of Directors, on the proposal of the ARC, defines and adopts the Remuneration Policy in its form and internal regulatory sources and, specifically, the related content as summarized in the paragraphs relating to the Remuneration Policy for members of the Board of Directors and the SEs and the incentive plans. After examining and approving the Remuneration Policy, the Board of Directors submits this to the binding vote of the Shareholders' Meeting, making it available at least 21 days before the date of the Shareholders' Meeting through the publication of the Remuneration Policy and Report.

The full text of the Remuneration Policy and Report was reviewed in advance by the ARC on March 11, 2022 and March 21, 2022, and then approved by the Board of Directors on March 23, 2022.



If the Shareholders' Meeting does not approve the Remuneration Policy submitted to the vote pursuant to Article 123, paragraph 3 *bis* of the CFA, Intercos will continue to pay remuneration in line with current practice as, given the recent listing, the Company has not previously submitted a remuneration policy to the vote of the Shareholders' Meeting. In this case, Intercos shall submit a new Remuneration Policy to a vote of the shareholders, at the latest at the next Shareholders' Meeting provided for in Article 2364, paragraph 2, of the Civil Code.

Finally, it should be noted that the "Related Party Transactions Policy" - preliminarily adopted on July 20, 2021 by the Board of Directors and subsequently approved in its final version by the Board on December 16, 2021, with the favorable opinion of the Related Parties Committee - (the "**RPT Policy**") excludes from the application of the policy:

- a) motions passed by the Shareholders' Meeting pursuant to Article 2389, paragraph 1 of the Civil Code, concerning the remuneration of the members of the Board of Directors and the Executive Committee (if established);
- b) motions concerning the remuneration of Executive Directors, within the overall amount previously determined by the Shareholders' Meeting pursuant to Article 2389, paragraph 3, of the Civil Code;
- c) motions passed by the Shareholders' Meeting as per Article 2402 of the Civil Code, concerning remuneration of the members of the Board of Statutory Auditors.

The RPT Policy does not apply, moreover, to motions on remuneration other than those referred to in letters a) and b) above, as well as to other Senior Executives, provided that:

- I. Intercos has adopted a remuneration policy, which is subject to a binding vote of the Shareholders' Meeting;
- II. in the drawing up of the remuneration policy a committee exclusively made up of Non-Executive Directors, the majority of whom independent, was involved; and
- III. the remuneration assigned to each Director or Senior Executive is consistent with the policy adopted and quantified on the basis of criteria that do not imply discretionary assessments.

1.8 PROCESS FOR TEMPORARY WAIVER OF THE REMUNERATION POLICY

The Company has a process in place for temporary waiver of the Remuneration Policy if exceptional circumstances arise where waiver of the Policy is necessary in the furtherance of the long-term interests and sustainability of the Company as a whole, or to ensure the Company's ability to compete in the marketplace.

"Exceptional Circumstances" include, but are not limited to:

- (i) the occurrence, at national or international level, of extraordinary and unforeseeable events concerning the Company and/or the sectors and/or markets in which it operates, which significantly affect the Company's results, including the occurrence of significant negative effects not only of an economic or financial nature;
- (ii) the intervention of substantial changes in the organization of the business activity, both of an objective nature (such as corporate transactions, mergers, disposals, etc.), and of a subjective nature, such as changes in the top management and the possible identification of persons (other than Directors and Statutory Auditors) qualifying as Senior Executives for the purposes of this Remuneration Policy;
- (iii) significant changes in the perimeter of the company's activity during the period of validity of the Remuneration Policy, such as the sale of a company/business unit on whose activity the performance objectives of the Remuneration Policy were based, or the acquisition of a significant business not contemplated for the purposes of the preparation of the Remuneration Policy.

The ARC, supported by the Human Resources, Organization & SA Department, is the board entrusted with the task of verifying the presence of such exceptional situations and formulating proposals for temporary exceptions to the Remuneration Policy to the Board of Directors, which has been identified as the board entrusted with the approval of such temporary exceptions.

Without prejudice to the above, the exception to the Remuneration Policy may concern: (i) the redefinition of the performance targets to which the variable remuneration is linked and of the periodicity with which they are set; (ii) the review of the criteria used to assess the targets; (iii) the change in the ratio between fixed and variable components of remuneration; (iv) the allocation of lump sum cash bonuses; (v) the allocation of special indemnities, in order to take into account the aforementioned exceptional circumstances and only if instrumental to the pursuit of the aforementioned interests.

With regard to these exceptions, the opinion of the Related Party Transactions Committee must be obtained, following the relevant procedure set out by the Company.

ANY EXCEPTIONS APPROVED, WHICH MAY RELATE TO THE AFOREMENTIONED ELEMENTS OF THE REMUNERATION POLICY, WILL BE DISCLOSED THROUGH THE SUBSEQUENT REMUNERATION POLICY AND REPORT, ACCOMPANIED BY THE REASONS THAT PROMPTED THE COMPANY TO MAKE SUCH AN EXCEPTION.

2. PURPOSE, PRINCIPLES, CONTENT AND BENEFICIARIES OF THE REMUNERATION POLICY

2.1 REMUNERATION POLICY OBJECTIVES

The Remuneration Policy provides that the amount of remuneration and the balance between the fixed and variable components of the remuneration of Directors and SEs are aimed at aligning the interests of the beneficiaries with the pursuit of the priority objective of creating value for shareholders over the medium-long term.

In this regard, these remuneration elements are defined consistently with the provisions of the Remuneration Policy, also taking into account the category, organizational level, responsibilities and professional skills of the beneficiaries and also taking into account the recommendations of the CG Code and the interests of other stakeholders relevant to the Group (the “**Sustainable Success**”).

In particular, the Remuneration Policy is closely related to Sustainable Success and is inspired by the three main guidelines “We live our values”, “We care for people” and “We believe in sustainable beauty”, described in the introductory section, through which the work of the Company is expressed, and is designed to:

- (i) contribute to the **creation of value**, aligning the interests of management with the Company’s strategies, by linking the Remuneration Policy with the Company’s business results, also by sharing with the professionals within the Company, **the increase in value of the Company and of the Group**;
- (ii) guarantee the correct preparation, implementation and possible revision, as well as the effective monitoring, of the remuneration and incentive systems, ensuring that the remuneration systems referred - in particular - to the Executive Directors and SEs contribute (a) to the **pursuit and achievement of the corporate objectives, of the medium-long term corporate interests and of the Sustainable Success objective** and (b) to **prudent risk management**, by:
 1. promoting actions and behaviors that are in line with the values and culture of the Company and the Group, in accordance with the principles of plurality, equal opportunities, enhancement of people’s knowledge and professionalism, fairness, respect for diversity and integrity;
 2. promoting actions and behaviors that are targeted at creating and ensuring sustainable working conditions and standards;
- (iii) ensure a transparent remuneration and incentive system **designed to attract, motivate and retaining key people for the Group with the specific skills and expertise critical to the achievement of the Sustainable Success objective**, through:
 1. recognition of the roles and responsibilities assigned, the results achieved and the quality of the professional contribution of individuals;
 2. guaranteeing the principles of proportionality and internal equity **and the link between company strategy and remuneration instruments**, as well as the adequacy of remuneration and compensation with respect to the role covered, taking into account the complexity of the functions assigned and the relative responsibilities, as well as assessing the skills and abilities demonstrated, without prejudice to compliance with the legal provisions applicable to Intercos and the provisions of the national and company collective agreements in force;
 3. support for **competitiveness**, in terms of balance and consistency of remuneration levels with respect to the market for similar positions and roles of similar level of responsibility and complexity, all as also resulting from appropriate benchmark analyses; and

4. the drive to **retain key Group resources**;
- (iv) ensure that the remuneration systems **enhance performance** by contributing to: a) the achievement of the Company's strategic objectives, the **pursuit of medium/long-term corporate interests and Sustainable Success**; and b) the **prudent management of risk**, also by constantly monitoring the effectiveness and reviewing the remuneration and incentive systems, by means of:
1. the definition of remuneration and incentive systems connected with the **achievement of** (a) **economic/financial**, (b) **non-financial** (including environmental and/or social sustainability and/or governance (so-called "ESG") **objectives** and (c) the development of operational and individual activities and responsibilities, defined with a view to the pursuit of results in the medium/long term, in line with the guidelines of the Group's strategic and/or business plans as well as with the responsibilities assigned;
 2. the guarantee that the variable components of remuneration (short and/or medium-long term) are not based on results that have been altered or shown to be manifestly incorrect.

2.2 PRINCIPLES OF THE REMUNERATION POLICY

The general principles underlying the Remuneration Policy are as follows:

- (i) establish the procedures for determining the remuneration of Directors - and, in particular, Executive Directors and those holding particular offices - of other SEs, in compliance with applicable regulations and in accordance with national and international best practices, as also reflected in the criteria, principles and recommendations of the self-regulation applicable to Intercos;
- (ii) identify, in particular, the parties and/or boards involved in the preparation, approval, implementation, monitoring and review of the Remuneration Policy and, more generally, of the remuneration procedures, which - according to their respective duties - (a) propose, deliberate and/or determine the remuneration of the Directors and of the other SEs, (b) express opinions on the subject, or (c) are called upon to verify and monitor the correct implementation of what has been deliberated and determined by the competent boards;
- (iii) to guarantee adequate transparency in terms of remuneration for both current and potential investors, by fully formalizing (a) the related decision-making processes and (b) the criteria underlying the Remuneration Policy; and
- (iv) to make the various boards and individuals responsible for determining the remuneration of Directors and other SEs and, within the limits set by Article 2402 of the Civil Code, of the members of the Board of Statutory Auditors.

The Remuneration Policy shall be in effect for one year from the date of its approval by the shareholders. Finally, we note that in defining the Remuneration Policy, the Company did not use the remuneration policies of other companies as a reference.

2.3 CONTENT AND BENEFICIARIES OF THE REMUNERATION POLICY

The Remuneration Policy is based (i) on a fixed component and (ii) on a variable incentive component, linked to the achievement of predetermined performance targets of a financial and non-financial nature (including ESG objectives) that can be objectively measured.

The variable component may consist of cash remuneration (bonuses or other monetary incentives) and/or the assignment of financial instruments and/or a share in the profits for the year.

The balance between the fixed and variable components of remuneration must be appropriate and consistent with (i) the Sustainable Success objective, (ii) the strategic objectives and (iii) the Group's risk management policy, and is also determined in light of the characteristics of the Company's business and sector.

The fixed component of remuneration rewards skill levels and experience and remunerates Directors and other SEs consistently with their role and associated responsibilities. Moreover, the fixed component - in compliance with the applicable legal regulations and in line with the criteria, principles and recommendations of the self-governance code - is determined so as to adequately remunerate the activities carried out, also in the event that the variable component of the remuneration is not paid due to the failure to achieve the related objectives.

The aforementioned variable remuneration, in turn, consists of (i) a short-term variable component (Short Term Incentive or STI), linked to the achievement of pre-established short-term performance targets (mainly of a financial nature) (ii) to which a medium/long term variable remuneration component (Long Term Incentive or LTI) may be added aimed at directing the actions of the beneficiaries towards the achievement of pre-established medium/long term targets (of a financial and non-financial nature), enabling them to benefit from the creation of value for the Group and to retain the key resources of Intercos (retention).

Specifically, the STI variable component is linked to pre-established corporate and individual targets, mainly of a financial nature (targets of a non-financial nature are assigned exclusively to the SEs). Targets are objectively measurable over a 12 (twelve) month time horizon.

The LTI variable component is linked to pre-established corporate targets of a financial and non-financial nature, different from those covered by the STI component and objectively measurable over a time horizon of 36 (thirty-six) months.

The Remuneration Policy establishes that the remuneration of Directors who do not hold special offices (including Independent Directors) shall be fixed and adequate in relation to the competence, professionalism and commitment required by the tasks assigned to them within the Board of Directors and any internal Board committees.

Finally, Intercos guarantees all its employees the same work opportunities and fair treatment in terms of regulations and remuneration. Intercos is committed to providing an inclusive working environment, free from discrimination of any kind, in which different personal and cultural characteristics and orientations are considered an asset. To this end, the Company not only undertakes to respect and apply the regulatory framework of the countries in which it operates, but also develops company policies aimed at guaranteeing equal opportunities for all the different types of workers, with the intention of discouraging the emergence of possible prejudice, harassment and discrimination of any kind (linked, for example, to race, nationality, ethnicity, culture, religion, sexual orientation, age and disability), in full respect of human rights. This context ensures that the key elements of the Remuneration Policy - and more generally of the management of its own people - are the principle of internal equity and the enhancement of merit and of distinctive and critical professional skills. In fact, the Remuneration Policy is defined and implemented in full consistency with the process of strategic planning of human resources and the results of the assessments of the skills, potential and performance of individuals, while at the same time ensuring that it is aligned with the specific needs of the markets and legal frameworks of the labor markets in which the Group operates.

2.3.1 Remuneration of Directors not holding special offices

	OFFICE	GROSS ANNUAL EMOLUMENT
1.	Director not holding special offices and not part of the Committees	Euro 25,000.00
2.	Director member of committees	Euro 10,000.00 (in addition to the remuneration as Director specified in point 1)
3.	Director Chairperson of Committees	Euro 15,000.00 (in addition to the remuneration as Director specified in point 1 and, if applicable, to the remuneration as member of other Committees)
4.	Director & Lead Independent Director	Euro 20,000.00 (in addition to the remuneration as Director specified in point 1. to the remuneration deriving from participation in the Committees, as member or Chairperson)

On July 20, 2021, the Company's Ordinary Shareholders' Meeting resolved to set the total annual gross emolument for the Board of Directors at Euro 3,005,000.00, delegating the Board of Directors to determine the individual remuneration, without taking into account the variable remuneration deriving from the incentive plans that may be approved by the Company and without prejudice to the power of the Board of Directors to attribute to the Directors vested with special offices any additional remuneration and bonuses pursuant to Article 2389, paragraph 3, of the Civil Code, having heard the opinion of the Board of Statutory Auditors.

Also on July 20, 2021, the Board of Directors of the Company, taking into account the total annual gross emolument approved by the Shareholders' Meeting as specified above, determined the individual remuneration of the members of the Board of Directors (except for the Directors Nikhil Kumar Thukral, Ginevra Ott and Maggie Fanari, who have declared that they accept the office without receiving any emolument), including, after hearing the opinion of the Board of Statutory Auditors in office at that date, the remuneration to be attributed to the Directors vested with special offices pursuant to Article 2389, paragraph 3, of the Civil Code, namely the Executive Chairperson Mr. Dario Gianandrea Ferrari, the Chief Executive Officer Mr. Renato Semerari and the Executive Director Ms. Ludovica Arabella Ferrari.

The Board of Directors' meeting of July 20, 2021 therefore acknowledged the waiver by the Directors Nikhil Kumar Thukral, Ginevra Ott and Maggie Fanari of any emolument due to them by reason of the office held and, having heard the favorable opinion of the Board of Statutory Auditors, resolved to allocate, as from the Trading Commencement Date, a gross annual emolument of Euro 25,000.00, *pro rata temporis*, to each Director, in addition to the variable remuneration approved by the Shareholders' Meeting and to also allocate:

- a gross annual remuneration of Euro 20,000.00 to the Lead Independent Director, Nikhil Srinivasan, in addition to the emolument paid to him as Director;
- a gross annual remuneration of Euro 15,000.00 to Nikhil Srinivasan, as Chairperson of the Control and Risk Committee (hereinafter also the "CRC") and a gross annual remuneration of Euro 10,000.00 to the other members of the CRC, Michele Scannavini and Ciro Piero Cornelli, in addition to the remuneration for the office held as Directors;

- a gross annual remuneration of Euro 15,000.00 to Patrizia de Marchi, as Chairperson of the ARC and a gross annual remuneration of Euro 10,000.00 to the other members of the ARC, Michele Scannavini and Ciro Piero Cornelli, in addition to the remuneration for the office held as Directors; and
- a gross annual remuneration of Euro 15,000.00 to Michele Scannavini as Chairperson of the Related Party Transactions Committee (hereinafter also the “**RPT Committee**”) and a gross annual remuneration of Euro 10,000.00 to the other members Patrizia De Marchi and Nikhil Srinivasan, in addition to the remuneration for the office held as Directors.

All of this was subject to confirmation and ratification by the Board of Directors that it would become effective as of the Trading Commencement Date, which was subsequently confirmed on November 11, 2021, having heard the favorable opinion of the Board of Statutory Auditors.

With the exception of the Director Gianandrea Ferrari - who is the Chief Executive Officer of Intercos Europe S.p.A., a company belonging to the Group and beneficiary of the incentive plans described in greater detail below, and who is therefore considered an Executive Director - the Remuneration of Directors not holding special offices does not include a variable component linked to the economic results achieved by the Company, in line with the recommendations of the CG Code.

However, such remuneration is deemed sufficient to attract, motivate and retain Directors with the professional qualities required to successfully manage the Company.

The Non-Executive Directors are not beneficiaries of share-based payments.

Directors shall also be entitled to reimbursement of documented expenses incurred by reason of their office.

2.3.2 Chairperson of the Board of Directors

Pay mix

The compensation package provided for the Chairperson of the Board of Directors includes only a fixed component - arising from the role of Executive Chairperson.

Fixed remuneration

More specifically, the Board of Directors meeting of July 20, 2021, having taken into account the total gross annual emolument approved by the Shareholders' Meeting on July 20, 2021, determined - with the favorable opinion of the Board of Statutory Auditors - to grant, pursuant to Article 2389, paragraph 3 of the Civil Code, to the Executive Chairperson Dario Gianandrea Ferrari a gross annual emolument of Euro 1,640,000.00 *pro rata temporis* and, in any case, without prejudice to any further remuneration of a variable nature attributed to him, subject to confirmation and ratification by the Board of Directors which would become effective as of the Trading Commencement Date, which occurred subsequently on November 11, 2021, having heard the favorable opinion of the Board of Statutory Auditors.

Non-monetary benefits

The Remuneration Policy allows the assignment of non-monetary benefits to Executive Directors (including the Chairperson) (including, but not limited to, the use of cell phones and laptop, company cars, supplementary health and accident, disability and death insurance coverage), in line with practices and in compliance with the criteria set out in the Remuneration Policy.

Moreover, the Company may take out for Executive Directors (including the Chairperson) the following insurance policies or social security or pension coverage, other than the compulsory and supplementary policies, with different terms and conditions and maximum amounts from time to time: supplementary life policy; accident policy - professional and extra-professional; supplementary health policy.

Indemnity in the case of dismissal or termination of employment

There are currently no agreements in place between the Company and the Chairperson of the Board of Directors that govern treatment in the event of termination of office or termination of employment except, in each case, as required by law. Finally, we note that no further non-monetary benefits are envisaged in favor of the Chairperson or the stipulation of consultancy contracts with the latter for a period following termination of the relationship.

Non-competition agreements

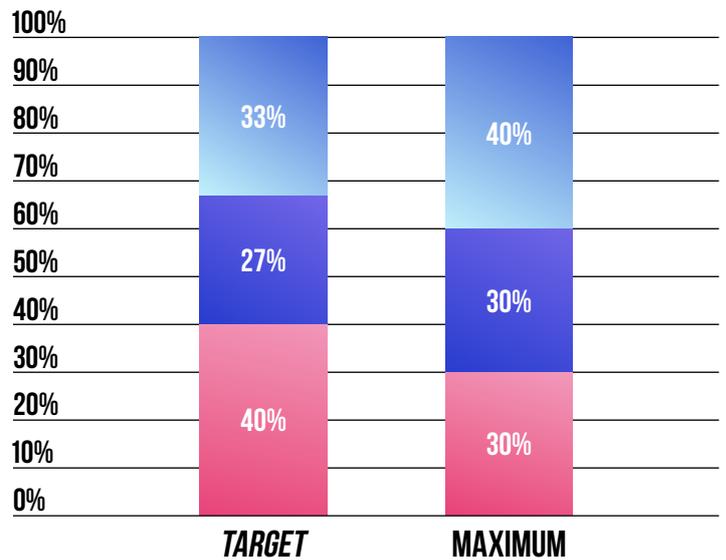
At the Reporting Date, there are no non-competition agreements between the Company and the Chairperson of the Board of Directors that provide for the payment in relation to the obligation arising from the agreement.

2.3.3 Chief Executive Officer and other Executive Directors

Pay mix

The compensation package provided for the Chief Executive Officer includes a fixed component and a short-term and long-term variable component.

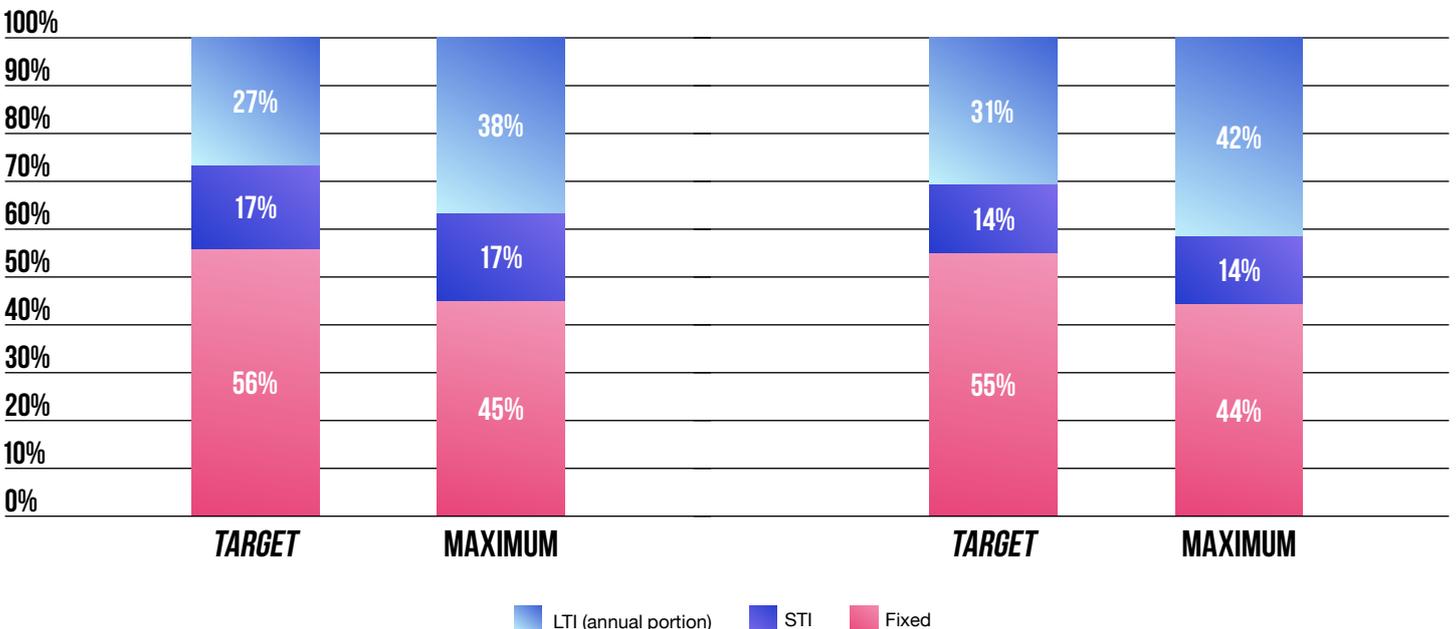
Taking into account the variable remuneration described below, the Chief Executive Officer's pay mix is as follows:



Similarly, the compensation package envisaged for the other Executive Directors (other than the Chairperson) includes a fixed component and a short-term and long-term variable component, and the related pay mix is shown below:

Pay Mix - Ludovica Arabella Ferrari

Pay Mix - Gianandrea Ferrari



Fixed remuneration

More specifically, the Board of Directors meeting of July 20, 2021, having taken into account the total gross annual emolument approved by the Shareholders' Meeting on July 20, 2021, determined - with the favorable opinion of the Board of Statutory Auditors - to grant, pursuant to Article 2389, paragraph 3 of the Civil Code, to the Chief Executive Officer a gross annual emolument of Euro 800,000.00 *pro rata temporis* (including the amount recognized against the Non Competition Agreement) and, in any case, without prejudice to any further remuneration of a variable nature attributed to him, subject to confirmation and ratification by the Board of Directors which would become effective as of the Trading Commencement Date, which occurred subsequently on November 11, 2021, having heard the favorable opinion of the Board of Statutory Auditors.

Without prejudice to the above, in the same Board meeting held on July 20, 2021 it was resolved to grant to the Executive Director Ludovica Arabella Ferrari a gross annual emolument of Euro 315,000.00 *pro rata temporis*, and in any case without prejudice to any further variable remuneration assigned to her, subject to confirmation and ratification by the Board of Directors which would become effective as of the Trading Commencement Date, which occurred subsequently on November 11, 2021, having heard the favorable opinion of the Board of Statutory Auditors.

In addition to the annual gross emolument as Director for participation in the Board of Directors of Intercos, amounting to Euro 25,000.00, the Executive Director Gianandrea Ferrari receives additional remuneration - amounting to Euro 165,000.00 gross per annum - as he holds executive positions in the subsidiary Intercos Concept S.r.l..

Short-term variable incentive: STI

The annual incentive system (so-called STI), designed in line with the general principles on which the entire Remuneration Policy is based, mainly enables the pursuit of the following objectives:

- align management objectives with business strategies, directing management actions toward strategic objectives in harmony with business priorities;
- stimulate the achievement of excellent performance, through the recognition of a higher premium in the event of overperformance;
- management and monitoring of performance in the short term through annual evaluation of beneficiary performance on an annual basis.

The Chief Executive Officer's STI system for 2021, consistent with the nature and powers of this position, provides exclusively for Group targets of an economic and financial nature. Specifically, the Chief Executive Officer's STI system provides for an access gate to the annual incentive scheme, based on (i) exceeding the absolute EBITDA result of the previous year (failure to reach the performance gate level does not generate any disbursement) and (ii) the following performance targets:

2021 TARGETS	WEIGHTING
GROUP EBITDA	80%
GROUP PFN	20%

The amount of the incentive paid varies according to the degree of achievement of the targets assigned to the individual objectives, with an STI target value equal to 66.7% of the fixed remuneration of the Chief Executive Officer and a maximum pay-out opportunity equal to 100% of this remuneration.

For the financial year 2022, provided the maintaining of the gate to the annual incentive scheme, based on exceeding the absolute EBITDA result of the previous year, the targets for the Chief Executive Officer are broken down as follows:

2022 TARGETS	WEIGHTING
GROUP EBITDA MARGIN	50%
VALUE ADDED SALES	30%
GROUP PFN	20%

The STI system of the other Executive Directors (other than the Chief Executive Officer and the Chairperson) for 2021, where these are beneficiaries of the same, provides for the same operating mechanisms as those envisaged for the Chief Executive Officer, with an STI target value equal to 30% of the fixed remuneration and with a max pay-out opportunity equal to 37.5% of this remuneration and the provision economic/financial targets, as described below:

2021 TARGETS	LUDOVICA ARABELLA FERRARI	GIANANDREA FERRARI
	WEIGHTING	
Group Ebitda	60%	50%
Group PFN	20%	20%
Individual economic/financial targets	20%	30%

For 2022, the targets for the other Executive Directors (other than the Chief Executive Officer and the Chairperson) are as follows:

2022 TARGETS	LUDOVICA ARABELLA FERRARI	GIANANDREA FERRARI
	WEIGHTING	
Group Ebitda	60%	20%
Group PFN	20%	10%
Individual economic/financial targets	20%	30%
Legal Entity/Region Targets	N.A.	40%

Long-term variable incentive

In order to contribute to the achievement of long-term strategic objectives, the Company adopts a long-term incentive system that is designed to:

- guarantee the correlation between the interests of management and the creation of value for the shareholders in the long term, through the introduction in the remuneration structure of the beneficiaries of an economic incentive linked to the achievement of challenging long term company performance targets, directly linked to the value of the share and to indicators which may also be of a non-economic nature;
- reward long-term performance through allocations consistent with strategic objectives;
- build the loyalty of the beneficiaries, during the period of the plan, by conditioning the economic incentive envisaged by the plan to the continuation of the employment relationship with the Group for the period of the plan.

2018 -2022 Incentive Plan

The Board of Directors initially adopted, on July 31, 2018 and subsequently amended at the Board meetings held on March 29, 2021 and July 20, 2021, an incentive plan designed to incentivize and retain the Group's key resources, known as the "2018-2022 Performance Shares Plan" (the "**2018-2022 Plan**"), the purpose of which is to grant the Group's employees and Directors the conditional, gratuitous and non-transferable right by *inter vivos* deed to receive, upon the achievement of certain performance targets and in continuation of their employment relationship with the Group's companies up to a maximum aggregate of 1,350,000 shares of the Company's common stock with a vesting period through December 31, 2022. However, the intervening listing of the ordinary shares of Intercos on the stock market organized and managed by Borsa Italiana S.p.A. on the Euronext - Milan (hereinafter also the "**Listing**") caused the accelerated vesting of the plan to December 31, 2021 and the verification of the fulfilment of the conditions for the granting of the shares was carried out with reference to this anticipated period.

Specifically, the 2018-2022 Plan included the following performance targets for 2021, independent from each other:

TARGETS	RELATIVE WEIGHTING ON THE 2018 -2022 PLAN
EBITDA 2021	75%
NFP 2021	25%

The verification of the achievement of the targets of the 2018-2022 Plan, for the determination of the number of shares to be granted was made by the Board of Directors that approved the consolidated financial statements at December 31, 2021, based on the target number of shares established for each beneficiary, up to a maximum number of shares equal to 144% of the target number. Specifically, the plan provides for the following pay-out curve:

TARGET AND LEVEL OF ACHIEVEMENT	PAY-OUT
EBITDA 2021 < MINIMUM	0%
MINIMUM < EBITDA 2021 < TARGET	Increasing between 30% and 60%
TARGET < EBITDA 2021 < MAXIMUM	Increasing between 60% and 108%
EBITDA 2021 > MAXIMUM	108%

TARGET AND LEVEL OF ACHIEVEMENT	PAY-OUT
NFP 2021 < MINIMUM	0%
MINIMUM < NFP 2021 < TARGET	Increasing between 10% and 20%
TARGET < NFP 2021 < MAXIMUM	Increasing between 20% and 36%
NFP 2021 > MAXIMUM	36%

The 2018-2022 Plan provides that each beneficiary undertakes an irrevocable commitment to Intercos not to carry out, directly or indirectly, sales transactions, acts of disposition and/or in any case transactions that have as their object or effect, directly or indirectly, the allocation or transfer to third parties, for any reason and in any form, of the shares granted to them under the 2018-2022 Plan or of rights over them, for a period of time that may not exceed six months from the date the shares are granted. This is subject to the right of the Company to transfer to third parties, on behalf of each beneficiary, a number of newly issued shares to the extent that the beneficiary obtains the necessary funds for the tax obligations to be borne by him/her in connection with the assignment (so-called “cashless option”).

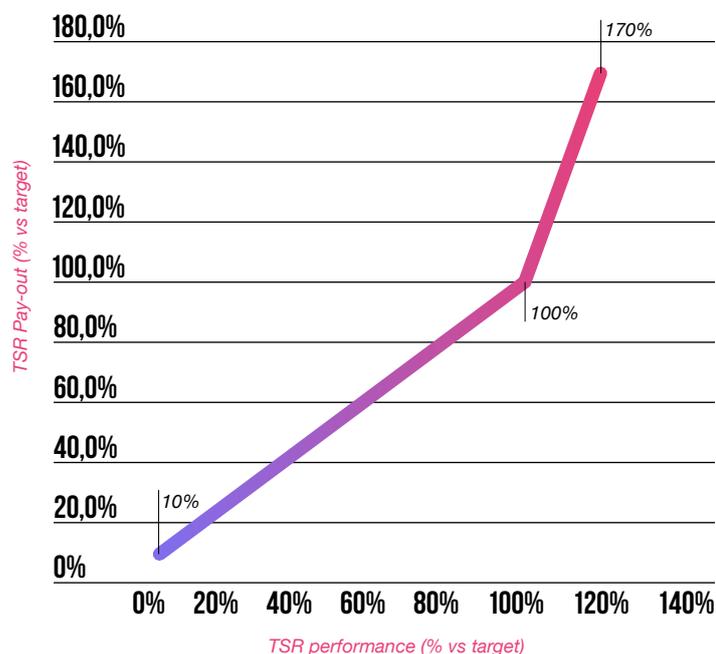
The 2018-2022 Plan includes good and bad leaver clauses but no deferred payment systems and/or ex post correction mechanisms or clawback clauses.

2022 -2024 Incentive Plan

On July 20, 2021, the Shareholders’ Meeting of the Company approved an incentive plan known as the “2022-2024 Performance Shares Plan”, effective from the date of Listing (the “**2022-2024 Plan**”), designed to incentivize and retain key employees of the Group. The objective of the 2022-2024 Plan is to grant certain employees and Directors of the Group the conditional, free of charge and non-transferable right by *inter vivos* deed to receive, in the event of the achievement of certain performance targets and a sustainability objective in continuation of their employment relationship with the companies of the Group, up to a maximum aggregate of 1,183,200 ordinary shares of the Company. The 2022-2024 Plan is reserved for beneficiaries (employees and Directors of the Group) identified by the Board of Directors or to be identified by name by the Board of Directors upon the proposal of the Chief Executive Officer, no later than June 30, 2022, from among the managers of the Company or its subsidiaries (including Executive Directors and SEs) who hold positions with the greatest impact on the Company’s results or with strategic importance for the achievement of the Group’s long term objectives.

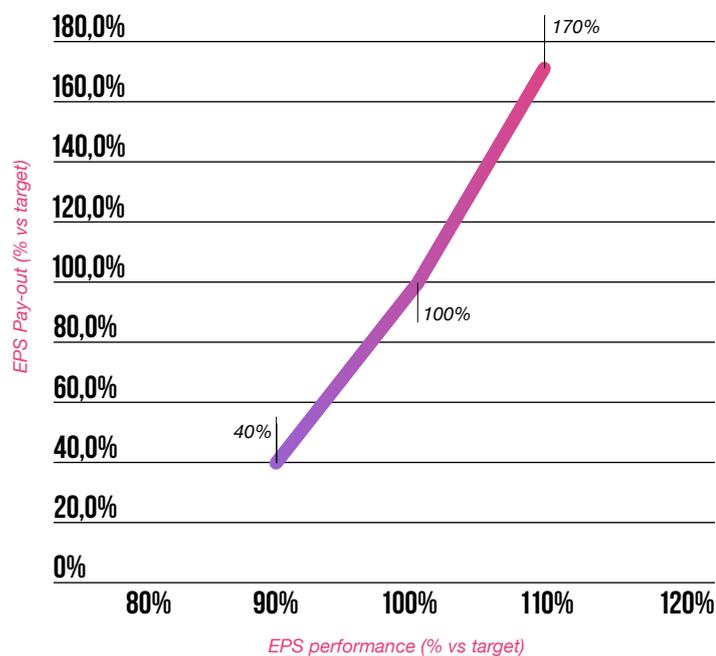
Specifically, the 2022-2024 Plan envisages: (i) two **performance targets**, in terms of absolute Total Shareholder Return (weighting of 50%) and Earning per Share at consolidated level (weighting of 35%) - which will must be verified by the Board of Directors on the approval of the Group’s consolidated financial statements at December 31, 2024; and (ii) a **sustainability target** (weighting of 15%), linked to the level of energy consumption deriving from renewable sources as at 2024 (ECRS). The performance targets and the sustainability target are independent, i.e., the achievement of the minimum value of at least one performance target or the sustainability target will determine the granting of shares under the 2022-2024 Plan. The verification of the achievement of the 2022-2024 Plan targets for the determination of the number of shares to be granted is made by the Board of Directors, based on the target number of shares established for each beneficiary, up to a maximum number of shares equal to 170% of the target number. Specifically, the 2022-2024 Plan includes the following pay-out curve:

Absolute TSR 2024



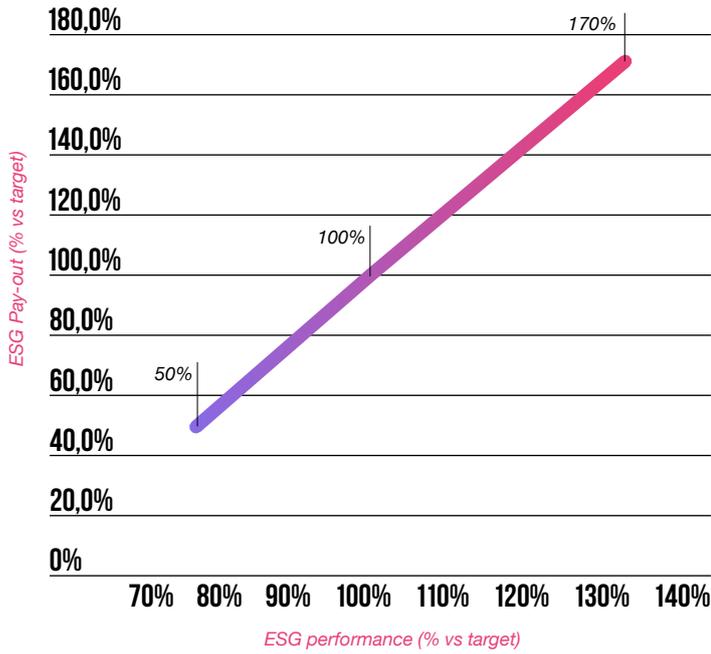
Absolute TSR 2024 Intercos	Percentage of Rights maturing (to be applied to 50% of the total)
Less than Minimum Target	0%
Equal to the Minimum Target	10%
Between the Minimum Target and the Objective Target	By linear interpolation
Equal to Objective Target	100%
Between the Objective Target and Maximum Target	By linear interpolation
Equal to the Maximum Target	170%
Above Maximum Target	170%

Cumulative EPS 2024



Cumulative EPS 2024 Intercos	Percentage of Rights maturing (to be applied to 35% of the total)
Less than Minimum Target	0%
Equal to the Minimum Target	40%
Between the Minimum Target and the Objective Target	By linear interpolation
Equal to Objective Target	100%
Between the Objective Target and Maximum Target	By linear interpolation
Equal to the Maximum Target	170%
Above Maximum Target	170%

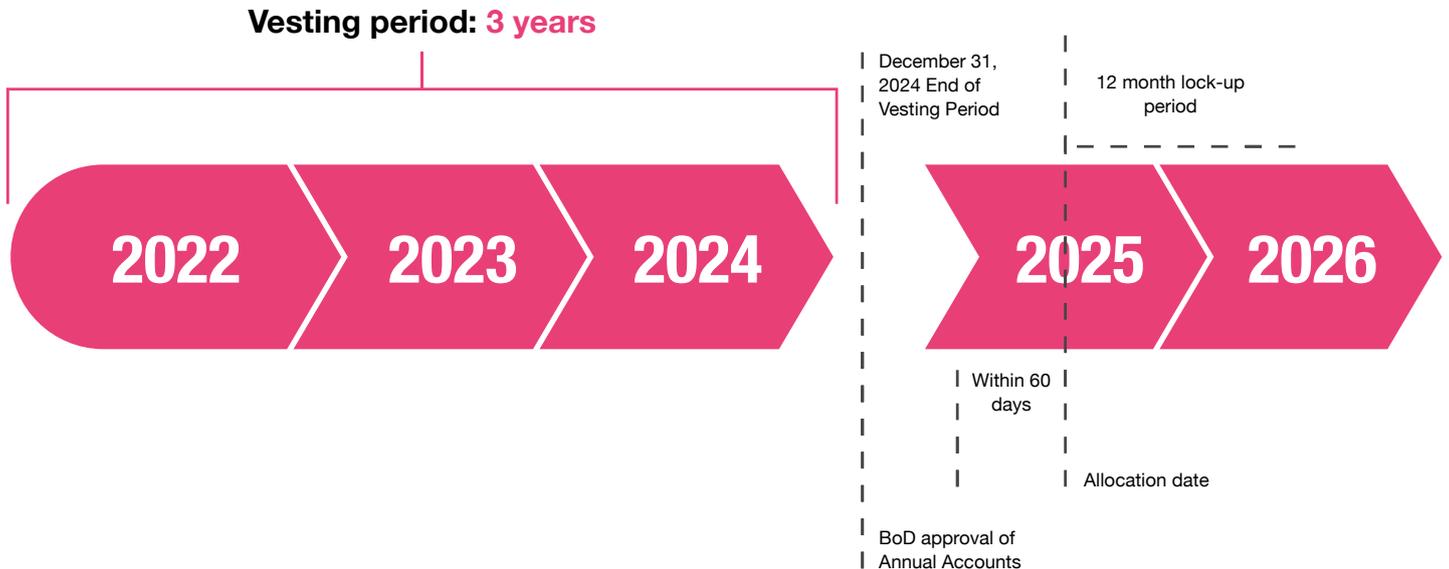
Percentage of Energy Consumption from Renewable Sources (ECRS) 2024



ECRS 2024 Intercos	Percentage of Rights maturing (to be applied to 15% of the total)
Less than Minimum Target	0%
Equal to the Minimum Target	50%
Between the Minimum Target and the Objective Target	By linear interpolation
Equal to Objective Target	100%
Between the Objective Target and Maximum Target	By linear interpolation
Equal to the Maximum Target	170%
Above Maximum Target	170%

The shares granted to each beneficiary under the 2022 - 2024 Plan will be subject to a lock-up restriction period of 12 (twelve) months from the date of their allocation.

The following image shows the timeline for the 2022 - 2024 Plan:



The 2022-2024 Plan envisages good and bad leaver clauses and clawback clauses in cases where it is ascertained that the granting of the shares took place (i) in violation of company or legal regulations or of willful or grossly negligent conduct aimed at altering the data used to achieve the performance targets, or (ii) on the basis of data that subsequently turned out to be manifestly incorrect. In any case, the Board of Directors will put in place a procedure allowing the beneficiaries to opt, when the shares are assigned, for a cashless method consisting in the simultaneous sale of the portion of shares needed to pay the withholding tax (sell-to-cover method).

Retention bonuses and other types of monetary incentives

The Company may provide for the payment of retention bonuses to Executive Directors (including the Chief Executive Officer and excluding the Executive Chairperson), in exceptional cases and subject to the opinion of the ARC, in order to encourage the retention of resources with specific skills and high-level professionalism deemed necessary for the achievement of the Group's objectives.

In particular, there is a retention bonus for the Chief Executive Officer which may be paid as of 5 years from the date of Listing and is quantified on the basis of the increase in market capitalization of 100% of the Company's shares, determined on the basis of the weighted average price of the shares as recorded on the target date (fifth anniversary of Listing) and in the 29 market days prior to that date, provided that the Director holds office continuously during the period considered and excluding any discretionary mechanism for the allocation and quantification of the bonus.

Solely for the purposes of completeness, it should be noted that the Chief Executive Officer, in addition to the incentive and retention plan granted to him by the Company, is also the beneficiary of a separate retention plan that provides for the payment of a cash bonus of Euro 680,000.00 on each anniversary of the Trading Commencement Date for a period of 5 years (i.e. until November 2, 2026), conditional solely on his remaining in office as Chief Executive Officer of Intercos, specifying that the payment of this bonus will be borne exclusively by the controlling shareholder of Intercos (through its subsidiary Dafe 3000 S.r.l.) and that the aforementioned plan does not entail any obligation for Intercos.

Non-monetary benefits

The Chief Executive Officer and other Executive Directors may be eligible for the same non-monetary benefits provided under the Remuneration Policy for the Chairperson.

Indemnity in the case of dismissal or termination of employment

There are currently no agreements in place between the Company and the Chief Executive Officer that govern treatment in the event of termination of office or termination of employment except, in each case, as required by law. The same applies in the case of Executive Directors. In this regard, it should be noted that no further non-monetary benefits are envisaged in favor of the Chief Executive Officer or the other Executive Directors or the stipulation of consultancy contracts with these latter for a period following termination of the relationship.

Non-competition agreements

The Company has entered into a non-competition agreement with the Chief Executive Officer valid for twelve months from the date of termination of his office in return for remuneration equal to 11% of the related fixed remuneration on an annual basis, the amount of which is paid on a continuing basis. There are no non-competition agreements with the other Executive Directors.

2.3.4 Senior Executives

On November 11, 2021, the Board of Directors identified the following individuals as “Senior Executives”:

NAME	ROLE
PIETRO ORIANI	<i>Group Chief Financial Officer</i>
DANIEL PETTIFER	<i>Global Senior Vice President, Industrial Operations</i>
MORENA GENZIANA	<i>Group Chief Commercial Officer</i>
FILIPPO MANUCCI	<i>Global Senior Vice President, BU Skin, Hair, Personal Care & Fragrances</i>
MATTEO MILANI	<i>CEO Intercos Europe S.p.A.</i>

The above list may be subject to change due to departures or recruitment of SEs, to be identified according to the definition above. SE remuneration is set at a rate consistent with their roles, responsibilities, and professionalism.

Pay mix

The compensation package for SEs includes a fixed component provided for the Executive or Director relationship with the company, a short-term variable component and a long-term variable component.

Fixed remuneration

The gross annual remuneration of SEs is determined on the basis of the role and responsibilities assigned considering the remuneration levels on the market for roles of similar level of responsibility and managerial complexity and may be adjusted periodically, as part of the annual salary review process involving the entire managerial population. In particular, the Remuneration Policy envisages the possibility of carrying out salary adjustments aimed at aligning remuneration levels with the market, for resources that have expanded their responsibilities or role, as well as persons in organizational positions considered critical to Intercos’ business. It is also possible to provide for the payment of a one-off sum in extraordinary situations involving a limited number of resources, in the presence of excellent performance on activities/projects of a strategic nature for the Company, or in consideration of attraction and retention requirements.

Short-term variable incentive: STI

The STI for SEs is aligned in operation with the short-term incentive system for the Chief Executive Officer and Executive Directors (other than the Chairperson), with the addition of individual performance targets:

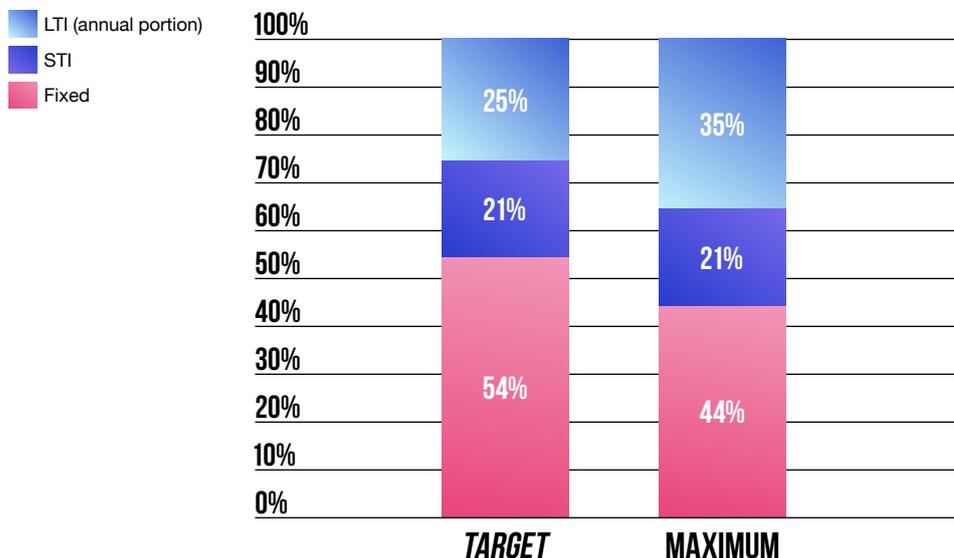
TARGET	WEIGHTING
GROUP EBITDA	60%
GROUP NET FINANCIAL POSITION	20%
INDIVIDUAL FINANCIAL AND NON-FINANCIAL TARGETS	20%

As illustrated above, the short-term incentive system for SEs envisages the same operating mechanisms as those for the Chief Executive Officer and Executive Directors (other than the Chairperson), with a STI target value ranging between 30% and 40% of fixed remuneration that can be increased up to a maximum of 37.5% or 50% of fixed remuneration, respectively, in the event of overperformance.

Long-term variable incentive

By Board of Directors' motion, SEs may be eligible for the same long-term incentive plan described for the Chief Executive Officer.

Average pay mix



Non-monetary benefits

The remuneration offer is integrated with the non-monetary benefits provided for by the relevant national collective bargaining agreements (CCNL) and company practices (i.e., professional and extra-professional accident policy, disability and death policy, supplementary pension, supplementary medical insurance and annual check-up, allocation of a dual purpose car and fuel card, company devices).

Special bonus

The Company may, in exceptional cases, decide to award special bonuses, for specific transactions deemed exceptional in terms of strategic importance and effect on Intercos' results, subject to the prior opinion of the ARC and subject to the application of the Related Party Transactions Policy (where applicable).

Indemnity in the case of dismissal or termination of employment

In the event of early termination of the employment relationship at the Company's initiative, amounts may be paid in the form of *ex-ante* agreements or at the time of termination, defined taking into account the responsibilities entrusted and the work performed. Specifically, the Company, on the occasion of and in connection with the termination of the employment relationship, may grant individual SEs additional economic benefits with respect to what is owed pursuant to the provisions of current law and applicable national and company collective bargaining agreements.

In addition, SEs may be granted a severance indemnity in accordance with the national collective bargaining agreement relevant from time to time, not linked to performance criteria. In any case, both the above additional remuneration and the severance indemnity may not exceed 24 months' salary, and within the limits provided for by the applicable national collective bargaining agreements (CCNL). It should also be noted that, in cases of good leaver, the SEs maintain the rights assigned as part of long-term incentive plans and that, if the relationship is terminated before the expiry of the related plan, these rights are calculated *pro-rata temporis*.

Subject to the above, no further non-monetary benefits are provided for SEs or the stipulation of consultancy contracts for a period following termination of the employment relationship.

Non-competition agreements

At present, with reference to the SEs, in cases where they have such know-how and skills that the termination of the employment relationship could entail risks for the Company, the latter can apply non-competition agreements, the amount of which is defined within 75% of the gross annual remuneration and disbursed after the termination of the employment relationship, against agreements which, as a rule, have a duration of one year.

2.3.5 Remuneration of the members of the Control Board

Pursuant to Article 2402 of the Civil Code, the remuneration of the members of the Board of Statutory Auditors is determined by the Shareholders' Meeting upon appointment for the entire duration of their office, as a fixed annual amount. Statutory Auditors are also reimbursed for documented expenses incurred in the performance of their duties.

The Shareholders' Meeting of July 20, 2021 set the gross annual remuneration payable to the Board of Statutory Auditors at a total of Euro 80,000, all-inclusive, broken down as follows:

NAME	OFFICE	GROSS ANNUAL EMOLUMENT
MATTEO TAMBURINI	Chairperson of the Board of Statutory Auditors	Euro 30,000.00
MARIA MADDALENA GNUDI	Statutory Auditor	Euro 25,000.00
GIOVANNI ROSSI	Sindaco Statutory Auditor	Euro 25,000.00

B

SECTION II: COMPEN- SATION PAID

1. INTRODUCTION

Intercos' Remuneration Policy, described in Section I of the Remuneration Report, and the Remuneration Report itself, are the first prepared by Intercos in compliance with the regulations applicable to companies with financial instruments listed on a regulated market and with the involvement of the ARC.

Therefore, the remuneration represented in this Section II and referring to the year 2021 was not paid on the basis of a Remuneration Policy prepared (and approved by the Shareholders' Meeting) pursuant to Article 123-*ter* of the CFA and its determination was carried out without the involvement of the ARC.

This section is divided into two parts that illustrate respectively:

- in Part One, the various elements that make up remuneration (including treatment in the event of termination of office or termination of employment), illustrating consistency with remuneration policy;
- in Part Two, by means of the appended tables, the remuneration of the members of the Board of Directors and Board of Statutory Auditors and the information on the equity investments in the Company held by them, as well as the remuneration of the other SEs.

This section is subject to a non-binding vote by the Shareholders' Meeting, as provided for by Article 123-*ter* of the CFA, which sets out in paragraph 6: *"Without prejudice to the provisions [...] the Shareholders' Meeting convened [...] shall resolve in favor or against the second section of the Report provided for in paragraph 4. The motion is not binding."*

Moreover, the party appointed to carry out the legal audit of the financial statements verified that the Directors had prepared this section, as required by Article 123-*ter* of the CFA.

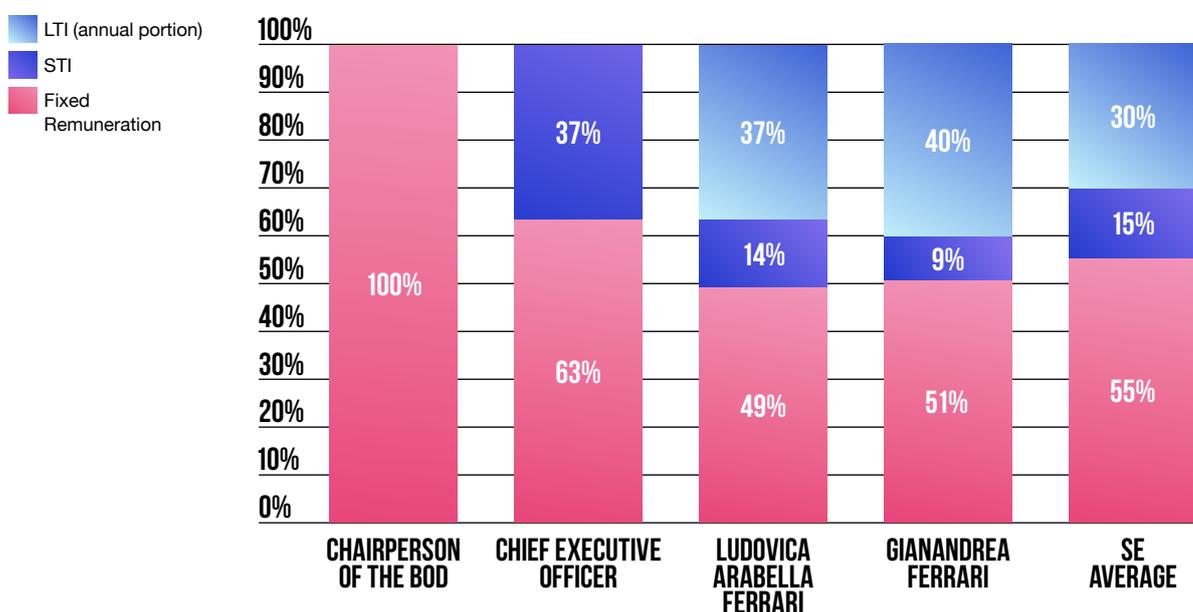
The remuneration of the members of the Board of Directors and Board of Statutory Auditors is shown by individual; the remuneration of the other SEs is shown in aggregate form.

With reference to each of the items making up remuneration, including the treatment provided for in the event of termination of office or termination of employment, reference should be made to that described in Section I. Please note that this Section II also contains information on the status of implementation of the incentive plans **2018-2022 Plan and 2022-2024 Plan**.

2. PART ONE – REMUNERATION ITEMS

2.1 PROPORTION BETWEEN FIXED AND VARIABLE COMPENSATION PAID

The following is an indication of the proportion of fixed and variable compensation attributable to the Chairperson, Chief Executive Officer, other Executive Directors and SEs in 2021 (the average pay-mix will be considered for SEs).



2.2 FIXED REMUNERATION

2.2.1 Directors not holding special offices and members of the internal Board committees

On July 20, 2021, the Company's Ordinary Shareholders' Meeting resolved to set the total annual gross emolument for the Board of Directors at Euro 3,005,000.00, delegating the Board of Directors to determine the individual remuneration, without taking into account the variable remuneration deriving from the incentive plans that may be approved by the Company and without prejudice to the power of the Board of Directors to attribute to the Directors vested with special offices any additional remuneration and bonuses pursuant to Article 2389, paragraph 3, of the Civil Code, having heard the opinion of the Board of Statutory Auditors.

Also on July 20, 2021, the Board of Directors of the Company, taking into account the total annual gross emolument approved by the Shareholders' Meeting as specified above, determined the individual remuneration of the members of the Board of Directors (except for the Directors Nikhil Kumar Thukral, Ginevra Ott and Maggie Fanari, who have declared that they accept the office without receiving any emolument), including, after hearing the opinion of the Board of Statutory Auditors in office at that date, the remuneration to be attributed to the directors vested with special offices pursuant to Article 2389, paragraph 3, of the Civil Code, namely the Executive Chairperson Mr. Dario Gianandrea Ferrari, the Chief Executive Officer Mr. Renato Semerari and the Executive Director Ms. Ludovica Arabella Ferrari. The Board of Directors' meeting of July 20, 2021 therefore acknowledged the waiver by the Directors Nikhil Kumar Thukral, Ginevra Ott and Maggie Fanari of any emolument due to them by reason of

the office held and, having heard the favorable opinion of the Board of Statutory Auditors, resolved to allocate, as from the Trading Commencement Date, a gross annual emolument of Euro 25,000.00, *pro rata temporis*, to each Director, in addition to the variable remuneration approved by the Shareholders' Meeting and to also allocate:

- a gross annual remuneration of Euro 20,000.00 to the Lead Independent Director, Nikhil Srinivasan, in addition to the emolument paid to him as Director;
- a gross annual remuneration of Euro 15,000.00 to Nikhil Srinivasan, as Chairperson of the CRC and a gross annual remuneration of Euro 10,000.00 to the other members of the CRC, Michele Scannavini and Ciro Piero Cornelli, in addition to the remuneration for the office held as Directors;
- a gross annual remuneration of Euro 15,000.00 to Patrizia de Marchi, as Chairperson of the ARC and a gross annual remuneration of Euro 10,000.00 to the other members of the ARC, Michele Scannavini and Ciro Piero Cornelli, in addition to the remuneration for the office held as Directors; and
- a gross annual remuneration of Euro 15,000.00 to Michele Scannavini as Chairperson of the RPT Committee and a gross annual remuneration of Euro 10,000.00 to the other members Patrizia De Marchi and Nikhil Srinivasan, in addition to the remuneration for the office held as Directors.

2.2.2 Chairperson of the Board of Directors

The Board of Directors meeting of July 20, 2021, having taken into account the total gross annual emolument approved by the Shareholders' Meeting on July 20, 2021, determined - with the favorable opinion of the Board of Statutory Auditors - to grant, pursuant to Article 2389, paragraph 3 of the Civil Code, to the Executive Chairperson Dario Gianandrea Ferrari an annual emolument of Euro 1,640,000.00 *pro rata temporis* and, in any case, without prejudice to any further remuneration of a variable nature attributed to him.

2.2.3 Chief Executive Officer and Executive Directors

In the Board meeting of July 20, 2021 it was resolved to award:

- to the Chief Executive Officer, Renato Semerari, an annual compensation of Euro 800,000.00 (including the amounts paid for the Non-Competition Agreement); and
- to the Executive Director Ludovica Arabella Ferrari an annual compensation of Euro 315,000.00,

in both cases, *pro rata temporis*, and in any case subject to the additional variable remuneration allocated to them.

The Executive Director Gianandrea Ferrari receives additional remuneration to that paid by Intercos as he holds executive positions in the Group companies Intercos Europe S.p.A. and Intercos Concept S.r.l., for a total of Euro 190,000.00 (including Euro 25,000.00 paid for his position as Director of Intercos).

2.2.4 SEs

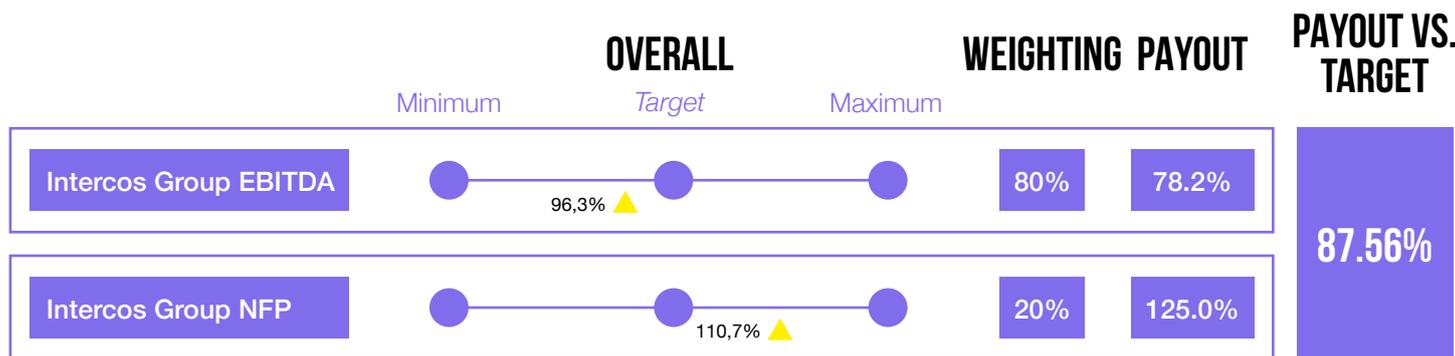
SEs were paid fixed remuneration, at an aggregate level, of Euro 1,451,911.

2.3 SHORT TERM INCENTIVES

2.3.1 Chief Executive Officer and Executive Directors

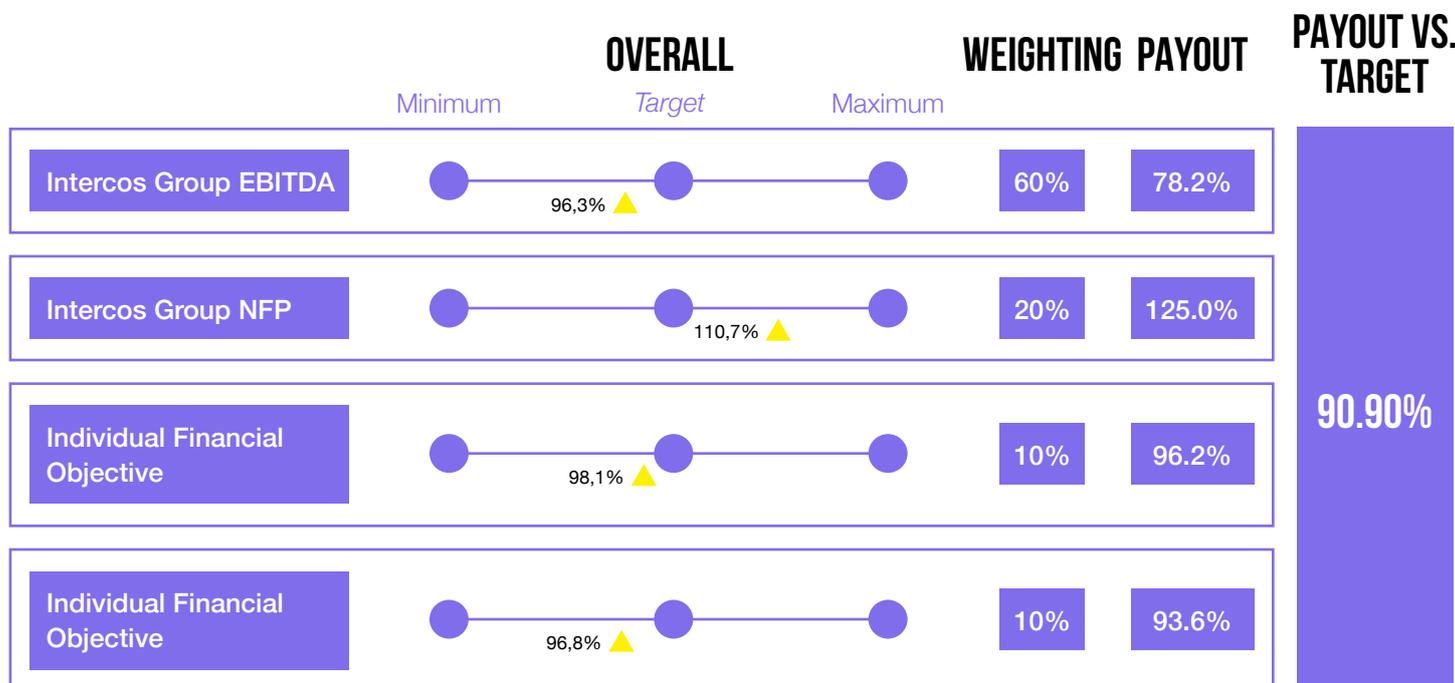
In 2021, both the Chief Executive Officer and the Executive Directors matured the STI short-term incentive, based on the performance achieved in reaching the targets set for the respective positions, as calculated on the basis of the draft Financial Statements for the year 2021, which is submitted for approval to the Shareholders' Meeting which approves Section I of this Report.

Specifically, the Chief Executive Officer will be paid annual variable remuneration amounting to Euro 466,986.37 for 2021. The achievement of the individual targets assigned is summarized in the following table:

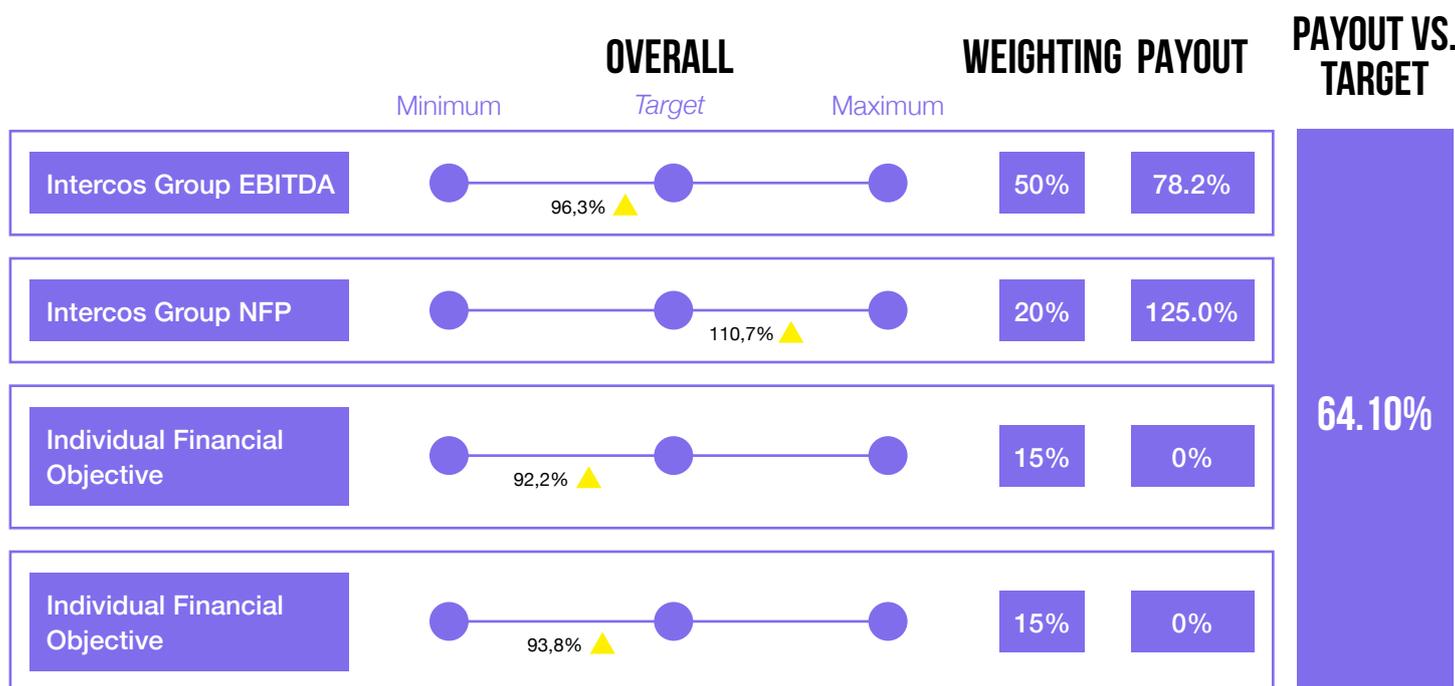


With regard to the Executive Directors, the following annual variable remuneration will be paid for 2021:

- an amount of Euro 85,900.50 to Ludovica Arabella Ferrari. The achievement of the individual targets assigned is summarized in the following table:



- An amount of Euro 31,729.50 to Gianandrea Ferrari. The achievement of the individual targets assigned is summarized in the following table:



2.3.2 SEs

The SEs matured - based on the draft Financial Statements for FY 2021 - a total annual variable remuneration of Euro 408,977.50, equivalent to an average payout of 77%. The overall average achievement of individual financial targets was approximately 97%.

2.4 LONG-TERM VARIABLE INCENTIVE - 2018-2022 PERFORMANCE SHARES PLAN

During 2021, the intervening Listing caused the accelerated vesting of the 2018-2022 Plan to December 31, 2021, and the review of whether the conditions for the grant of shares had been met was performed with respect to this anticipated period. Accordingly, the Board of Directors meeting of March 23, 2022, based on the ARC's review and proposal, resolved:

- an EBITDA value as of December 31, 2021, resulting in an achievement level of 96.3% (weighting 75%);
- an NFP value as of December 31, 2021, resulting in an achievement level of 110.7% (25% weighting).

In accordance with this motion, the overall vesting level of the 2018-2022 Plan was 94.83%, resulting in the vesting of 56,900 ordinary shares of the Company for Executive Director Ludovica Arabella Ferrari, which, based on average value of 30 days preceding maturation date, corresponds to an incentive of Euro 677,821.25; for the Executive Director Gianandrea Ferrari, the vesting of 37,933 ordinary shares of the Company which, based on average value of 30 days preceding maturation date, corresponds to an incentive of Euro 451,876.86.

With regard to SEs, based on the level of achievement of the 2018-2022 Plan, as described above, the vesting of an aggregate number of Intercos ordinary shares of 203,891 was approved, which, based on average value of 30 days preceding maturation date, corresponds to an aggregate incentive of Euro 2,428,851.54.

On March 23, 2022, the Company's Board of Directors, having verified the achievement of certain consolidated EBITDA and NFP targets in 2021, therefore resolved, among other things, to issue, effective March 24, 2022, 515,657 shares of the Company under the aforementioned plan.

2.5 NON-MONETARY BENEFITS

In line with the Remuneration Policy, non-monetary benefits were recognized for the Chairperson, Chief Executive Officer and Executive Directors and SEs in 2021, the value of which is shown in Table 1.

2.6 TERMINATION OF OFFICE OR EMPLOYMENT

During the reporting period, no indemnities or other benefits were granted to Directors and other SEs of the Company for termination of office or termination of employment.

2.7 EXCEPTIONS TO THE REMUNERATION POLICY

No exceptions to the Remuneration Policy were applied.

2.8 VARIABLE COMPONENT EX-POST CORRECTION MECHANISMS

In 2021, no ex-post correction mechanisms - such as malus or clawback - were applied to the variable components.

2.9 ANNUAL CHANGE IN REMUNERATION

No comparative information is provided as the Company's listing occurred in fiscal year 2021 and therefore it is not possible to record annual changes.

2.10 VOTE CAST BY THE SHAREHOLDERS' MEETING IN 2021

It should be noted that this Section II does not illustrate how the Company took into account the vote cast in the previous year on the same section, in accordance with the provisions of Article 123-ter, paragraph 4, letter b-*bis*) of the CFA, since the listing of the Company took place on November 2, 2021 and during 2021 the Company was not required to submit the report pursuant to Article 123-ter of the CFA to the Shareholders' Meeting for a vote, and did not submit it for approval.

Similarly, it should be noted that no information is provided in this Section II regarding consistency with the Remuneration Policy, as the listing of the Company occurred on November 2, 2021, and during 2021, the Company did not submit the Remuneration Policy for a vote at the Shareholders' Meeting, as it was not held.

3. PART TWO — ANALYTICAL REPRESENTATION OF COMPENSATION PAID

Table 1 Remuneration paid to the members of the management and control boards, General Managers and Senior Executives (Euro)

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period of office (A)	Conclusion of office	Fixed remuneration	Remun. for committee attendance	Non equity variable remuneration		Non-monetary benefits (19)	Other remuneration	Total	Fair Value of equity remuneration	Indemnity termination of office/employment
						Bonuses and other incentives	Profit sharing					
Dario Gianandrea Ferrari	Executive Chairperson BoD	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				1,640,000 (1)				20,600		1,660,600		
(II) Remuneration from subsidiaries and associated companies				109,494 (2)						109,494		
(III) Total				1,749,494				20,600		1,770,094		
Renato Semerari	Chief Executive Officer	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				383,333 (3)		466,986		7,992		858,312		
(II) Remuneration from subsidiaries and associated companies				416,667 (4)						416,667		
(III) Total				800,000		466,986		7,992		1,274,978		
Ludovica Arabella Ferrari	Executive Director	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				294,167 (5)		85,901		4,386		384,454	603,140	
(II) Remuneration from subsidiaries and associated companies												
(III) Total				294,167		85,901		4,386		384,454	603,140	
Gianandrea Ferrari	Executive Director	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				25,000				1,492		26,492	402,094	
(II) Remuneration from subsidiaries and associated companies				165,000 (6)		31,730				196,730		
(III) Total				190,000		31,730		1,492		223,222	402,094	
Nikhil Kumar Thukral	Director	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				(7)								
(II) Remuneration from subsidiaries and associated companies												
(III) Total												
Michele Scannavini	Director, CRC Member, ARC member, Chairperson RPT Committee	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				25,000	5,833 (8)					30,833		
(II) Remuneration from subsidiaries and associated companies												
(III) Total				25,000	5,833					30,833		

Table 1 Remuneration paid to the members of the management and control boards, General Managers and Senior Executives (Euro)

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period of office (A)	Conclusion of office	Fixed remuneration	Remun. for committee attendance	Non equity variable remuneration		Non-monetary benefits (19)	Other remuneration	Total	Fair Value of equity remuneration	Indemnity termination of office/employment
						Bonuses and other incentives	Profit sharing					
Nikhil Srinivasan	Director & Lead Independent Director RPT Committee member Chairperson CRC	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				49,167	4,167 (9)					53,334		
(II) Remuneration from subsidiaries and associated companies												
(III) Total				49,167	4,167					53,334		
Ciro Piero Cornelli	Director CRC Member ARC member	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				25,000	3,333 (10)					28,333		
(II) Remuneration from subsidiaries and associated companies												
(III) Total				25,000	3,333					28,333		
Ginevra Ott	Director	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				(7)								
(II) Remuneration from subsidiaries and associated companies												
(III) Total												
Patrizia De Marchi	Director, RPT Committee member, Chairperson ARC	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				4,167	4,167 (11)					8,334		
(II) Remuneration from subsidiaries and associated companies												
(III) Total				4,167	4,167					8,334		
Maggie Fanari	Director	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				(7)								
(II) Remuneration from subsidiaries and associated companies												
(III) Total												
Matteo Tamburini	Chairperson of the Board of Statutory Auditors	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				21,667 (12)						21,667		
(II) Remuneration from subsidiaries and associated companies				15,000 (13)						15,000		
(III) Total				36,667						36,667		

Table 1 Remuneration paid to the members of the management and control boards, General Managers and Senior Executives (Euro)

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office	Period of office (A)	Conclusion of office	Fixed remuneration	Remun. for committee attendance	Non equity variable remuneration		Non-monetary benefits (19)	Other remuneration	Total	Fair Value of equity remuneration	Indemnity termination of office/employment
						Bonuses and other incentives	Profit sharing					
Maria Maddalena Gnudi	Statutory Auditor	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				20,833 (14)						20,833		
(II) Remuneration from subsidiaries and associated companies				14,000 (15)						14,000		
(III) Total				34,833						34,833		
Giovanni Rossi	Statutory Auditor	2021	31/12/2023									
(I) Remuneration from Company preparing the accounts				4,167 (16)						4,167		
(II) Remuneration from subsidiaries and associated companies												
(III) Total				4,167						4,167		
Monica Manzini	Alternate Auditor	2021	31/12/2023	(*)								
(I) Remuneration from Company preparing the accounts												
(II) Remuneration from subsidiaries and associated companies												
(III) Total												
Maurizio Nastri	Alternate Auditor	2021	31/12/2023	(*)								
(I) Remuneration from Company preparing the accounts												
(II) Remuneration from subsidiaries and associated companies				4,000 (17)						4,000		
(III) Total				4,000						4,000		
Dirigenti con responsabilità strategica (5)	AGGREGATE FORM											
(I) Remuneration from Company preparing the accounts				885,539		336,826		52,100		1,274,465	2,218,153	
(II) Remuneration from subsidiaries and associated companies				566,372 (18)		109,152		4,625		680,149		
(III) Total				1,451,911		445,978		56,725		1,954,614	2,218,153	

- (A) the amounts indicated were calculated and reported according to the pro rata criterion from 01/01/2021 until 02/11/2021, the MTA Trading Commencement Date, and from that date until 31/12/2021
- (*) no fee is currently envisaged for the position of Alternate Auditor
- (1) remuneration pursuant to Article 2389, paragraph 3, of the Civil Code, as resolved by the Shareholders' Meeting of 12/02/2020 and confirmed at the Shareholders' Meeting of 20/07/2021 of Intercos
- (2) remuneration paid to Mr. D. G. Ferrari by Intercos Paris as Gérant (Euro 60,000) and by Intercos Europe as Director until 15/12/2021 (Euro 49,494.05)
- (3) of which the pro-rata amount of Euro 300,000 until 31/10/2021 - as resolved by the Shareholders' Meeting of 12/02/2020 - and pro-rata amount of Euro 800,000 from 2/11/2021, as resolved by the Shareholders' Meeting of 20/07/2021 of Intercos
- (4) part of the remuneration of Mr. Semerari until 10/2021 was paid by Intercos Concept, for a total of Euro 416,666.63 - as resolved by the Shareholders' Meeting of 11/02/2020
- (5) pro-rata amount consisting of: remuneration of Euro 290,000 until 31/10/2021 - as resolved by the Intercos Shareholders' Meeting of 12/02/2020 - and Euro 315,000 from 1/11/2021, as resolved by the Shareholders' Meeting of 20/07/2021
- (6) emolument paid by Intercos Concept, as resolved by the Shareholders' Meeting of 12/02/2020 of Intercos Concept
- (7) the Director waived the fee
- (8) in addition to the remuneration as Director (as resolved by the Shareholders' Meetings of 12/02/2020 and 20/07/2021), pro-rata amounts resolved by the Shareholders' Meeting of 20/07/2021, effective from 2/11/2021: Euro 10,000 as member of the CRC; Euro 10,000 as member of the ARC; Euro 15,000 as Chairperson of the RPT Committee
- (9) in addition to the remuneration as Director (as resolved by the Shareholders' Meetings of 12/02/2020 and 20/07/2021), pro-rata amounts resolved by the Shareholders' Meeting of 20/07/2021, effective from 2/11/2021: Euro 20,000 as Lead Independent Director; Euro 15,000 as Chairperson of CRC; Euro 10,000 as member of the RPT Committee
- (10) in addition to the remuneration as Director (as resolved by the Shareholders' Meetings of 12/02/2020 and 20/07/2021), pro-rata amounts resolved by the Shareholders' Meeting of 20/07/2021, effective from 2/11/2021: Euro 10,000 as member of the CRC; Euro 10,000 as member of the ARC
- (11) in addition to the remuneration as Director (pro rata as resolved by the Shareholders' Meeting of 20/07/2021), pro rata amounts effective from 2/11/2021: Euro 15,000 as Chairperson of the ARC; Euro 10,000 as member of the RPT Committee
- (12) of which pro-rata amount referred to the previous remuneration as Statutory Auditor, as approved by the Shareholders' Meeting on 12/02/2020, and pro-rata amount from 2/11/2021 for the office of Chairperson of the Board of Statutory Auditors, as approved by the Shareholders' Meeting on 20/07/2021
- (13) remuneration consisting of Euro 10,000 and Euro 5,000 paid for the positions held in Intercos Europe (motion of the Intercos Europe Shareholders' Meeting of 29/04/2019) and Cosmint (motion of the Cosmint Shareholders' Meeting of 11/02/2020) respectively
- (14) of which the pro-rata amount referred to the previous remuneration as Statutory Auditor, as resolved by the Shareholders' Meeting on 12/02/2020, and pro-rata amount from 2/11 for the office of Statutory Auditor, as resolved by the Shareholders' Meeting on 20/07/2021
- (15) remuneration consisting of Euro 10,000 and Euro 4,000 paid for the positions held in Intercos Europe (motion of the Intercos Europe Shareholders' Meeting of 29/04/2019) and Cosmint (motion of the Cosmint Shareholders' Meeting of 11/02/2020) respectively
- (16) pro-rata amount from 2/11/2021 for the position of Statutory Auditor, as approved by the Shareholders' Meeting on 20/07/2021
- (17) remuneration for the office held in Cosmint, as resolved by the Cosmint Shareholders' Meeting of 11/02/2020
- (18) the remuneration for a SE was converted into Euros from US Dollars, at the average 2021 exchange rate of 1.1827
- (19) the value may include, inter alia, motor vehicles, insurance policies and supplementary pension plans

TABLE 3A Financial instrument-based incentive plans, other than stock options, in favor of members of the Board of Directors, General Managers and other Senior Executives

A	B	Financial instruments granted in previous years not vested in the year			Financial instruments granted in the year					Financial instruments vested in the year and not allocated	Financial instruments vested in the year and allocated		Financial instruments accruing in the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
Name	Office	Plan	Number and type financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price on grant	Number and type of financial instruments	Number and type of financial instruments	Value at maturation date	Fair value
Senior Executives (5)	AGGREGATE FORM												
(I) Remuneration from Company preparing the accounts		LTI 2018-2022 (31/07/2018)									203.891 Performance Shares	€14.74 per share (2)	2,218,153
		LTI 2022-2024 (20/07/2021)			156,000 Performance Shares	(1)	1/1/2022 - 31/12/24	17/11/2021	15.84				
(II) Remuneration from subsidiaries and associated companies													
(III) Total													2,218,153

(1) Fair value not available as the amount to be accrued under applicable accounting standards starts from the beginning of the vesting of the plan, which occurs in the year following the year covered by this Report

(2) Normal value of Intercos stock in the 30 days preceding the vesting date

Table 3B Monetary incentive plans in favor of members of the Board of Directors, General Managers and other Senior Executives

A	B	(1)	(2)			(3)			(4)
Name	Office	Plan	Bonus for the year			Prior year bonuses			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/ Paid	Deferred	Deferred period	No longer issuable	Payable/ Paid	Still deferred	
Renato Semerari	Chief Executive Officer								
(I) Remuneration from Company preparing the accounts		STI year 2021	466,986						
(II) Remuneration from subsidiaries and associated companies									
(III) Total			466,986						
Ludovica Arabella Ferrari	Executive Director								
(I) Remuneration from Company preparing the accounts		STI year 2021	85,901						
(II) Remuneration from subsidiaries and associated companies									
(III) Total			85,901						
Gianandrea Ferrari	Executive Director								
(I) Remuneration from Company preparing the accounts									
(II) Remuneration from subsidiaries and associated companies		STI year 2021	31,730						
(III) Total			31,730						
Senior Executives (5)	AGGREGATE FORM								
(I) Remuneration from Company preparing the accounts		STI year 2021	299,826						37,000 (xx)
(II) Remuneration from subsidiaries and associated companies		STI year 2021	109,152						
(III) Total			408,978						37,000

(xx) IPO bonus

Scheme No. 7-TER - Table 1 Shareholdings of the Board of Directors and Statutory Auditors and General Managers

Name	Office	Company	Number of shares held at the end of the previous year (2020)	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year (2021)
Renato Semerari	Chief Executive Officer	Intercos	922,423		92,250	830,173
Ludovica Arabella Ferrari	Executive Director	Intercos	40,510			40,510
Dario Gianandrea Ferrari (through DAFE 3000 S.r.l.)	Executive Chairperson of the BoD*	Intercos	216,700		216,700	0
Dario Gianandrea Ferrari (through DAFE 3000 S.r.l. and DAFE 4000 S.r.l.)			29,452,874		2,001,916	27,450,958
Dario Gianandrea Ferrari (through DAFE 5000 S.r.l.)			11,319,447			11,319,447

* Title and method of ownership of the shares in Intercos S.p.A. held indirectly by Dario Gianandrea Ferrari:

- from 31.12.2020 to 31.12.2021, Dario Gianandrea Ferrari did not directly hold shares in Intercos S.p.A.;
- the table shows the shares of Intercos S.p.A. held directly by Dafe 3000 S.r.l., which is controlled by Dario Gianandrea Ferrari;
- the table shows the shares of Intercos S.p.A. held directly by Dafe 4000 S.r.l., which is controlled by Dafe 3000 S.r.l., in turn controlled by Dario Gianandrea Ferrari;
- the table shows the shares of Intercos S.p.A. held directly by Dafe 5000 S.r.l., which is controlled by Dario Gianandrea Ferrari.

Scheme No. 7-TER Table 2 Shareholdings of other Senior Executives

Number of Senior Executives	Company	Number of shares held at the end of the previous year (2020)	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year (2021)
2	Intercos	81,020			81,020

Schedule 1, Section 1

Instruments related to valid plans approved on the basis of previous Shareholders' Meeting motions

Name or category	Office	Date of the Shareholders' Meeting motion	Type of financial instrument	Number of financial instruments	Grant date	Any purchase price of the instruments	Market price on grant	Vesting period
Ludovica Arabella Ferrari	Executive Director	LTI 2018-2022 (31/07/2018)	Intercos ordinary shares	56,900 to be assigned (1)	01/09/2018		10.6	2018/2022 (2)
Gianandrea Ferrari	Executive Director	LTI 2018-2022 (31/07/2018)	Intercos ordinary shares	37,933 to be assigned (1)	01/09/2018		10.6	2018/2022 (2)
Senior Executives	AGGREGATE FORM	LTI 2018-2022 (31/07/2018)	Intercos ordinary shares	203,891 to be assigned (1)	01/09/2018		10.6	2018/2022 (2)
Other managers (12)	AGGREGATE FORM	LTI 2018-2022 (31/07/2018)	Intercos ordinary shares	216,933 to be assigned (1)	01/09/2018		10.6	2018/2022 (2)

(1) number of shares that will be granted in March 2022 following the motion of the Intercos Board of Directors

(2) the plan closed early in 2021 following the listing of Intercos and therefore vesting ended on 31/12/2021

Schedule 1, Section 2

Newly awarded instruments, based on the decision:

- of the Board of Directors' proposal to the Shareholders' Meeting

Name or category	Office	Date of the Shareholders' Meeting motion	Type of financial instrument	Number of financial instruments granted	Grant date	Any purchase price of the instruments	Market price on grant date (Euro)	Vesting period
Renato Semerari	Chief Executive Officer	LTI 2022-2024 (20/07/2021)	Intercos ordinary shares	150,000 potentially attributable (1)	17/11/2021		15.84	2022-2024
Ludovica Arabella Ferrari	Executive Director	LTI 2022-2024 (20/07/2021)	Intercos ordinary shares	36,000 potentially attributable (1)	17/11/2021		15.84	2022-2024
Gianandrea Ferrari	Executive Director	LTI 2022-2024 (20/07/2021)	Intercos ordinary shares	24,000 potentially attributable (1)	17/11/2021		15.84	2022-2024
Senior Executives (5)	AGGREGATE FORM	LTI 2022-2024 (20/07/2021)	Intercos ordinary shares	156,000 potentially attributable (1)	17/11/2021		15.84	2022-2024
Other managers (24)	AGGREGATE FORM	LTI 2022-2024 (20/07/2021)	Intercos ordinary shares	285,000 potentially attributable (1)	17/11/2021		15.84	2022-2024

(1) maximum number of shares potentially attributable at the end of the vesting period (01/01/2022-31/12/2024) subject to the achievement of the targets at the end of the three-year period and the terms and conditions set out in the plan.

