



REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

pursuant to art. 123-(2) of the Consolidated Finance Act
(TUF)

Interpump Group S.p.A.

Website: www.interpumpgroup.it

Financial Year 2020

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GLOSSARY

Code/Code of Corporate Governance: the Code of Corporate Governance of listed companies approved in March 2011, which the Company has adopted in the form last revised in July 2018 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Corporate Governance Code: the Corporate Governance Code for listed companies published in January 2020, promoted by the Corporate Governance Committee of Borsa Italiana S.p.A., which the Company has adopted and implements with effect from 1 January 2021.

Civil Code /c.c.: the Italian Civil Code.

Board: the Issuer's Board of Directors.

Issuer: Interpump Group S.p.A., with registered office at Via E. Fermi 25, Sant'Ilario d'Enza, share capital 56,617,232.88 euro issued and fully paid, tax code and Reggio Emilia Companies Register no. 11666900151.

Financial year: 2020.

CONSOB Issuer's Regulation: the Regulation published by CONSOB with resolution no. 11971/1999 (as amended) governing the issuing of listed securities.

CONSOB Markets Regulation: the Regulation published by CONSOB with resolution no. 20249 of 28 December 2017 governing market matters.

CONSOB Related Parties Regulation: the Regulation published by CONSOB with resolution no. 17221 of 12 March 2010 (as amended) governing related-party transactions.

Report: the Report on corporate governance and the ownership structure that companies are required to prepare pursuant to art. 123-(2) TUF.

Consolidated Finance Act/TUF: Legislative Decree no. 58 of 24 February 1998.

1. ISSUERS' PROFILE

The Interpump Group manufactures and markets high and very high pressure piston pumps, pumping systems used in various industrial sectors for the conveyance of fluids, high pressure homogenizers, mixers, agitators, plunger pumps, valves and other machines produced mainly for the food processing industry and also used in the chemicals and cosmetics industries (Water Jetting Sector), power take-offs, gear pumps, hydraulic cylinders, directional controls, valves, hydraulic hoses and fittings and other hydraulic components (Hydraulic Sector).

The expression Corporate Governance denotes the set of rules and procedures that constitutes the management and control system of joint stock companies. We draw your attention to the fact that Interpump Group S.p.A. (hereinafter also "Interpump Group" or the "Company") has been listed on the STAR segment of the Italian Stock Exchange since the high standard mid-capital index was launched on 1 April 2001, reflecting its compliance with the related transparency and Corporate Governance requirements, and has been included in the FTSE-MIB basket since 22 June 2020.

Interpump Group has adopted a traditional form of administration and control; accordingly, the business is managed by a Board of Directors and supervisory functions are carried out by the Board of Statutory Auditors, while the legal audit of the accounts and the required accounting checks are performed by the independent auditors appointed at the Shareholders' Meeting.

The system of corporate governance adopted by Interpump Group S.p.A. is founded on a series of laws and rules for good governance, founded on the principles and recommendations of the Code of Corporate Governance. With specific reference to this Report, all references to the code of conduct and corporate governance relate to the Code of Corporate Governance, since the information presented in the Report relates to 2020; however, at the time of approving this document, the Company has already adopted the instructions contained in the new Corporate Governance Code that, for Interpump Group, came into force on 1 January 2021.

This Report describes the system of corporate governance adopted by the Group and provides information on the ownership structure, as required by current regulations. This Report, sent to Borsa Italiana using the established methods and by the established date, is available on the website of Interpump Group S.p.A. (www.interpumpgroup.it), in the Governance section, Reports on corporate governance).

The Interpump Group has always devoted attention to the topics addressed in Italian legislative decree no. 254 of 30 December 2016, namely environmental, social, and personnel-related themes, respect for human rights, and the fight against both active and passive corruption. As a large Public-Interest Entity (PIE), the Interpump Group is subject to the provisions of the foregoing Decree and prepares a non-financial statement that covers information related to the five topics listed above, to the extent required to assure understanding of its corporate activities, performance, results and impact generated. The consolidated non-financial statement is available on the website of Interpump Group S.p.A. (www.interpumpgroup.it) in the Governance section.

Furthermore, in the context of its production activities and having regard for the specific characteristics of each country in which it operates, the Group strives to build a sustainable economy that will generate benefits over the long term. The Group dedicates particular attention to the various aspects of social responsibility, as this plays an important role in the context of conducting business in a manner that safeguards the environment.

In carrying out its activities, the Interpump Group draws inspiration from the 10 principles issued by the United Nations Global Compact (UNGC) on human rights, employment, the environment and the fight against corruption.

Finally, we point out that the Issuer does not fall within the definition of an SME pursuant to art. 1, subsection 1, letter w-[4.1]), of the consolidated finance act (TUF) and art. 2-(3) of the CONSOB Issuers' Regulation.

2. INFORMATION on the OWNERSHIP STRUCTURE (ex art. 123-(2) subsection 1, TUF)

At 31/12/2020

a) Structure of share capital (ex art. 123-(2), subsection 1 letter a) TUF)

Subscribed and paid-up share capital stands at EUR 56,617,232.88, divided into no. 108,879,294 ordinary shares of unit par value EUR 0.52, bearing all voting rights and obligations provided by law. The ordinary shares, which are registered, endow voting rights in the company's ordinary and extraordinary shareholders' meetings in compliance with the articles of law and the Bylaws, and assign the administrative and capital entitlements awarded by the law for shares with voting rights.

The stock option plans do not involve capital increases but rather the use of treasury stock or, with regard to the "2016/2018 Interpump Incentive Plan" and the "2019/2021 Interpump Incentive Plan", at the discretion of the Board of Directors, the payment of a differential equivalent to the possible increase in the market value of the company's ordinary shares (consult the Report on operations accompanying the annual Financial Report at 31 December 2020 and the Report on Remuneration Policy and Compensation Paid pursuant to art. 123-(3) TUF and art. 84-(4) of the Issuers' Regulation).

b) Restrictions on the transfer of securities (ex art. 123-(2), subsection 1 letter b) TUF)

There are no restrictions on the transfer of securities.

c) Significant interests held in share capital (ex art. 123-(2), subsection 1 letter c) TUF)

Based on the entries in the Shareholders' Register, from the notifications received in compliance with the law, and from the other information available at today's date, the shareholders who hold stakes in excess of 3% of the voting capital are as shown in the attached Table 1.

The above Table also shows the holdings in excess of 1% of the voting capital, as required by CONSOB in resolution no. 21326, as amended.

d) Securities that carry special rights (ex art. 123-(2), subsection 1 letter d) TUF)

No securities have been issued that carry special controlling rights.

e) Employee equity interests: mechanism for the exercise of voting rights (ex art. 123-(2), subsection 1 letter e), TUF)

There is no system for equity ownership by employees.

f) Restrictions on voting rights (ex art. 123-(2), subsection 1 letter f) TUF)

There are no restrictions on voting rights.

g) Shareholder Agreements (ex art. 123-(2), subsection 1 letter g) TUF)

There are no agreements among shareholders.

At 31 December 2020, Gruppo IPG Holding S.p.A., with registered office at Via Bianca Maria 24, Milan, held about 24.253% of the shares in Interpump Group S.p.A.

On 31 December 2020, Fulvio Montipò exercised indirect control over Gruppo IPG Holding S.p.A. (with 67.825% of share capital) which, in turn, held 26,406,799 shares in Interpump Group S.p.A., equivalent to 24.253% of the share capital. The remainder of the share capital of Gruppo IPG Holding S.p.A., 32.175%, was held by Tamburi Investment Partners S.p.A., in which Giovanni Tamburi (Deputy Chairman of the Board of the Board of Directors of Interpump Group S.p.A. and Sole Director of Gruppo IPG Holding S.p.A.) is the Chairman of the Board of Directors and Chief Executive Officer.

h) Change of control clauses (ex art. 123-(2), subsection 1 letter h) TUF) and statutory provisions concerning takeover bids (ex articles 104, subsection 1-(3), and 104-(2), subsection 1)

A loan contract was signed between Interpump Group S.p.A. and Intesa Sanpaolo S.p.A. on 23 September 2015 for a total of 25 million euro. The bank may withdraw from this contract and demand the repayment of all outstanding amounts if *inter alia* there is a change in the relative majority shareholder.

A loan contract was signed between Interpump Group S.p.A. and Intesa Sanpaolo S.p.A. on 26 June 2017 for a total of 25 million euro. The bank may withdraw from this contract and demand the repayment of all outstanding amounts if there is a change in the relative majority shareholder.

A loan contract was signed between Interpump Group S.p.A. and Unione di Banche Italiane S.p.A. on 26 July 2017 for a total of 25 million euro, with a clause obliging the company to inform the bank immediately of any event that has changed or might change its legal, administrative, organizational, technical, commercial, equity, financial, economic or operational conditions.

A loan contract was signed between Interpump Group S.p.A. and UniCredit S.p.A. on 17 May 2018 for a total of 50 million euro, with an obligatory early repayment clause that is triggered if Gruppo IPG Holding S.p.A. ceases to hold *de-facto* control.

A loan contract was signed between Interpump Group S.p.A. and Banca Nazionale del Lavoro S.p.A. on 4 July 2018 for a total of 70 million euro. The bank may withdraw from this contract if Gruppo IPG Holding S.p.A. ceases to control the Company.

A loan contract was signed between Interpump Group S.p.A. and Intesa Sanpaolo S.p.A. on 4 December 2018 for a total of 50 million euro. The bank may withdraw from this contract and demand the repayment of all outstanding amounts if *inter alia* there is a change in the relative majority shareholder.

A loan contract was signed between Interpump Group S.p.A. and Banco BPM S.p.A. on 30 July 2018 for a total of 50 million euro. Under this contract, the Company agrees not to enter into any special transactions involving a change of control without prior written consent from the Bank, subject otherwise to the obligation to repay the loan early (i.e. should the shareholder cease to retain direct or indirect de facto control over the Company pursuant to art. 93 of Decree 58 dated 24 February 1998, as amended – unless, as an express exception in that case, control over the Company pursuant to art. 93 above is acquired by one or more of the shareholders of Gruppo IPG Holding S.p.A.).

A loan contract was signed between Interpump Group S.p.A. and Commerzbank AG on 13 May 2019 for a total of 40 million euro. The bank may withdraw from this contract if *inter alia* all or part of the share capital of the Company is the subject of a public offer from third parties, other than those that controlled the Company on the date of signing the contract, and the outcome of the offer is the acquisition of control over the Company by those parties pursuant to art. 2359 of the Italian Civil Code. The Company must inform the bank promptly about that event.

A loan contract was signed between Interpump Group S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A. on 24 May 2019 for a total of 50 million euro, with a clause obliging the Company to make early repayment within 60 days of any event that results in a change of control, or on the date of selling all or substantially all of the assets or activities of the Company or the Group. Upon a change in the control of the Company, the bank may decide independently, at its sole and exclusive discretion, to waive the required early repayment.

A loan contract was signed between Interpump Group S.p.A. and Credito Emiliano S.p.A. on 4 September 2019 for a total of 10 million euro, with a clause providing for termination of the contract by the bank in case of violation of the obligation to disclose the transfer of all or part of the share capital to persons or groups other than those existing at the time the loan was granted.

A loan contract was signed between Interpump Group S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A. on 12 December 2019 for a total of 75 million euro, with a clause obliging the Company to make early repayment within 60 days of any event that results in a change of control, or on the date of selling all or substantially all of the assets or activities of the Company or the Group. Upon a change in the control of the Company, the bank may decide independently, at its sole and exclusive discretion, to waive the required early repayment.

A loan contract was signed between Interpump Group S.p.A. and Intesa Sanpaolo S.p.A. on 19 December 2019 for a total of 100 million euro. The bank may withdraw from this contract and demand the repayment of all outstanding amounts if the relative majority shareholder ceases to exercise de-facto control or significant influence pursuant to art. 2359, subsection 2, of the civil code.

A loan contract was signed between Interpump Group S.p.A. and Banca Nazionale del Lavoro S.p.A. on 14 May 2020 for a total of 50 million euro, with a clause that allows the bank to withdraw from the contract if Gruppo IPG Holding S.p.A. ceases to exercise de-facto control, unless in that context control is acquired by one or more persons who, at present, are shareholders in Gruppo IPG Holding S.p.A.

i) Mandates to increase share capital and authorizations to purchase treasury stock (ex art. 123-(2), subsection 1 letter m) TUF)

With regard to takeover bids, the Bylaws do not depart from the provisions of the passivity rule envisaged in art. 104, subsections 1 and 2 of the Consolidated Finance Act (TUF) nor do they provide for the application of the neutralization regulations set down in art. 140-(2), subsections 2 and 3, TUF.

Pursuant to arts. 2357 and 2357-(3) of the Italian Civil Code, the Shareholders' Meeting held on 30 April 2020 authorized the Board of Directors, by means of the Directors delegated for this purpose or an Authorized Intermediary, to purchase a maximum of 10,000,000 treasury ordinary shares, nominal value Euro 5,200,000.00, and thus in total, considering the treasury shares already purchased and not yet used in execution of prior shareholders' resolutions, up to a maximum of 12,187,506 treasury ordinary shares or, in any event, up to such lower limit as is permitted by the legislation in force from time by time, for a period of eighteen months starting from the date of that resolution, with the clarification that said new authorization revoked the unused portion of and replaced the previous authorization to purchase treasury shares granted at the Shareholders' Meeting held on 30 April 2019, which therefore lapsed. The unit purchase price was fixed in a range from a minimum of 0.52 euro to a maximum of 34.50 euro, in compliance with the methods and in respect of the limits set down in the legislation and regulations in force at the time. For the same period the Shareholders' Meeting has authorized the Board of Directors to divest or transfer, on one or more occasions during that period, treasury stock held in the portfolio at price of no less than the nominal value of 0.52 euro. The Shareholders' Meeting has also authorized disposal by means of i) a public offering, ii) sale of treasury shares to employees, Directors and collaborators of the Company and/or of the Group companies in execution of incentive plans that have been approved beforehand at the Shareholders' Meeting, iii) servicing of warrants or deposit certificates representing shares or similar securities, iv) exchange for the purchase of equity investments or assets of interest to the company, and v) in the framework of any agreements with strategic partners.

During 2020, the value of the Interpump Group share rise significantly, despite the period of crisis deriving from the COVID-19 pandemic, exceeding the maximum purchase limit of 34.50 euro per share. For this reason, the Board of Directors called a Shareholders' Meeting to resolve on an increase in the maximum repurchase price of treasury stock.

Pursuant to arts. 2357 and 2357-(3) of the Italian Civil Code, the Ordinary Shareholders' Meeting of Interpump Group held on 16 November 2020 authorized the Board of Directors, by means of the Directors delegated for this purpose or an Authorized Intermediary, to purchase a maximum of 8,000,000 treasury ordinary shares, nominal value Euro 4,160,000.00, and thus in total, considering the treasury shares already purchased and not yet used in execution of prior shareholders' resolutions, up to a maximum of 9,829,549 treasury ordinary shares or, in any event, up to such lower limit as is permitted by the legislation in force from time by time, for a period of eighteen months starting from the date of that resolution, with the clarification that said new authorization revoked the unused portion of and replaced the previous authorization to purchase treasury shares granted at the Shareholders' Meeting held on 30 April 2020, which therefore lapsed. The unit purchase price was fixed in a range from a minimum of 0.52 euro to a maximum of 40.00 euro, in compliance with the methods and in respect of the limits set down in the legislation and regulations in force at the time. For the same period the Shareholders' Meeting has authorized the Board of Directors to divest or transfer, on one or more occasions during that period, treasury stock held in the portfolio at price of no less than the nominal value of 0.52 euro. The Shareholders' Meeting has also authorized disposal by means of i) a public offering, ii) sale of treasury shares to employees, Directors and collaborators of the Company and/or of the Group companies in execution of incentive plans that have been approved beforehand at the Shareholders' Meeting, iii) servicing of warrants or deposit certificates representing shares or similar securities, iv) exchange for the purchase of equity investments or assets of interest to the company, and v) in the framework of any agreements with strategic partners.

At 31 December 2020, the company held 2,222,356 treasury shares in the portfolio corresponding to 2.041% of the capital stock, acquired at an average unit cost of 28.141 euro.

1) Management and coordination activities (ex art. 2497 et seq. of the Civil Code)

The company is not subject to management or coordination. The Board of Directors has performed an assessment in this context and considers overcome the presumption pursuant to art. 2497-(6) of the Civil Code, since Gruppo IPG Holding S.p.A. – although the parent and consequently obliged to consolidate Interpump Group S.p.A. – is merely an investment holding company and, in operational and industrial terms, Interpump Group S.p.A. and Gruppo IPG Holding S.p.A. do not share a common management strategy.

* * *

The information required by art. 123-(2), subsection 1, letter i) (“*agreements between the company and the directors..... envisaging indemnity of the directors in case of resignation, dismissal without just cause or lapsing of the office further to a takeover bid*”) is contained in the Report on Remuneration Policy and Compensation Paid prepared pursuant to art. 123-(3), TUF, and published on the website of Interpump Group S.p.A. (www.interpumpgroup.it, in the section Governance/remuneration policy).

The information required by art. 123-(2), subsection 1, letter l) (“*the rules applicable to the appointment or replacement of directors ... and to the amendment of the Bylaws, if different from the legislative or regulatory provisions applicable on a supplementary basis*”) is contained in the section of this Report on the Board of Directors (Section 4.1).

3. COMPLIANCE (ex art. 123-(2), subsection 2, letter a), TUF)

The Interpump Group S.p.A. has adopted the provisions of the July 2018 version of the Code of Corporate Governance promoted by the Committee for Corporate Governance of Borsa Italiana S.p.A., as per the latest amendment, made in July 2018. The Code of Corporate Governance is available on the website of the Committee for Corporate Governance on the following page: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice/htm>. The methods of adapting to the foregoing code are described below, and also the reasons for a possible decision to not adapt to the code.

In addition, at the time of approving this document, the Company has already adopted the instructions contained in the new Corporate Governance Code that, for Interpump Group, came into force on 1 January 2021. The related information and recommendations adopted by the Company will be made public in the 2021 Report on corporate governance and the ownership structure, as envisaged in the Corporate Governance Code.

The Issuer and its strategic subsidiaries are not subject to any provisions of non-Italian laws that affect the Issuer's corporate governance structure.

4. BOARD OF DIRECTORS

4.1. APPOINTMENTS AND REPLACEMENTS (ex art. 123-(2), subsection 1 letter l) TUF)

Consistent with the laws concerning the "traditional" model of administration and control adopted by the Company, as well as the related current regulations, the Bylaws govern the appointment of directors by list voting and compliance with the principle of gender balance, as described below.

“Art. 14

[...]

2. *The appointment of directors will be carried out on the basis of lists submitted by the shareholders, according to the following provisions, except for the cases wherein this article 14 establishes that the appointment must be made using ordinary methods and majorities and those in which appointment by slate vote is not permitted or is not possible. In the measure in which it is envisaged by the legal provisions in force time by time, the appointment of directors is performed on the basis of criteria that ensure gender balance.*

3. *Lists may be submitted exclusively by shareholders who, within the limits established by statutory legislation are either individually or together with other shareholders globally in possession of shares with voting rights representing at least 2.5 % (two point five percent) of the subscribed and paid-up capital having voting rights in the ordinary Shareholders' Meeting for appointments of corporate offices, or any different higher or lower percentages established by statutory legislation and regulations. The minimum percentage for the submission of lists will be specified in the notice of convocation of the meeting.*

4. *Each candidate may appear in a single list on pain of ineligibility.*

5. *Any shareholder intending to propose (or join in proposing) candidates for the post of director must file (or join in filing) at the company's registered office, by the deadline envisaged in current regulations:*
a) a list of candidates, numbering no more than 13 (thirteen), each candidate associated with a sequential number; at least the candidate shown in the list under the first number must comply with the independence requirements established by art. 147-(3), subsection 4, of Legislative Decree no. 58 of 24 February 1998, and subsequent amendments and of the suitability to be qualified as independent in accordance with the terms of the Code of Corporate Governance prepared by the Committee for the Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A.; without prejudice to the above matters, the list comprising at least 3 (three) candidates must contain candidates of each gender, as specified in the notice of convocation of the Shareholders' Meeting in order to ensure compliance with legislation concerning gender balance; and b) a resume of each candidate, containing comprehensive information concerning the related personal and professional characteristics, with an indication of the satisfaction - where applicable - of the independence requirements established in art. 147-(3), subsection 4, of Legislative Decree no. 58 of 24 February 1998 as amended, and of the suitability to be qualified as independent in accordance with the terms of the Code of Corporate Governance prepared by the Committee for Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A., with an indication: (i) of the offices of non-executive members of the board of directors or members of the board of statutory auditors in companies listed in regulated stock markets (including foreign stock markets), finance companies, banks, insurance companies, or companies of significant size, these latter being construed as companies whose financial statements for the previous year showed assets or sales in excess of 500,000,000.00 euro (five hundred million); (ii) the offices of executive members of the board of directors in any company, including companies not covered by the categories specified in the previous point (i), with the sole exception for companies engaged in the "mere utilization" of property, shareholdings or other assets, and companies that in the previous year recorded sales of up to 50,000,000.00 euro (fifty million); (iii) of the offices ex art. 2390, subsection 1, of the Italian Civil Code that call for authorization of the Shareholders' Meeting to depart from the legal ban on competition, with the specification that it is not necessary to disclose offices held in companies directly or indirectly controlled by the company, the

assumption of which must be construed as authorized by the company on a general or preliminary level. For all companies in which offices are held, the business name, headquarters, enrollment number in the Companies Register or equivalent, and the nature of the position held (including status as an executive director, non-executive director, or independent director); and c) the confirmations from each candidate of their willingness to accept the related office in the event of election and attesting, under their personal responsibility, to the absence of any causes for ineligibility or incompatibility, the satisfaction, if applicable, of the independence requirements and the suitability, if applicable, for qualification as independent pursuant to the Code of Corporate Governance prepared by the Committee for the Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A., and an indication of the satisfaction of any additional requirements for the office specified either in law or in the Company Bylaws; d) a list of the shareholders submitting the list of candidates, with their name, company name or denomination, headquarters, enrollment number in the Companies Register or equivalent, and the percentage of capital they hold overall, accompanied by a declaration as required by art. 144-(6), subsection 4, letter b) of CONSOB Regulation no. 11971 dated 14/5/1999, as amended, attesting to the absence of cross-relationships ex art. 144-(5) of the same CONSOB Regulation. Those submitting a list are obliged to indicate the minimum number of candidates complying with the independence criteria and the other requirements specified by law and to act in such a way as to ensure that the composition of the list, if comprising at least 3 (three) candidates, complies with the proportionality criterion for gender balance envisaged in current regulations. Also the specific certificate issued by an authorized broker, proving ownership, at the time of filing of the list with the Company, of the number of shares necessary for submission of the list, must be filed within the term envisaged by statutory regulations.

6. Each shareholder cannot submit (or join in submitting) more than one list nor can they vote for different lists, even by means of an intermediary or trust company. Shareholders from the same group and shareholders subscribing to a shareholders' agreement based on treasury shares, cannot submit or vote for more than one list, even by means of an intermediary or trust company.

7. Lists for which the prescriptions in the previous subsections of the current art. 14 have been disregarded will be considered not to have been submitted.

8. Notification is provided of the lists submitted in the cases and with the methods established by current provisions, and with any other method considered to be fitting by the Board of Directors.

9. The shareholder or shareholders who have submitted (or joined in submitting) a list associated, even indirectly, with one or more shareholders who have submitted (or joined in submitting) another list, are required to provide a statement to this effect at the beginning of the Shareholders' Meeting called to appoint the directors, and said statement must be recorded in the minutes of the Meeting. A relationship of association is considered to exist in the cases specified by art. 144-(5) of CONSOB regulation no.11971 of 14/5/1999 as amended.

10. The Board of Directors will be appointed as outlined below: a) on the basis of the sequential order in which they appear in the sections of the list, all the directors except one are taken from the list that obtained the largest number of votes; moreover, all the directors of the less represented gender as required by statutory legislation concerning gender balance will be taken from said list, except in the event in which the remaining director, taken from the list that received the second highest number of votes, is of the less represented gender: in this case all the directors of the less represented gender except one will be taken from the list that obtained the highest number of votes; b) the remaining director is taken from the list that obtained the second highest number of votes, who will be the one indicated with the first sequential number in the list, without prejudice to the matters prescribed by the above letter a) concerning gender balance; c) in the case of an equal number of votes (i.e. if two lists both receive the highest number of votes or the second highest number of votes) the Shareholders' Meeting will repeat the ballot, with a slate vote, for appointment of the entire Board of Directors; d) the candidates from the lists will be elected in compliance with the criteria indicated in the above letters (a), (b) and (c), without prejudice to the provisions set down under the following letters (e), (f) and (g); e) if a single list is duly submitted, all the directors to be appointed will be taken from said list, on the basis of the sequential order with which the candidates

appear in the list and always in compliance with statutory legislation concerning the independence and gender balance of directors; f) if the list that received the second highest number of votes fails to reach a percentage of the votes equivalent at least to half of those necessary for submission of the lists envisaged in the previous subsection 3, all the directors to be appointed will be taken from the list that receives the highest number of votes cast by the shareholders, on the basis of the sequential number with which the candidates appear in the list; g) if the that list received the second highest number of votes has received the vote cast by one or more parties considered to be associated - in accordance with the foregoing subsection 9 - with one or more of the shareholders that submitted (or joined in submitting) the list that received the highest number of votes, said votes shall not be counted. Consequently, if without considering such votes another list emerges as the second most voted list, the remaining director will be the candidate with the first sequential number appearing in said other list; h) if no list is submitted, also in application of the matters provided for by the foregoing subsection 7, or if, for any reason, the appointment of one or more directors cannot be carried out in compliance with this subsection 10, the Shareholders' Meeting will pass a resolution with the majorities required by law, anyway ensuring the presence of the necessary number of directors in possession of the legal requirements of independence and in compliance with statutory legislation concerning gender balance.

11. The directors remain in office for a maximum of three years, as decided at the Shareholders' Meeting that appoints them, and are eligible for re-election.

12. Independent directors are required to notify the Board of Directors immediately of any cessation of the criteria of independence required by law and, with regard to directors appearing in the lists with the first sequential number, the fitness to be qualified as independent in accordance with the terms of the Code of Corporate Governance prepared by the Committee for Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A. The loss of said requirements or suitability will result in expiry of the term of office.

13. Without prejudice to the matters prescribed in the following subsection 15, if, during the financial year, one or more directors taken from the list that received the highest number of votes or elected with the ordinary methods and majorities should cease to be available for whatsoever reason, and if said unavailability is not such as to result in the loss of the majority of the directors appointed by the Shareholders' Meeting, the Board of Directors will replace the unavailable director or directors by means of co-option, in compliance with the provisions of art. 2386 of the Italian Civil Code. The thus co-opted director will remain in office until the next Shareholders' Meeting, which will either confirm the appointment or make a replacement utilizing ordinary methods and majorities rather than a slate vote.

14. Without prejudice to the matters prescribed in the following subsection 15, if, during the financial year, the director taken from the list that received the second highest number of votes should cease to be available for whatsoever reason, and if said unavailability is not such as to result in the loss of the majority of the directors appointed by the Shareholders' Meeting, the Board of Directors will replace the unavailable director by means of co-option of the candidate appearing with the second sequential number in said list, provided said candidate is still eligible and willing to accept the office, or otherwise, by co-option of the candidate appearing with the third sequential number in the same list, and so forth, until all the candidates appearing in the list have been exhausted. If it proves impossible to obtain a candidate to co-opt from this latter list, then the candidate appearing with the first sequential number in the list that received the third highest number of votes will be co-opted, providing said list has received the minimum quorum indicated under the previous paragraph 10, letter f), assuming said candidate is still eligible and willing to accept the office, or otherwise, by co-option of the candidate appearing with the second sequential number in the same list, and so forth, until all the candidates appearing in the lists that have reached the minimum quorum indicated under the previous paragraph 10, letter f) have been exhausted. If it should prove impossible to co-opt a director from the lists indicated above, the Board of Directors will co-opt a director of its own choosing.

15. Also in departure from the provisions of the above paragraphs 13 and 14, if the unavailable director is an independent director, said director must be replaced, also by means of co-option, with another

independent director, and if the unavailable director must also be fit for qualification as independent in accordance with the terms of the Code of Corporate Governance prepared by the Committee for Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A., said director must be replaced, also by co-option, by another director with equivalent qualifications. Likewise, if the lapsed director is of the less represented gender and the cessation results in the loss of the criterion of proportionality of gender balance, the director in question must be replaced, also by co-option, by a director of the same gender, in such a way as to ensure compliance with the relevant statutory legislation at all times.

16. Should the majority of directors appointed at the Shareholders' Meeting cease to serve, instead of replacing the unavailable director or directors by means of co-option, the entire Board of Directors will be deemed to have resigned and a Shareholders' Meeting must be called without delay so that the Board can be reconstituted by means of list voting".

Apart from the requirements of the TUF, the Issuer is not subject to specific regulations concerning the composition of the Board of Directors.

Law 160 dated 27 December 2019 established that the least represented gender on the board of directors of listed companies must comprise at least two-fifths of the elected members. This provision amended art. 147-(3) TUF, which required the least represented gender to comprise at least one-third of the elected members. Additionally, CONSOB Communication 1/20 dated 30 January 2020 specifies that, if the board of directors only comprises three members, the result of the two-fifths calculation referred to above must be rounded down. In all other cases, as in the past, the result must be rounded up to the nearest whole number.

Succession plans

On 28 April 2017 the Board of Directors resolved to set up the Operative Coordination Committee, composed of the Chairman and CEO, the Deputy Chairman, (who assumed responsibility for coordination), the Investor Relations Officer and the Section Coordinators. On 13 February 2019 the Board of Directors acknowledged that the Committee is functioning in a highly satisfactory manner, making it possible to keep the company's top executives informed and aligned and constituting, and that it constitutes a breeding ground for potential Executive Directors that can be selected in the future whenever necessary. This organizational structure provides a tangible solution to guarantee continuity and security.

In the light of the matters illustrated, the meeting of the Board of Directors held on 13 February 2019 and the Appointments Committee deemed it unnecessary to adopt a specific succession plan for the executive directors, considering that the vigorous governance strategy in place and the practical tools for its implementation represent the best response for efficient management, guaranteeing the business continuity of the Group even on the early replacement of its executive directors.

4.2. COMPOSITION (art. 123-(2), subsection 2 letter d), TUF)

The Board of Directors is now composed as follows:

Names	Office
Fulvio Montipò	Chairman and Chief Executive Officer (1) (2)
Giovanni Tamburi	Deputy Chairman (1)
Angelo Busani	Independent Director
Antonia Di Bella	Independent Director
Victor Gottardi	Executive Director (3)
Fabio Marasi	Executive Director (3)
Marcello Margotto	Independent Director
	Lead Independent Director
Federica Menichetti	Independent Director
Stefania Petruccioli	Independent Director

Paola Annunziata Tagliavini Independent Director

- (1) authority to act for the company as per clause 17 of the bylaws
- (2) powers related to ordinary business with a limitation of the amount beyond which the decision must be referred to the Board of Directors.
- (3) Executive director pursuant to Application Criterion 2.C.1. of the Code of Corporate Governance.

The Shareholders' Meeting of 30 April 2020 elected the members of the current Board of Directors, establishing expiry of the office in three years at the approval date of the financial statements for the year ending 31 December 2022.

Two lists of candidates for the office of director were submitted. The first was submitted by Gruppo IPG Holding S.p.A., which at the date of presenting the list held 25,406,799 ordinary shares of Interpump Group S.p.A., equivalent to 23.334% of the share capital, while the second was submitted by a group of asset management companies and institutional investors which at the date of the presenting the list held a total of 7,295,453 ordinary shares of Interpump Group S.p.A., equivalent to 6.700% of the share capital.

The names of the candidates in the above-mentioned lists are:

List 1 from Gruppo IPG Holding S.p.A.:

- Marcello Margotto, born in Bologna on 1 January 1961 (independent candidate pursuant to the combined provisions of art. 147-[3], subsection 4, and art. 148, subsection 3, TUF);
- Fulvio Montipò, born in Baiso (RE) on 22 October 1944;
- Giovanni Tamburi, born in Rome on 21 April 1954;
- Victor Gottardi born in Bolzano on 19 June 1970;
- Paola Annunziata Tagliavini, born in Milan on 23 October 1968 (independent candidate pursuant to the combined provisions of art. 147-[3], subsection 4, and art. 148, subsection 3, TUF);
- Stefania Petruccioli, born in Milan on 5 July 1967 (independent candidate pursuant to the combined provisions of art. 147-[3], subsection 4, and art. 148, subsection 3, TUF);
- Federica Menichetti, born in Rome on 3 January 1976 (independent candidate pursuant to the combined provisions of art. 147-[3], subsection 4, and art. 148, subsection 3, TUF);
- Antonia Di Bella, born in Drapia (VV) on 17 February 1965 (independent candidate pursuant to the combined provisions of art. 147-[3], subsection 4, and art. 148, subsection 3, TUF);
- Fabio Marasi, born in Reggio Emilia on 16 December 1977;
- Claudio Berretti, born in Florence on 23 August 1972.

List no. 2 of group of asset management companies and institutional investors:

- Angelo Busani, born in Parma on 4 October 1960 (independent candidate pursuant to the combined provisions of art. 147-[3], subsection 4, and art. 148, subsection 3, TUF);
- Franca Brusco, born in Catanzaro on 5 October 1971 (independent candidate pursuant to the combined provisions of art. 147-[3], subsection 4, and art. 148, subsection 3, TUF).

Further to the votes case, list no. 1 submitted by the shareholder Gruppo IPG Holding S.p.A. obtained favorable votes for a number of shares equivalent to 57.952% of the share capital represented in the Shareholders' Meeting. List no. 2 submitted by the group of asset management companies and institutional investors obtained favorable votes equivalent to 41.632% of the share capital represented in the Meeting. Therefore, the Shareholders' Meeting elected the following candidates to the office of directors of Interpump Group S.p.A.:

- Marcello Margotto;

- Fulvio Montipò;
- Giovanni Tamburi;
- Victor Gottardi;
- Paola Tagliavini;
- Stefania Petruccioli;
- Federica Menichetti;
- Antonia Di Bella;
- Fabio Marasi;
- Angelo Busani.

The Board of Directors appointed by the Shareholders' Meeting of 30 April 2020, has not been subject to any changes at the date of this report.

A concise resume of each director in office is given below.

Fulvio Montipò

Born in Baiso (RE) on 22 October 1944. Graduated in Sociology in 1972 from the University of Trento. Personnel Manager - Organizational Director with Bertolini Macchine Agricole (1967-1972). General Manager of Bertolini Idromeccanica (1972-1977). Founder of Interpump Group S.p.A., where he has been the Chief Executive Officer since the date of incorporation. Appointed as Chairman and Chief Executive Officer of Interpump in April 2013.

Angelo Busani

Born in Palermo on 4 October 1960. Graduated in law at Parma University in 1984, currently a notary public in Milan. Qualified freelance journalist, member of the association of journalists since 1979; since 1988 works as financial analyst for Il Sole 24 Ore. Adjunct professor at Bocconi University of Milan since 2000, where he lectures in private and civil law (contract management and international contracts). Adjunct professor of Tax Law at Parma University from 2000 to 2009; from 1989 worked as a tutor at several post-university training organizations for master's degree in tax administration, international taxation, private banking and real estate. Since 2012 performs the role of Arbiter at the Court of arbitration of the Milan Chamber of Commerce. From 2016 occupies the office of: (i) chairman of the Board of Directors of Credit Suisse Servizi Fiduciari S.p.A. – asset trust company. From 2016 to 2018, independent member and chairman of the Control and Risks Committee of the Board of Directors of Beni Stabili S.p.A. – a real estate company listed on the Italian stock exchange. From 2013 to 2016 occupied the office of independent member of the Supervisory Board and Appointments Committee of Banca Popolare di Milano Soc. Coop. (bank listed on the Italian stock exchange). Chairman of the Board of Directors of Linea Pelle S.p.A. – leather exhibition operator – from 2015 to 2016; independent member (from 2012 to 2013) of the Board of Directors of Fondiaria SAI S.p.A. – insurance company listed on the Milan stock exchange – occupying the office of chairman of the Related Parties Committee and member of the Remuneration Committee. Member of the Board of Directors and Chairman of the Regulatory Body ex Legislative decree 231/2001 of S+R S.G.R. S.p.A. (March 2008 – July 2010) – Unicredit Group bank. From 2009 to 2010 member of the Board of Governors of Automobile Club d'Italia of Milan – the organizing body of the Italian F1 Grand Prix –; from 2005 to 2009 member of the Board of Directors of Unicredit Corporate Banking S.p.A. (banking institute); from 2004 to 2011 occupied the role of secretary to the Board of Directors of Parmalat S.p.A. – dairy industry, listed on the Italian stock exchange; in 2001 operated as a member of the Committee for Privatization of the Parma Exhibition Agency; from 1999 to 2000 member of the Board of Directors of Bormioli Rocco & Figlio S.p.A. – glassware industry. Author of many books, specialized publications and articles. Director of Interpump Group S.p.A. since 2017.

Antonia Di Bella

Born in Drapia (VV) on 17 February 1965. Graduated in economic and social science from the University of Calabria in 1990. Of Counsel role at the NCTM law practice in Milan since 2016. Registered with the roll of Italian Public Accountants and Legal Auditors and holds a professorship in economics of insurance companies – a master's degree course in statistical, actuarial and economic science at Cattolica University of Milan since 2016. Partner in charge of the insurance sector at Mazars S.p.A. (October 2007 – July 2015). 1992–2006 Senior Manager at KPMG S.p.A., specializing in legal auditing and consultancy

services for insurance and finance companies. Serving statutory auditor on the board of statutory auditors of: (i) Assicurazioni Generali S.p.A. from April 2014 - an insurance institution listed on the Italian stock exchange -; (ii) Marie Tecnimont S.p.A. from April 2016 – an oil and gas sector plant engineering company listed on the Milan stock exchange. Member of the Insurance technical commission at Organismo Italiano di Contabilità (Italian Accounting Body). Member of the steering committee of the Master in Insurance Risk Management since 2011; from 2001 to 2015 member of the insurance technical commission on behalf of ASSIREVI. Participated and continues to participate in several teaching positions and given talks at symposia and conventions on the subjects of corporate governance, internal control, and financial statements of insurance firms. Director of Interpump Group S.p.A. since 2017.

Marcello Margotto

Born in Bologna on 1 January 1961. Graduated in Economics and Business Studies in 1986 from the University of Bologna. Italian Public Accountant and Registered Legal Auditor. Sales-marketing assistant at the “La Perla fashion Group” (1987-1988). Worked for Studio Piombini, Bologna, specialized in business, tax and corporate advisory work (1987-1988). Professional collaboration with Studio Napodano, specialized in court-supervised arrangements, tax and corporate advisory work for industrial groups of companies (1989-1991). Founder and principal owner of RD Team Srl, a company specialized in obtaining assistance and tax credits for R&D and innovation work by SMEs and large firms, networks of firms, start-ups and innovative SMEs (from 2008 to date). Founder and partner of Studio Margotto & Partners, specialized in tax, corporate and business advisory work for firms and groups of companies, permanent establishments of foreign companies and groups in Italy, and the development and internationalization of SMEs. Statutory auditor and director of numerous companies. Director of Interpump Group S.p.A. since 2015.

Stefania Petruccioli

Born in Turin on 5 July 1967. Graduated in Business Economics in 1991 from Bocconi University in Milan. Italian Public Accountant. Followed a university career from 1991 to 2004: research fellow at Bocconi University's "A. Lorenzetti" Institute of Stock Exchange Studies; contract lecturer in "Business Economics and Management" and teaching assistant in "Financial Strategies for Business Development". Collaborated on tax and corporate advisory work at Studio Associato di Dottori Commercialisti “Camozzi Bonisconi” (1991-1994). Analyst for Medinvest S.p.A. - specialized in Mergers & Acquisitions and Corporate Finance (1995-1998). Analyst specialized in investments and the management of holdings for Eptaventure S.r.l. (Eptaconsors group) – Closed-end fund management company (1998-2000). Manager in the investment and active management of equity investments, assisted by Livolsi & Partner S.p.A. at Convergenza Com S.A. – manager of the Convergenza Fund specialized in private equity and venture capital transactions in the media, telecoms, Internet e biotechnologies sectors (2000-2005). Partner in Progressio SGR S.p.A. – Management company for two private equity funds (2005-2013). From July 2014, investment manager at Principia SGR S.p.A. – Management company for venture capital and growth funds. Director of Interpump Group S.p.A. since 2015.

Paola Tagliavini

Born in Milan on 23 October 1968. Graduated in Business Economics from Bocconi University in Milan in 1992, with a specialization in Finance. Registered Legal Auditor. Lecturer on risk management at Bocconi University and SDA Bocconi. Adjunct professor at the Faculty of Accounting of Bocconi University, lecturing on “Corporate Auditing (advanced course)” in master's degree courses, on “Company Internal Auditing, Risk and Compliance” and “Enterprise Risk Management” in the Master in Accounting, Auditing and Control, and on “Financial & Enterprise Risk Management” in the Master in Corporate Finance. Also, Joint Director of the ERM Lab at SDA Bocconi, tutor in SDA courses on the subjects of risk management and Managing Partner at DGPA Risk, a unit specialized in providing risk management consultancy of DGPA & CO. Two decades of consulting on risk management matters. Directed Marsh's Italian strategic risk consulting team for more than eight years (1999-2006). Director of the Italian corporate risk practice of Oliver Wyman (2007-2009). Directed AON's Italian risk management consulting team (2009-2011). From 1993 to 2005, lecturer in Economics, Business Management and Business Protection at Bocconi University, as well as researcher at Bocconi's SPACE Centre on business protection matters. Visiting Researcher at the Department of Insurance & Risk Management, Wharton School (1997). Author of publications and speaker at numerous conferences on risk management matters. Director of Interpump Group S.p.A. since 2014.

Giovanni Tamburi

Born in Rome on 21 April 1954. Graduated in Business Administration at La Sapienza University, Rome. Former member of the Commission for Law 35/92 set up by the Budget Ministry (Commission for privatizations) and member of the advisory board of the Milan Municipal Authorities. Worked for

S.O.M.E.A. S.p.A. (February 1975-July 1977) and for the Bastogi Group (September 1977-September 1980). From 1980 to 1991 held important positions in Euromobiliare (Midland Bank Group), becoming a director of Euromobiliare S.p.A. and General Manager of Euromobiliare Montagu S.p.A., the group's investment banking arm. Founder and Chairman of Tamburi Investment Partners S.p.A., an independent investment/merchant bank focused on the development of excellent medium-sized Italian companies listed in the STAR segment of Borsa Italiana. Author of many books, specialized publications and articles. Director of Interpump Group S.p.A. since 2005.

Federica Menichetti

Born in Rome on 3 January 1976. Graduated in Law from La Sapienza University, Rome. Registered on the roll of legal attorneys of Rome. From 2003 until 2006 worked as junior consultant at Studio Camozzi & Bonisconi in Rome. From 2006 until 2016 worked with KPMG Studio Associato Legale e Tributario, where she held the position of Senior Manager. She has been an Independent Compliance Lawyer since 2017. Expert in Compliance procedures (Legislative decree 231/2001, anti-corruption, anti-money laundering, data protection, etc.) participating as tutor in master's degree courses and/or conferences organized by several institutes, namely Cattolica University, Bologna University and Bologna Business School.

Victor Gottardi

Graduated in Mechanical Engineering from the University of Padua in 1995; Master in Insurance Engineering from Politecnico di Milano in 1997. In Interpump Group S.p.A. From 2015 as President and Global CEO of Walvoil S.p.A., member of various Boards of Directors of other Group companies, especially in North America and in the Hydraulics sector. From 2010 to 2014, CEO of the Italian branch of Montanhydraulik, a German group, for which he was also the VP Sales and Marketing for the Southern and Eastern Europe, the Middle East and Africa. From 2000 to 2010, at Bucher Hydraulics Italia, with roles of increasing responsibility culminating in the position of Sales and Marketing Director. Previously, a partner in Alfa Loss Adjusters, an engineering consultancy active in the insurance sector.

Fabio Marasi

Graduated in Business Economics from the University of Parma, joined the Interpump Group in 2016 with responsibilities including Manager of the Hydraulic Hoses and Fittings division and CEO of GS Hydro Group, Reggiana Riduttori S.r.l. and Transtecno S.r.l. Completed a series of important international acquisition while working for the Interpump Group. Developed strong experience in the management of industrial business and M&A transactions. From 2005 to 2007, M&A Manager for Panariagroup Industrie Ceramiche S.p.A., a listed group active in the ceramics sector. From 2008 to 2013, CFO of Eukedos S.p.A., listed group active in the healthcare sector, as well as CEO of the most important affiliates of that group. From 2014 to 2015, Senior Investment Manager at Alto Partner SGR S.p.A., a private equity fund manager.

Diversity criteria and policies

In the reference period the issuer evaluated the adoption of diversity policies concerning the composition of the administrative body in relation to aspects including age, gender, training and professional experience. In compliance with statutory legislation, at least two-fifths of the members of Interpump Group S.p.A.'s administrative and controlling body are of the less represented gender, without prejudice to the priority objective of assuring adequate levels of competence and professionalism among the members of the Board.

Cumulative limits on appointments held in other companies

With regard to the maximum number of offices a director may hold (Application Criterion 1.C.3., Code of Corporate Governance), the Board of Directors has established that:

- the availability of the time needed to carry out their duties is a fundamental requirement that Directors must satisfy, having regard for their membership of any Board Committees on which they are requested to serve. Serving Directors must therefore constantly assess the adequacy of the time that they are able to dedicate to their appointment, having regard for the time already dedicated to other working and professional activities, as well as their roles in other companies;
- with regard to the obligation for Directors to inform the Company about the non-executive directorships or memberships of boards of statutory auditors already held in certain types of company and the executive directorships held in any company, the Appointments Committee notes the opinion

already expressed by the Board of Directors on the accumulation of offices (pursuant to Principle 1.C.3 of the Code), which states as follows: *the Board recommends that the Shareholders' Meeting should not appoint persons as executive Directors of the Company when they already hold executive appointments in one or more other companies (including companies not classified as "significant companies", with the sole exception of those that "merely hold" real estate, equity investments or other assets with annual sales of not more than 50 million euro), or are non-executive directors in four or more other "significant companies"*;

- the Shareholders' Meeting shall not appoint Directors of the Company to non-executive, independent or non-independent office when they are already executive directors in two or more "significant companies", or non-executive directors or statutory auditors in ten or more other "significant companies";
- the Board will only assign executive offices to the Directors appointed at the Shareholders' Meeting, and will only approve the assignment of executive offices in Interpump Group companies, when not incompatible with the above indicated limits, unless the Board, with a reasoned resolution, rules that there exist reasonable, objective grounds for either temporarily or permanently departing from these limits.

The Board of Directors has also decided to publish the aforementioned limits in this report and also at any Shareholders' Meetings held to make such appointments.

The directorships or audit appointments held by the directors of Interpump Group S.p.A. in other listed companies or in Significant Companies¹ are as follows:

Giovanni Tamburi: Listed companies: Chairman and Chief Executive Officer of Tamburi Investment & Partners S.p.A.; Director of Amplifon S.p.A. (diagnosis, application and marketing of hearing aids); Director of Elica S.p.A. (kitchen extractor fans, production of induction hobs, design, production and sale of electric motors for extractor and for water heaters); Director of OVS S.p.A. (retailing of clothing for men, women and children); Member of the Supervisory Board of Roche Bobois S.A. (high-end furniture). Finance companies: Sole Director of Gruppo IPG Holding S.p.A. (Investment holding company).

Marcello Margotto: Finance companies: Director of Faac Partecipazioni Industriali S.r.l. (Equity investment holding company); Unlisted companies of significant size: Director of F.A.A.C. S.p.A. (Automatic gates - automatic doors - parking systems).

Stefania Petruccioli: Listed companies: Independent Director of De Longhi S.p.A. (home appliances), Independent Director of RCS MediaGroup S.p.A. (multimedia publishing).

Paola Tagliavini: Listed companies: Independent Director of Rai Way S.p.A. (management of Rai television signal broadcasting infrastructure); Serving Statutory Auditor of RCS MediaGroup S.p.A. (multimedia publishing); Serving Statutory Auditor of Brembo S.p.A. (development and production of braking systems for vehicles); Serving Statutory Auditor of OVS S.p.A. (retailing of clothing for men, women and children). Finance companies: Independent Director of Eurizon Capital SGR (asset management company), Independent Director of Eurizon Capital SA (asset management company); Independent Director of Fideuram Investimenti SGR (asset management company).

Antonina di Bella: Listed companies: Serving Statutory Auditor of Assicurazioni Generali S.p.A. (insurance company); Serving Statutory Auditor of Maire Tecnimont S.p.A. (plant engineering company for the oil and gas sector); Serving Statutory Auditor of Pininfarina S.p.A. (automobile bodywork); Unlisted companies of significant size: Serving Statutory Auditor of Ariston Thermo Group S.p.A. (thermal comfort and energy efficiency); Finance Companies: Serving Statutory Auditor of Merloni Holding S.p.A. (investment holding company).

Federica Menichetti: Listed companies: Serving Statutory Auditor of Neodecortech S.p.A. (company operating in the industrial and commercial sector, including the import and export of colors, lacquers, inks, resins, chemical products in general).

Angelo Busani: Listed companies: Director of Datalogic S.p.A. (automatic data collection and process automation);

Trust companies: Chairman of the Board of Directors of CREDIT SUISSE Servizi Fiduciari S.r.l.

Induction Program

During 2020, the Board of Directors continued the induction program for Directors that commenced during the previous three-year mandate, drawing *inter alia* on the personal and professional experience of Directors Victor Gottardi and Fabio Marasi, who joined the Board on 30 April 2020, as well as that of the Chairman and Chief Executive Officer, Fulvio Montipò. As envisaged in Application Criterion 2.C.2.

¹ Significant Companies are defined as listed or finance companies, banks, insurance companies or other companies whose total assets or sales exceed 500 million euro.

of the Code of Corporate Governance, the Chairman and CEO organized a presentation about the Group for the benefit of the new Directors during the Board meeting held on 30 April 2020.

4.3. ROLE OF THE BOARD OF DIRECTORS (ex art. 123-(2), subsection 2, letter d), TUF)

The Board of Directors meets on a regular basis and is organized and works to ensure that it fulfills its functions in an effective manner, pursuing the primary goal of creating value for shareholders in accordance with group directives and policies (see Principles 1.P.1. and 1.P.2, Code of Corporate Governance).

The Board of Directors met 11 times in the year to 31 December 2020. The average duration of the meetings was about 1 hour and 30 minutes. The attendance percentages of each director during the year are indicated in Table 2.

No less than 7 meetings are planned for 2021, 5 of which already scheduled and disclosed to the market on 14 November 2020. Two meetings had already been held at the date of this report. With reference to the times of communication to Directors for participation in the meetings of the Board of Directors, of which the importance has been emphasized also in the letter that the Committee for Corporate Governance sent on 22 December 2020 to the listed companies administration and control bodies, in normal circumstances the Directors receive documentation conferring the items on the agenda one week prior to the date of the meeting.

The Chairman and CEO makes sure that the necessary time can be devoted to the items on the agenda to allow a constructive debate, as required by Application Criterion 1.C.5. of the Code of Corporate Governance.

The board meetings are generally also attended by the Chief Reporting Officer, who acts as the secretary of the Board of Directors. The Board of Directors has established that, upon written request made to the Chairman, by two or more directors giving at least two working days' notice, board meetings may be attended by company executives and/or the executive directors and executives of Interpump group companies, in order to provide necessary background information about items on the agenda in their respective areas of expertise, on the understanding that their participation is limited solely to those matters.

As envisaged in art. 18 of the Bylaws and in Application criterion 1.C.1., letter a) of the Code of Corporate Governance, over the years the Board of Directors has examined and approved the company's strategic, industrial and financial plans, as well as the corporate structure of the group headed by the Company and the transactions above a predetermined limit, and are significant in nature.

In accordance with the requirements of Application Criterion 1.C.1.) and of article 2381, subsection 3 of the civil code, on 12 February 2020 the Board of Directors assessed the adequacy of the organizational, administrative and accounting structure of Interpump Group S.p.A. and the subsidiaries of strategic significance, with particular reference to the internal control and risks management system, which is described in a document prepared by the competent departments and was subjected to preliminary examination by the Audit, Risks and Sustainability Committee.

Hammelmann GmbH, NLB Corporation Inc., General Pump Inc., and Inoxpa SA were identified as subsidiaries of strategic significance in the water sector, based on dimensional criteria, while the companies identified in the Hydraulic Sector were Walvoil S.p.A., Muncie Power Products Inc., I.M.M. Hydraulics S.p.A., Interpump Hydraulics S.p.A., Oleodinamica Panni S.r.l., Walvoil Fluid Power Corporation and Reggiana Riduttori S.r.l.

In compliance with Application Criterion 1.C.1. e) The Board of Directors assessed general operating performance during 2020, considering in particular the information received from executive bodies and comparing the results achieved with the targets, at least on a quarterly basis.

The Bylaws of Interpump Group S.p.A. establish the limits for transactions of the Issuer that must be approved by the Board of Directors, and for transactions that, because they are of significant strategic, economic, financial or equity-related significance, as identified with reference to the purpose of the transaction, are the responsibility of the Board of Directors. The individual Bylaws of subsidiaries or the specific resolutions of the Board of Directors establish limits for transactions that must be approved by their Boards of Directors, which include directors representing the parent company. The parent company's

Board of Directors is entitled to resolve on the votes to be cast at the extraordinary meetings of direct subsidiaries and on the appointment of the directors of direct subsidiaries.

In relation to evaluation of the operation of the administrative body and its committees, and in relation to their size and composition, based on the provisions of Application Criterion 1.C.1., letter g) of the Code of Corporate Governance, on 12 February 2020 the Board of Directors acknowledged the evaluation concerning its own operation and that of its committees (particularly in relation to the frequency of meetings and the actual participation of their members), and concerning the related size and composition, taking account also of elements including professional characteristics, experience and managerial skills, and also the gender of their members.

The assessment was conducted by means of a questionnaire distributed to the directors, without assistance from external advisors. The results were summarized in anonymous form in a document that was distributed to the directors prior to the board meeting.

On the basis of the above, the Board of Directors considers the size, composition and functioning of the Board of Directors and its associated committees to be appropriate, and hence does not deem it necessary to make any changes. However, in order to include additional top-level professionals on the Board of the Directors, the number of Board members was increased by one with respect to the previous three-year mandate at the Shareholders' Meeting held on 30 April 2020.

The Shareholders' Meeting has not authorized exceptions to the no-competition requirement contained in art. 2390 of the Civil Code.

4.4. DELEGATED BODIES

Chief Executive Officers

The meeting of the Board of Directors held on 30 April 2020 appointed the Chairman, Fulvio Montipò, as the Chief Executive Officer and delegated the necessary general powers to him, as sole signatory, in order to carry out his duties. For the sake of clarify, the full text of the powers and mandates granted to Fulvio Montipò by the Board of Directors is presented below:

- a) establish an organization and related administrative and accounting system appropriate to the nature and size of the business, capable of recognizing promptly any business crises and continuity issues, and take action without delay to adopt and implement any of the countermeasures envisaged by law to overcome the crises and restore business continuity;
- b) keep and sign the Company's correspondence;
- c) form subsidiaries, take, purchase or sell equity interests at their enterprise value, determined in proportion to the entire share capital, without exceeding Euro 10,000,000.00 (ten million); purchase lines of business for amounts, inclusive of their net financial position, not exceeding Euro 10,000,000.00 (ten million). Net financial position is defined to mean financial indebtedness net of liquid funds;
- d) obtain bank loans and lines of credit for the Company up to a maximum of Euro 50 million, agreeing with the chosen banks all the terms and procedures applicable to those facilities and completing all formalities needed to finalize them, and inform the Board at the next meeting;
- e) sell, without warranties, raw and ancillary materials, goods, semi-finished and finished products, on condition that their value does not exceed Euro 5,000,000.00 (five million/00), with the exclusion of real estate;
- f) purchase raw and ancillary materials, goods, semi-finished and finished products and all other unregistered, fungible assets, as well as - in general - sign all other contracts and accept all other commitments or obligations that are necessary and/or useful for the industrial and commercial management of the Company, on condition that the amounts concerned, both individually and together with other related transactions, do not exceed Euro 5,000,000.00 (five million); all unless specified differently below;
- g) purchase and sell motor vehicles pursuant to art. 54 of Decree no. 285 dated 30 April 1992, on condition that their value does not exceed Euro 100,000.00 (one hundred thousand/00), allow the cancellation of mortgages and restrictions on such vehicles, with or without collection of the related amounts receivable, exonerating the Keeper of the Public Motor Vehicle Register from all liabilities in this regard;
- h) given sureties in favor of subsidiaries for amounts not exceeding Euro 500,000.00 (five hundred thousand/00);
- i) collect any amounts due to the Company by any party (State, Public and Private Entities, firms, natural and/or legal persons), as well as give the appropriate receipts;
- j) hire and dismiss managers, clerical and factory workers and sign, amend and terminate the related employment contracts, with the power to determine their salaries and wages, on condition that they reflect average market amounts; appoint agents and representatives and sign, amend and terminate the related contracts;
- k) sign, amend and terminate project-based collaboration contracts and simple consultancy contracts, on condition that they do not commit the company to paying, for each contract in any one year, an amount in excess of Euro 250,000.00 (two hundred and fifty thousand/00), except for consultancy contracts with the auditing firm appointed to perform the accounting checks and companies that belong to its network, which must be examined and authorized in advance by the Board of Statutory Auditors;
- l) represent the company in all relations and dealings with State tax, financial, administrative and judicial offices and with the related local and quasi-governmental administrations, with the right to agree income, promote judgments before all Administrative and Judicial Authorities of the Republic of Italy; present declarations, complaints and appeals against any measures adopted by the above Authorities and Offices and sign the related documents and/or deeds;
- m) represent the Company in judgment before all Authorities of the Republic of Italy and Foreign States, as well as supranational Authorities, appoint lawyers and solicitors for court cases, including those before the courts of appeal and cassation and before the Constitutional Court;
- n) settle and conciliate all outstanding matters and disputes between the Company and third parties, appoint arbitrators and friendly mediators, and sign the related settlement deeds;
- o) represent the Company in all bankruptcy procedures with all the necessary powers; promote and/or apply for declarations of bankruptcy, attend creditors' meetings, accept appointment and serve as a member of the creditors' committee, if the Company is appointed; declare the amount receivable and confirm that it is real and due, accept and reject proposed arrangements and do everything that is necessary and/or useful in relation to the above procedures;

- p) receive ordinary and/or registered and/or insured letters and packets from post and telegraph offices, shipping companies and all other transport companies; collect postal and telegraph orders, bonds and checks of any kind and amount; request and receive amounts, securities, goods and documents, signing the related receipts, releases and waivers of responsibility, in relation to any public and/or private administration; including any public and/or private treasury, including the State Treasury, Cassa Depositi e Prestiti, the public debt office, customs offices and national and private railways, whether centrally or at regional and/or decentralized offices, and including the regional departments of the tax authorities and their local branches; carry out all deeds and transactions with the above administrations;
- q) sign notes drawn on customers of the Company, give receipts for promissory notes and payment orders, endorse checks, notes and promissory notes for the purpose of collecting them and paying them into the Company's current accounts or protesting their non-collection, present for discounting promissory notes issued to the Company by customers and notes issued by the Company that are drawn on customers;
- r) receive, make and release deposits, including guarantee deposits, and agree to restrictions of all kinds;
- s) carry out all financial transactions for the ordinary administration of the Company, open bank current accounts and a current account in the Company's name with the postal current account administration, make withdrawals, give instructions, sign checks drawn on the above current accounts, even if overdrawn but within the lines of credit granted, check the above current accounts and approve their statements; with regard to payment instructions, the mandate is granted up to a maximum for each instructions of Euro 200,000 (two hundred thousand); for larger amounts, a double signature with another authorized party is required; with regard to the signature of current account checks, authorization is granted up to a maximum amount for each check of Euro 5,000.00 (five thousand/00);
- t) hire and terminate executives, with the exclusion of the general manager whose gross annual remuneration does not exceed Euro 250,000.00 (two hundred and fifty thousand/00), with the power to determine the salaries concerned;
- u) delegate all or some of the above powers to any director, manager or clerical worker of the Company or to third parties;
- v) grant and revoke powers in the context of the delegated powers, including the appointment of special representatives for the environment, fire prevention, plant safety, occupational health and safety, and the prevention and management of pollution and environmental noise;
- w) and, in general, take care of the administration of the Company, carrying out all deeds that are necessary or useful for the success of the Company's business and for the achievement of the corporate objects.

At the above meeting held on 30 April 2020, the Board of Directors appointed Giovanni Tamburi as Deputy Chairman and granted him powers of representation and signature pursuant to art. 17, subsection 2, of the Bylaws.

Chairman of the Board of Directors

At the meeting held on 30 April 2020, the Board of Directors granted the Chairman and Chief Executive Officer, Fulvio Montipò, the following additional specific operating powers as his functional responsibility:

- (i) supervise the management of all Group companies;
- (ii) make recommendations to the Board of Directors about strategies and guidelines for the Company and the Group, and implement the related board resolutions;
- (iii) make recommendations to the Board of Directors about the purchase and disposal of investments in companies, businesses or lines of business and joint ventures and implement the related board resolutions; make recommendations to the Board of Directors about other special finance operations, loans, mortgages and borrowing in general, including leasing, and implement the related board resolutions;
- (iv) assist and supervise the work of the Finance Committee;
- (v) supervise the management of corporate information, with particular reference to inside information and its disclosure, as well as ensure compliance with the rules of corporate governance laid down in applicable legislative and regulatory provisions, in the Company's Bylaws, and in the Code of Corporate Governance for listed companies;
- (vi) report promptly to the Board of Directors on key legislative and regulatory changes concerning the Company and its executive bodies, with emphasis in particular on those concerning the directorship function and the preparation of written reports, as necessary, to describe the above changes.

Fulvio Montipò, the Chairman, has received operational mandates as the founder of the Group with profound knowledge of the sectors concerned (Principle 2.P.5.).

Concerning the co-existence of the roles of Chairman and Chief Executive Officer in the person of Fulvio Montipò, on 30 April 2020 the Board of Directors confirmed that co-existence of the two roles is due to the fact that the attributes of Fulvio Montipò are such as to allow him to conduct the roles of Chairman of the Board and Chief Executive Officer simultaneously and efficiently. Thanks to his solid reputation, authority and trustworthiness, in his chairman role Group founder Fulvio Montipò represents the company to the outside world and offers a guarantee for shareholders and other stakeholders, exercising powers of initiative, coordination and balanced guidance of the activities of the Board of Directors, impartially maintaining the status quo among members of the board and ensuring they can rely on comprehensive and prompt information; in his role as Chief Executive Officer, given his specific prerogatives and managerial talent, he exercises propositional powers in relation to the Board of Directors, especially in relation to strategic planning and operating policies, which he implements through his office.

As envisaged in Application Criterion 2.C.1 of the Code of Corporate Governance, the Board of Directors has appointed Marcello Margotto as the Lead Independent Director, who acts as a point of reference and coordination for the requests and conditions of the non-executive directors, and offers an additional guarantee for the Board of Directors, having also the right to independently call meetings of the independent directors to discuss matters of significant interest with respect to operation of the Board of Directors or the Company's operating activities.

Information to the Board of Directors

The delegated bodies report to the Board of Directors on the activities undertaken in the exercise of the mandates conferred upon them at the first available meeting of the board on at least a quarterly basis.

4.5. OTHER EXECUTIVE DIRECTORS

Directors Victor Gottardi and Fabio Marasi qualify as Executive Directors of the Interpump Group in view of their positions in subsidiaries and the powers granted to them by the Board of Directors.

4.6. INDEPENDENT DIRECTORS

At 31 December 2020, Interpump Group S.p.A. has six independent directors: Marcello Margotto, Stefania Petruccioli, Paola Tagliavini, Antonia Di Bella, Federica Menichetti and Angelo Busani.

Pursuant to Principles 3.P.1. and 3.P.2. and Application Criterion 3.C.4. of the Code of Corporate Governance, the Board of Directors has assessed satisfaction of the independence requirements specified in the Code of Corporate Governance and the Consolidated Finance Act, as indicated below.

On 30 April 2020, the Board of Directors assessed the independence of the above non-executive directors, making use not merely of the information provided by the directors concerned, but also of all other information available to the Company. At the meeting held on 12 February 2020 the Board of Directors considered the participation of independent directors at board meetings to be appropriate, both in quantitative (the ratio of independent directors to the overall size of the Board and need for internal committees) and qualitative terms (authority and professional expertise) and stressed the satisfaction of the independence requirements.

In accordance with the provisions of Application Criterion 3.C.5., the Board of Statutory Auditors confirmed to the Board of Directors during the session held on 30 April 2020 that it had overseen the correct application of the verification criteria and procedures adopted to assess the independence of its members.

Pursuant to the provisions of Code of Corporate Governance Application Criterion 3.C.6., the independent directors held their meeting on 2 December 2020 without the attendance of the other directors.

4.7. LEAD INDEPENDENT DIRECTOR

At the meeting held on 30 April 2020 the Board of Directors appointed Marcello Margotto as the Lead Independent Director. The appointment of the Lead Independent Director was deemed appropriate by the Board of Directors pursuant to Application Criterion 2.C.4. of the Code of Corporate Governance. The Lead Independent Director is a point of reference and coordination for the requests and contributions of the non-executive directors and, in particular, those who are independent. During the year, the Lead Independent Director collaborated with the Chairman of the Board of Directors in order to ensure that the directors received information flows on a complete and timely basis.

5. PROCESSING OF COMPANY INFORMATION

On 30 April 2020, the Board of Directors made the Chairman and Chief Executive Officer, Fulvio Montipò, responsible for the Company's confidential information and the external communication of significant information.

In order to ensure the proper management of corporate information, the Company has implemented a procedure for internal management and external disclosure of documents and inside information.

This Procedure was prepared in compliance with the requirements of CONSOB Guidelines no. 1/2017. In particular, the purpose of the procedure is to define the organizational tools and responsibilities for the management of Significant Information and Inside Information, taking care to:

1. identify the organizational functions responsible for the management and processing of significant and inside information;
2. map the various types of significant information;
3. define criteria for identifying when information is significant and when significant information is also inside information.

The Company periodically assesses the process of managing inside information and the implementation and effectiveness of the procedures adopted, in order to determine if any updates are necessary.

6. BOARD COMMITTEES (ex art. 123-(2), subsection 2, letter d), TUF)

The Board of Directors has established the following Board Committee:

- Appointments Committee;
- Remuneration Committee;
- Audit, Risks and Sustainability Committee;
- Related-Party Transactions Committee.

We conform that no committee has been created having the functions of two or more committees and that the functions have been “distributed” among the various committees in compliance with the requirements of the Code.

7. APPOINTMENTS COMMITTEE

In the meeting of 30 April 2020, the Board of Directors appointed as members of the Appointments Committee Marcello Margotto, in the role of Chairman, Federica Menichetti and Giovanni Tamburi. The majority of the Committee members are independent directors and also the Chairman is an independent director.

The meetings are coordinated by the Committee Chairman and properly minuted.

The Committee met 3 times in the year to 31 December 2020; the meetings lasted about one hour each and were attended by all members of the Committee.

The first meeting of the Company, attended by non-executive directors Marcello Margotto (Chairman), Giovanni Tamburi and Franco Garilli, was held on 15 January 2020 and updated the questionnaire for the self-assessment of the functioning of the Board of Directors of Interpump Group S.p.A., ahead of the renewal of the Board of Directors at the Shareholders' Meeting held to approve the financial statements as of 31 December 2019.

The second meeting of the Committee, attended by non-executive directors Marcello Margotto (Chairman), Giovanni Tamburi and Franco Garilli, was held on 13 February 2020 and assessed the independence requirements of the directors identified as such, adopting, among other principles, the criterion of substance over form and making use of both the information provided by the directors concerned and also a range of other information available to the Company. The Committee also deemed their attendance at Board Meetings to be appropriate, both in quantitative (the ratio of independent directors to the overall size of the Board and need for internal committees) and qualitative terms (authority and professional expertise).

The Committee also examined the replies received to the self-assessment questionnaire on the functioning of the Board of Directors of Interpump Group S.p.A. and its committees, which was sent to the Directors on 23 January 2020. In particular, in compliance with the indications given in the Letter from the Corporate Governance Committee of Borsa Italiana to the administrative and controlling bodies of listed companies, the Committee commented on the replies concerning the subdivision between executive and independent members, pursuit of the long-term sustainability objective and management of the risks associated with long-term sustainability. The Committee deemed the company situation to be adequate and the dimensions, composition, and operation of the Board of Directors and its Committees to be in

compliance with legal and requirements and practices. Lastly, the Committee, having received a favorable opinion from the Board of Directors, proposed that the Appointments Committee should present at upcoming Board meetings the discussion topics identified from its analysis of the self-assessment questionnaire.

The Committee also examined the guidance on the composition of the Board of Directors proposed by the latter.

Subsequently, the Committee analyzed the recommendations made by the Corporate Governance Committee of Borsa Italiana.

The third meeting of the Committee was held on 12 March 2020, at the end of which the Committee resolved to propose to the Board of Directors the adoption of a document entitled “Guidance of the Board of Directors on the Quali-Quantitative Composition of the Board of Directors for the three-year period 2020-2022”, for inclusion in the documentation for the Shareholders’ Meeting.

A total of 2 meetings are planned for 2021, one of which was held on 9 February 2021, during which - among other matters - the Appointments Committee analyzed the considerations included in the letter dated 22 December 2020 from the Chairman of the Corporate Governance Committee, and examined the self-assessment questionnaires returned by the Directors in order to determine their independence and analyze the size and functioning of the Board of Directors and its Committees.

Functions and duties of the Appointments Committee

The Appointments Committee is responsible for ensuring the transparency of the process for appointing directors, as well as the balanced composition of the Board of Directors. Specifically, the Appointments Committee hopes that candidates are independent, as defined in art. 3 of the Code of Corporate Governance, and that this independence is maintained throughout their mandates, in order to ensure an adequate degree of director independence with respect to management. Accordingly, the Appointments Committee plays an advisory role and makes recommendations regarding the optimal composition of the Board, indicating those professional persons whose presence would facilitate the proper and effective functioning of the Board and, if necessary, contributing to the definition and examination of the succession plan for executive directors, should the Board of Directors decide to make this plan.

No directors were co-opted during 2020 following the appointments made at the Shareholders’ Meeting.

In the execution of its functions, the Appointments Committee can access the necessary information and corporate functions and to make use of external consultants, as allowed by Application Criterion 4.C.1. e) of the Code of Corporate Governance.

The financial resources available to the Appointments Committee for the performance of its duties have not been quantified in advance, as these resources may vary depending on the needs expressed by the Committee on a case-by-case basis.

8. REMUNERATION COMMITTEE

Composition and functions of the Remuneration Committee (ex art. 123-(2), subsection 2, letter d) TUF)

In the meeting of 30 April 2020, the Board of Directors appointed as members of the Remuneration Committee the non-executive directors Marcello Margotto (Chairman), Giovanni Tamburi and Federica Menichetti. The majority of the Committee members are independent directors and also the Chairman is an independent director.

The meetings are coordinated by the Committee Chairman and properly minuted.

The Committee met 3 times during 2020 (12/3, 12/5 and 3/11), and the meetings were attended by all members. Members of the Board of Statutory Auditors also attended all Committee meetings. The Chairman of the Board of Statutory Auditors was present at every meeting. The meetings were duly minuted and lasted on average about one hour. The Chairman, Marcello Margotto, presented information to the Board of Directors about the resolutions adopted by the Committee at the first available Board meeting, held respectively on 16 March 2020, 13 May 2020, and 4 November 2020.

At the meeting of 12 March 2020, the Committee, comprising the non-executive directors Marcello Margotto (Chairman), Giovanni Tamburi and Franco Garilli, discussed: i) the general policy for remuneration of executive directors, directors vested with special offices and directors with strategic responsibilities; ii) proposals to the Board of Directors concerning remuneration for the office of director and the global maximum remuneration to be assigned to directors vested with special offices in relation to 2020 and the period from 1 January 2021 to the date of approval of the 2020 financial statements; iii) the definition of 2019 bonuses to be assigned to the Chairman and CEO of the Group based on the attainment of the objectives established by the Board of Directors; iv) approval of the draft Board report to the Shareholders' Meeting for submission to the Board.

At the meeting of 12 May 2020 the Committee, with its current membership, resolved to propose to the Board of Directors: i) the remuneration to be assigned to the individual directors vested with special offices in relation to 2020 and the period from 1 January 2021 to the date of approval of the 2020 financial statements; ii) determination of the 2020 bonus to assign to the Group's executive directors with reference to the objectives set by the Board of Directors and determination of the goals connected to the 2020 bonuses; iii) with regard to the 2019/2021 Interpump Incentive Plan, the percentage allocation of the options for each tranche and the procedures for identifying the beneficiaries and determining their performance goals.

During the third meeting held on 3 November 2020, the Committee resolved to submit to the Board of Directors the proposals for extending, completing and finalizing the procedures and Regulation for the "2019/2021 Interpump Incentive Plan".

At least 3 meetings are planned for 2021, two of which already held on 9 February 2021 and 11 March 2021.

The compensation of the directors on the Committee is decided by the Board of Directors, with the abstention of the interested parties.

Functions of the Remuneration Committee

For information about the functions assigned to the Remuneration Committee is presented in Section I, Chapter 1 "Procedures utilized for the adoption and implementation of the remuneration policy" of the Interpump Group S.p.A. "Remuneration Policy". The policy was set down by the Board of Directors in its meeting of 19 March 2021.

In the execution of its functions the Remuneration Committee is entitled to access the necessary information and corporate functions and to make use of external consultants as necessary, according to the terms established by the Board of Directors.

The Board of Directors has assigned a budget of 30 thousand euro to the Remuneration Committee for its activities.

9. DIRECTORS' REMUNERATION

See the Report on the Remuneration Policy of Interpump Group S.p.A. for information about the general remuneration policy and stock-based remuneration plans, as well as about the remuneration of the Directors with specific responsibilities. This policy was established by the Board of Directors at the meeting held on 16 March 2020 and subsequently adopted by a binding vote at the Shareholders' Meeting held on 30 April 2020.

At the meeting held on 16 March 2020, pursuant to the provisions of Annex 1 to the CONSOB Regulation on Related Party Transactions no. 17221 of 12 March 2010, the Board of Directors resolved not to identify any other Managers with Strategic Responsibilities, in addition to the Chairman and CEO.

The Chief Reporting Officer has been identified as the beneficiary of incentive plans approved by the Company and is therefore the recipient of stock options that are granted on the achievement of personal qualitative objectives not linked to the results of the Company, as well as the plan's general quantitative objectives.

Conversely, the Internal Audit, Risk & Compliance manager is not a beneficiary of incentivization mechanisms.

Directors' compensation for 2020 is shown in the tables of Section II of the Remuneration Policy of Interpump Group S.p.A. referenced above.

Indemnity of directors in the case of resignation, dismissal without just cause or termination of office, including after a takeover bid (ex art. 123-(2), subsection 1, letter i), TUF)

The Company may agree special indemnities on termination of appointment or employment with its Directors and Key Management Personnel, if this is considered appropriate in order to attract adequate professional resources or in the framework of the investment agreements signed in the ordinary course of business. The above amounts cannot exceed the maximum limit of three times the value of the average gross annual remuneration paid in the two years prior to termination of the appointment, inclusive of "Fixed remuneration", "Fringe benefits" and "Variable non-equity remuneration".

Further details about the indemnities due to directors on termination of appointment are provided in the Report on remuneration policy and compensation paid.

10. AUDIT, RISKS AND SUSTAINABILITY COMMITTEE

Composition and operation of the Audit, Risks and Sustainability Committee (ex art. 123-(2), subsection 2, letter d) TUF)

At the meeting of the Board of Directors held on 10 July 2020, this Committee was assigned responsibility for Sustainability, in addition to the control of risks.

From 30 April 2020, the Audit, Risks and Sustainability Committee comprises the following independent directors: Paola Tagliavini (Chairman), Federica Menichetti and Angelo Busani.

At least one of the Committee members has experience of finance, accounting and risk management that was deemed adequate at the time of appointment.

The Committee met 6 times in 2020 and was attended as follows:

- by Paola Tagliavini (Chairman), Angelo Busani, Franco Garilli and Stefania Petruccioli at the meetings held on 16 January 2020, 14 February 2020 and 13 March 2020 and
- in the new configuration - following appointment by the Board of Directors on 30 April 2020 - by Paola Tagliavini (Chairman), Angelo Busani and Federica Menichetti at the meetings held on 11 May 2020, 28 July 2020 and 29 October 2020.

The average duration of each of the six meetings, attended by all Committee members, was 1 hour and 45 minutes.

Standing invitations to participate in the work of the Committee are extended to all members of the Board of Statutory Auditors (including after renewal of the appointments on 30 April 2020), the Director responsible for the System of Internal Control and Risk Management, Fabio Marasi (who replaced Paolo Marinsek from the date of the Board meeting held on 11 May 2020, following his appointment at the

Shareholders' Meeting held on 30 April 2020), the Chief Reporting Officer, Carlo Banci, and the Manager of the Internal Audit, Risk & Compliance function, Francesca Manzotti. The Committee also invited the following to attend with regard to individual points on the agenda: the representatives of the Independent Auditors, the Chairman of the Supervisory Body of Interpump Group S.p.A., Massimo Livatino, and the Manager of the IT systems of Interpump Group S.p.A., Maurizio Montanari.

During the first subsequent Board Meeting the Chairman provided details of the matters addressed by the Audit, Risks and Sustainability Committee of interest to the Board, of the half-yearly reports on the activities of the Committee, the Internal Auditing Risk & Compliance function and the Supervisory Body, and of the Annual Audit Plan, which were the subject of prior discussions and agreements. The meetings are properly minuted.

Six meetings are planned for 2021, of which three already held at the date of approval of this Report.

Functions attributed to the Audit, Risks and Sustainability Committee

A board resolution on 10 July 2020 approved the current text of the Regulations for the Audit, Risks and Sustainability Committee, making the Committee responsible for supporting, via adequate investigation, the assessments and decisions of the Board of Directors.

With reference to its supervision and risk mapping activities, including in relation to other control and audit bodies, the Committee:

- a. approves, on an annual basis and before presentation to the Board of Directors, the Audit plan prepared by the Manager of the Internal Audit, Risk & Compliance Function - having consulted the Board of Statutory Auditors and the Director responsible for the system of internal control and risk management;
- b. assesses, having consulted the Board of Statutory Auditors, the results presented by the Legal Auditor in the report on the annual and half-year audits or in its letter of recommendations, if prepared;
- c. examines any significant weaknesses in the design or implementation of the internal controls that might hinder the ability to record, process, summarize and disclose financial information;
- d. examines any significant weaknesses in the internal controls identified and communicated to the Legal Auditor by the Chief Executive Officer or the Chief Reporting Officer;
- e. assesses, together with the Chief Reporting Officer and after consulting the Legal Auditor and the Board of Statutory Auditors, the proper and consistent application of the accounting policies adopted for the preparation of the consolidated financial statements;
- f. receives work reports, at least every six months, from the Manager of the Internal Audit, Risk & Compliance Function;
- g. examines the matters raised in the reports prepared by the Board of Statutory Auditors and the individual members of that Board, the reports of the Supervisory Body and the assessments made by third parties of the system of internal control and risk management;
- h. monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit, Risk & Compliance Function;
- i. assesses, having heard the opinions of the Chairmen of the Board of Directors and the Board of Statutory Auditors, proposals for the appointment and revocation of the Manager of the Internal Audit, Risk & Compliance Function presented to the Board of Directors by the Director responsible for the system of internal control and risk management; expresses, in addition, its opinion on the remuneration consistent with corporate policies of the Manager of the Internal Audit, Risk & Compliance Function;
- j. requests the Manager of the Internal Audit, Risk & Compliance Function, when deemed appropriate, to carry out specific analyses and checks, not included in the Annual Plan, and notifies the Chairman of the Board of Statutory Auditors about this on a timely basis;
- k. supports, via adequate investigation, the assessments and decisions of the Board of Directors in relation to the management of risks deriving from any prejudicial facts that come to the attention of the Board of Directors.

In the context of matters relevant to the sustainable success of the Company, its Environmental, Social and Governance ("ESG") policies and interactions with all stakeholders, the Committee:

- a. prepares guidelines for presentation to the Board of Directors that incorporate the value of sustainability in the various business processes, including with regard to climate change;
- b. assists the Board of Directors with the definition of annual ESG objectives;
- c. ensures that the Company disseminates a culture of sustainability among employees, shareholders, clients and, more generally, all stakeholders;

- d. monitors pursuit of the annual and long-term sustainability objectives established by the Board of Directors;
- e. expresses opinions on the initiative and programs promoted by the Company or its subsidiaries on the topic of Corporate Social Responsibility (“CSR”);
- f. examines, before the Board of Directors, the information contained in the Non-Financial Statement and in the annual sustainability report;
- g. monitors the reputation of the Company with respect to the market and other domestic and international operators of similar size that are active in related businesses, checking the positioning of the Company on the various rankings of sustainability and ethics;
- h. examines the profit and non-profit strategies of the Company.

The Committee reports to the Board of Directors, at least every six months on approval of the draft annual and half-year financial statements, on all the activities carried out, on the adequacy of the system of internal control, on its examination of periodic financial reports and on the ESG topics considered.

During 2020, the Committee held the first three meetings on matters relating to approval of the 2019 financial statements. In particular, at the meetings held on 10 January 2020, 14 February 2020 and 13 March 2020, attended by the Board of Statutory Auditors and the Director responsible for the system of internal control and risk management, the Committee:

- examined the Guidelines governing the conduct required to prevent misconduct in the environmental, social and personnel-related areas and with regard to respect for human rights, and expressed its favorable opinion regarding their communication to Group companies and coverage by audit work;
- provided advice and made recommendations on the subject of cyber security and the proposed preparation of a questionnaire by the Company to identify the adequacy of the security measures adopted by Group companies;
- examined and expressed its favorable opinion on the document defining the criteria to be used for carrying out the impairment test at 31/12/2019 and expressed its opinion in favor of submitting the document for approval by the Board of Directors;
- examined the 2019-2021 three-year Audit Plan prepared by the Internal Audit, Risk & Compliance Manager, with the focus on 2020, and expressed its opinion in favor of submitting the document for approval by the Board of Directors;
- met the Supervisory Body and examined the Report on the activities carried out during the second half of 2019 by the Supervisory Body and the Internal Audit, Risk & Compliance Function of Interpump Group S.p.A.;
- examined the “Report on the Organizational, Administrative and Accounting Systems” and expressed its favorable opinion on the “Description of the key elements of the system of internal controls and assessment of their overall adequacy”, which are an integral part of the “Report on corporate governance and the ownership structure” for 2019;
- reviewed, together with the “Chief Reporting Officer”, his report on the adequacy of the system of internal controls over corporate disclosures, which was used to prepare Annex 1 to the “Report on corporate governance and the ownership structure”;
- having heard the opinion of the Independent Auditors in relation to the Non-Financial Statement, examined the results of the auditing process carried out in relation to that Statement and the choices made regarding the options offered by the legislator, with special regard to the Reporting Standards adopted and the publication of the statement in a separate document;
- having consulted the Auditing Firm and the Board of Statutory Auditors, examined together with the Chief Reporting Officer the results of the audit work performed on the financial statements and the proper and consistent application of the accounting policies adopted for the preparation of the consolidated financial statements for 2019;
- acknowledged that the audit of Interpump Group S.p.A. at 31/12/2019 did not identify any significant weaknesses in the system of internal control and that EY had adopted the applicable directives and independence rules required under Italian law, with the absence at present of any independence risks;
- assessed the independence, adequacy, effectiveness and efficiency of the Internal Audit, Risk & Compliance Function, and the consistency of its remuneration with Group policies;
- reported to the Board on the work performed at the time of approval of the 2019 financial statements.

More specifically in relation to 2020, the Committee carried out the following activities:

- requested information about the measures adopted by Interpump Group companies following the onset of the COVID-19 pandemic, and provided advice and recommendations about the need for targeted audits to check the compliance of companies with the instructions applicable following the start of Phase 2;
- examined the progress made on assessing the cyber security status of group companies;

- consulted the Auditing Firm and the Board of Statutory Auditors and, together with the Chief Reporting Officer, examined the results of the audit work performed on the 2020 half-year financial report and the proper application of the accounting policies adopted;
- met the Supervisory Body and examined the Report on the work performed during the first semester of 2020;
- examined the Report on the activities carried out during the first half of 2020 by the Internal Audit, Risk & Compliance function of Interpump Group S.p.A. and the progress made by that function in relation to the content of the 2020 Audit Plan;
- monitored the progress of the activities carried out by the Internal Audit, Risk & Compliance Function, dedicating particular attention to the measures adopted by group companies to tackle the COVID-19 emergency;
- provided advice and recommendations regarding revision of the “MAR” procedures and Related-Party Transactions Procedure;
- acknowledged the absence of transactions with related parties planned for 2020 that would require involvement of the Committee for Related-Party Transactions and the existence of ordinary transactions that must be disclosed by the Chief Executive Officer of Interpump Group S.p.A. to the Board of Directors of the Group, because the related amounts are not minimal;
- revised the Regulation of the Audit, Risks and Sustainability Committee in order to include Sustainability among the responsibilities of the Committee. In this regard, the Committee highlighted the need to strengthen and focus better the Sustainability policies of the Interpump Group, recognizing the prompting of asset management companies with regard to ESG matters;
- monitored the progress of the cyber security project, noting that assessment of the IT security status of the principal Group companies had been completed with the identification of areas for improvement, which will be audited from mid-2021 onwards.

In addition, subsequent to 31/12/2020, the Committee has held three meetings, on 12 January 2021, 9 February 2021 and 10 March 2021, attended by the Board of Statutory Auditors and the Director responsible for the system of internal control and risk management. During the above meetings, the Committee:

- provided advice and recommendations on sustainability matters, as part of the improved strategic focus on ESG and related objectives;
- examined the recommendations contained in the new Corporate Governance Code, paying particular attention to the gap between those requirements and the current situation;
- monitored the start of the Control Risk Self Assessment process, with particular reference to the update of the risks register to include new risks, such as the Covid-19 pandemic and the system of metrics used to define scales for the assessment of probability and impact;
- monitored the progress of the activities carried out by the Internal Audit, Risk & Compliance Function;
- examined and approved the document defining the criteria to be used for carrying out the impairment test at 31/12/2020 and expressed its opinion in favor of submitting the document for approval by the Board of Directors;
- examined the Report on the work performed by the Supervisory Body during the second semester of 2020;
- examined the “Report on the Organizational, Administrative and Accounting Systems”;
- examined the 2019-2021 three-year Audit Plan prepared by the Internal Audit, Risk & Compliance Manager, with the focus on 2021, and expressed its opinion in favor of submitting the document for approval by the Board of Directors;
- examined the Report on the activities carried out during the second half of 2020 by the Internal Audit, Risk & Compliance function of Interpump Group S.p.A.;
- having heard the opinion of the Independent Auditors in relation to the Non-Financial Statement, the Committee examined the results of the auditing process of said Statement and the choices made in relation to the options offered by the legislator, with special regard to the Reporting Standards adopted and the publication of the statement in a separate document;
- having consulted the Auditing Firm and the Board of Statutory Auditors, examined together with the Chief Reporting Officer the results of the audit work performed on the financial statements and the proper and consistent application of the accounting policies adopted for the preparation of the consolidated financial statements for 2020;
- acknowledged the audit work carried out the financial statements of Interpump Group S.p.A. at 31/12/2020, which did not identify any significant weaknesses in the system of internal controls pursuant to art. 19 of Legislative Decree no. 39/2010, as well as the adoption by EY of the directives and independence rules envisaged in art. 18 of Decree no. 39/2010, and the absence at this time of any independence risks;

- examined the draft “Report on corporate governance and the ownership structure”, considering Sustainability and the System of Internal Control and Risk Management;
- assessed the independence, adequacy, effectiveness and efficiency of the Internal Audit, Risk & Compliance Function, and the consistency of its remuneration with Group policies, expressing a favorable opinion on these matters;
- reported to the Board on the work performed at the time of approval of the 2020 financial statements;
- expressed a favorable opinion on the update of the Organization and Management Model of Interpump Group S.p.A., which reflected certain regulatory changes including, in particular, the addition of tax and customs offenses, as well as the organizational changes made in the meantime.
- requested information about the measures adopted by Interpump Group companies following the onset of the COVID-19 pandemic, and provided advice and recommendations about the need for targeted audits to check the compliance of companies with the instructions applicable following the start of Phase 2:
- examined the progress made on assessment of the cyber security status of group companies;
- consulted the Auditing Firm and the Board of Statutory Auditors and, together with the Chief Reporting Officer, examined the results of the audit work performed on the 2020 half-year financial report and the proper application of the accounting policies adopted;
- met the Supervisory Body and examined the Report on the work performed during the first semester of 2020;
- examined the Report on the activities carried out during the first half of 2020 by the Internal Audit, Risk & Compliance function of Interpump Group S.p.A. and the progress made by that function in relation to the content of the 2020 Audit Plan;
- monitored the progress of the activities carried out by the Internal Audit, Risk & Compliance Function, dedicating particular attention to the measures adopted by group companies to tackle the COVID-19 emergency;
- provided advice and recommendations regarding revision of the “MAR” procedures and Related-Party Transactions Procedure;
- acknowledged the absence of transactions with related parties planned for 2020 that would require involvement of the Committee for Related-Party Transactions and the existence of ordinary transactions that must be disclosed by the Chief Executive Officer of Interpump Group S.p.A. to the Board of Directors of the Group, because the related amounts are not minimal;
- revised the Regulation of the Audit, Risks and Sustainability Committee in order to include Sustainability among the responsibilities of the Committee. In this regard, the Committee highlighted the need to strengthen and focus better the Sustainability policies of the Interpump Group, recognizing the prompting of asset management companies with regard to ESG matters;
- monitored the progress of the cyber security project, noting that assessment of the IT security status of the principal Group companies had been completed with the identification of areas for improvement, which will be audited from mid-2021 onwards.

The activities and goals of the Company with regard to sustainability matters are described in the Non-Financial Statement prepared pursuant to Decree 254/2016 (which will be made available to the public on the basis and with the timing envisaged in the relevant laws and regulations, including by publication on the Company's website in the section on Corporate Governance/Shareholders Meeting/Meetings/Ordinary Meeting of 30 April 2021).

In the execution of its functions, pursuant to Application Criterion 4.C.1. e) and the Code of Corporate Governance, the Committee is entitled to access the necessary information and corporate functions and to make use of external consultants as necessary, according to the terms established by the Board of Directors.

The Board of Directors assigned a budget of 40,000 euro to the Committee for its activities.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system adopted by Interpump Group S.p.A. (the "System") comprises a collection of rules, procedures and organizational structures designed to allow the principal risks to be identified, measured and monitored.

An effective system of internal control and risks management contributes to the running of the business in a manner consistent with the corporate objectives defined by the Board of Directors, thus facilitating

the making of informed decisions.

Consistent with the principles set out in art. 7 of the Code of Corporate Governance, the System involves, each to the extent of its responsibilities:

- a) the Board of Directors (Board), which is responsible for defining guidelines for the control system, in line with the risk profile of the Issuer determined by the Board, assessing the adequacy of the system of controls and their proper functioning, and examining the periodic financial reports;
- b) the executive director responsible for supervising the System, who ensures that the principal risks are identified and checks periodically on the adequacy of the related process, implementing the guidelines issued by the Board;
- c) the Audit, Risks and Sustainability Committee (ARSC), which provides support for Board decisions and assessments on internal control and risk management matters, as envisaged in art. 7.C.2. of the Code of Corporate Governance;
- d) the Internal Audit, Risk & Compliance Function, responsible for third-level control activities, which reports hierarchically to the Board of Directors in the person of the executive director responsible for supervising the System, and functionally to the ARSC and is tasked with checking the effective operation and suitability of the System.

The duties of the other components of the System, such as the Board of Statutory Auditors, the Regulatory Body, the Independent Auditors and the Chief reporting officer, are described in the following paragraphs. In this regard, the Company has implemented a compliance function to monitor legal and non-conformity risks in particular, including the risk of committing criminal acts to the detriment or for the benefit of the company (see the comments in art. 7), for which the Internal Audit, Risk & Compliance function is currently responsible.

In compliance with art. 7.C.1. of the Code of Corporate Governance, the Board of Directors of Interpump Group S.p.A. has defined guidelines for the internal control and risk management system, considering all risks that may be significant in terms of the medium/long-term sustainability of the activities of the Issuer, that are consistent with the characteristics of the business and the level of risk compatible with the Issuer's strategic objectives (see Application Criterion 1.C.1. b).

This translates into the control of company risks by:

- Risk management;
- "Tier 1" rules;
- Governance structures;
- Policies and procedures;
- Suitable information about non-EU subsidiaries.

Risk management

The risk assessment process used by Interpump Group S.p.A. is based on a risk self-assessment coordinated by the Internal Audit, Risk & Compliance function and carried out by the risk owners - namely the Section Coordinators - and then certified by the executive director responsible for the System in order to align the risk assessments made by management.

The analysis starts from a catalog of risks developed specifically for the Group, based on the typical business areas and the common operating and compliance issues. The risks examined, i.e. all risks that may become significant in terms of the medium/long-term sustainability of the activities of the Issuer, are classified as strategic, financial, compliance or operational. The assessment carried out did not identify any activities not covered by the necessary controls and/or any issues. The above catalog of risks has been extended to include, commencing from 2021, a set of specific risks with regard to sustainability.

"Tier 1" rules

The Code of Ethics lays down the ethical obligations and responsibilities in the business operations and activities of Interpump Group's personnel, whether directors, employees or collaborators in the broadest sense, meaning including individuals engaging, in both official and unofficial capacities, in the management and control of a Group company or who act in the name and/or on behalf of the Group Companies.

The Organization and Management Model adopted by Interpump Group S.p.A. pursuant to Decree 231/01 ("231 Model"), constitutes, together with the Code of Ethics, an additional valid instrument for promoting awareness among all employees and all those who collaborate for various reasons with the Company, in order to ensure adherence, in the execution of their activities in pursuit of the corporate objects, with

correct and transparent forms of conduct in line with the Company's ethical-social values and such, in any event, as to prevent the risk of committing the offenses contemplated by the Decree. All Interpump Group companies have adopted the Code of Ethics, while the 231 Model has been implemented by the Italian subsidiaries that, in consideration of their size and organizational complexity, have a higher level of relative risk with respect to the matters addressed by Decree 231/2001.

Lastly, the Group Compliance Program ("GCP") has been completed and adopted by the Board of Directors of Interpump Group S.p.A. The GCP comprises (i) guides for the fight against corruption, defining criteria for conduct and operating instructions to be followed to mitigate the risk of committing corruption offenses and (ii) rules of behavior to be followed to prevent misconduct with regard to environmental, social and personnel-related matters, as well as respect for human rights. The GCP has been adopted by all Interpump Group companies and proper implementation is audited by the Internal Audit, Risk & Compliance Function.

The System is further strengthened by the protocols/procedures adopted following the introduction of Law 262/2005 as amended, in order to protect the connection between operative aspects and their representation in the accounts and maintain an adequate and effective system of internal control over Financial Reporting.

Governance structures

The organizational charts and the system of powers and mandates are drawn up with the specific aim of clearly defining all roles and responsibilities in the context of the management and control processes. The division of duties is integrated in the decision-making processes assigned for procurement and representation of the company, based on a detailed identification of each activity assigned and clearly defined limits for mandates that can be exercised in accordance with specific regulations (sole or joint signature).

Policy and procedures

Policies and procedures are subdivided into two groups: "operational" and "compliance".

The operational policies and procedures include: the accounting manual for the preparation of the annual financial statements and the quarterly reports in accordance with international accounting standards; the administrative and accounting procedures prepared in compliance with Law 262/2005; the Financial policy for the management of liquidity, counterpart, exchange-rate and interest-rate risks, and the Operational Procedure for the Management Interpump Group S.p.A. Inside Information.

The compliance policies and procedures include: the Procedures on internal dealing, the Whistleblowing procedure that is essentially aligned with current regulations, the Organization and Management Model pursuant to Decree 231/2001 for Interpump Group S.p.A. and those Italian subsidiaries at relatively high risk of committing offenses, the Procedure for Related-Party Transactions and the Procedures for business crises.

Information concerning non-EU subsidiaries (art. 15 Markets Regulation)

In compliance with the above articles, Interpump Group S.p.A. has adopted an internal procedure that requires said companies to self-certify, on a quarterly basis, the completeness of their accounting information, the controls put in place and their commitment to provide the auditors with the necessary information. Monitoring tests are conducted in relation to the controls put in place, which vary in accordance with the size and complexity of the company concerned.

Adequacy of the internal control and risk management system

In reports dated 28 July 2020 and 10 March 2021, the Chairman of the Audit, Risks and Sustainability Committee informed the Board of Directors about the work carried out. Based on the information obtained, checks and assessment made with regard to the system of internal control and risk management of the Company, and having considered the reports of the Manager of the Internal Audit Function and the Supervisory Body, the Committee believes that, at present, the system of internal control and risk management of IPG, taken as a whole, is adequate to contain at an acceptable level the overall level of business risk in relation to the pursuit of the Group's objectives, albeit deferring the final opinion to the assessment of the Board of Directors.

Considering the reports of the Chairman of the ARSC, the information provided by the executive director responsible for the Internal Control and Risk Management System and the reports on the work performed by the Company's Internal Audit, Risk & Compliance Function, the Board of Directors has concurred with the opinion expressed by the Audit, Risks and Sustainability Committee and has evaluated the internal control and risks management system, covering all those risks that may be significant in terms of the medium/long-term sustainability of the activities of the Issuer, to be adequate overall, having regard

for the characteristics of the business and the risk profile adopted, as well as effective and functioning in practice.

11.1 EXECUTIVE DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On 30 April 2020, the Board of Directors mandated Fabio Marasi to ensure the functioning and adequacy of the internal control system as required by Principle 7.P.3. a), (i) and Application Criterion 7.C.4. of the Code of Corporate Governance.

Fabio Marasi was assigned the following tasks: (a) ensure identification of the principal business risks, having regard for the characteristics of the activities carried out by the Company and its subsidiaries, presenting them periodically to the Board of Directors for examination; (b) implement the guidelines established by the Board of Directors, taking responsibility for the design, implementation and operation of the system of internal control and risk management and checking constantly its adequacy and effectiveness; (c) ensure that the system adapts to changes in operating conditions and the legislative and regulatory background; (d) request the internal audit function to perform checks in specific operational areas and on compliance with internal rules and procedures when carrying out business operations, informing the Chairman of the Board of Directors, the Chairman of the Audit, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors about this at the same time; (e) report to the Audit, Risks and Sustainability Committee (or the Board of Directors) on a timely basis about any problems or issues identified in the performance of the above activities or that, in any case, come to his attention, so that the Committee (or the Board) can take the appropriate action.

In accordance with Application Criterion 7.C.4., during 2020 the appointed executive director:

- Commenced the Control Risk Self-Assessment activity, in order to assess the compatibility of the overall exposure and level of risk (strategic, operational, financial and compliance) that the Group is willing to accept in the achievement of its business objectives;
- implemented the guidelines defined by the Board of Directors, supervising the planning, creation and management of the internal control and risk management system and checking its adequacy and effectiveness on a regular basis. In this regard, he examined the reports of the Manager of the Internal Audit function and the minutes of the Audit, Risks and Sustainability Committee;
- ensured adaptation of the above system to changes in operating conditions and the legislative and regulatory framework.

The appointed executive director received the reports of the Manager of the Internal Audit function and the minutes of the Audit, Risks and Sustainability Committee, whose meetings he attended, in order to monitor the operation of the internal control system in relation to the level of risk considered appropriate in order to accomplish the established objectives.

11.2 MANAGER OF THE INTERNAL AUDIT, RISK & COMPLIANCE FUNCTION

Pursuant to the Code of Corporate Governance, at the meeting held on 30 April 2020 the Board of Directors, acting on a proposal from the executive director responsible for the System, after receiving a favorable opinion from the Audit, Risks and Sustainability Committee, and after consulting the Board of Statutory Auditors, confirmed the appointment of Francesca Manzotti as Manager of the Internal Auditing, Risk & Compliance function (Principle 7.P.3.) with responsibility for checking that the internal control and risk management system is operational and adequate (Principle 7.P.3.b)).

At the meeting held on 1 August 2012, the Board of Directors approved guidelines for the activities performed by the Internal Auditing function. These guidelines envisage, consistent with Application Criterion 7.C.5, that, *inter alia*, the manager of the Internal Audit function:

- is not responsible for any operating areas and reports hierarchically to the Board of Directors (Application Criterion 7.C.5. b));
- checks, both continuously and in relation to specific needs, the operation and suitability of the internal control and risk management system, by means of an audit plan approved by the Board of Directors, based on a structured process of analysis and prioritization of the principal risks (Application Criterion 7.C.5. a)). The audit plan includes checking the reliability of the information systems (Application Criterion 7.C.5. g));

- has access to all the information needed to fulfill her duties (Application Criterion 7.C.5. c));
- prepares periodic reports containing adequate information about her activities, the basis on which risk management activities are carried out and on compliance with the plans established for the containment of risk. The above periodic reports contain an assessment of the suitability of the System and are prepared on a timely basis if events of particular significance arise (Application Criterion 7.C.5. d) and e)). These reports are transmitted to the Chairmen of the Board of Statutory Auditors, the Audit, Risks and Sustainability Committee, and the Board of Directors, as well as to the executive director responsible for the System (Application Criterion 7.C.5. f)).

The Board of Directors has assigned an annual budget of 40,000 euro to the Internal Auditing, Risk & Compliance function for its activities.

In July 2020, the effects of the Covid-19 emergency made it necessary, on the one hand, to revise the priorities for the activities envisaged in the Audit Plan and, on the other, to carry out ad hoc checks on the proper adoption and implementation of measures to safeguard occupational health and safety. As a result, the priorities assigned to certain activities were revised, while in all cases ensuring achievement of the compliance, financial and operational objectives assigned to the function.

At the meeting held on 10 March 2021, the Audit, Risks and Sustainability Committee was appropriately informed about the outcome of the activities of the Internal Auditing, Risk & Compliance Function during the second half of 2020.

The Chief reporting office was appropriately informed about the activities of the Internal Audit Manager pursuant to Law 262/05 during 2020, via both the six-monthly reports on the adequacy of the control model implemented for Law 262 purposes, and the outcome of the tests carried out in this regard by the Internal Audit function.

The Report of the Manager of the Internal Auditing Risk & Compliance Function was examined by the Board of Directors at the meeting held on 19 March 2021.

The Internal Auditing function was established on 28 June 2000. In line with the requirements of Application Criterion 7.C.6., the Internal Auditing function has not been delegated to third parties, either in its entirety or for specific segments of operations.

11.3 ORGANIZATIONAL MODEL, pursuant to Legislative Decree 231/2001

Interpump Group S.p.A. implements the Organizational Model pursuant to Legislative Decree 231/2001 (hereinafter the "Model") adopted by the Board of Directors on 22 January 2004 and updated on several occasions since then including, most recently, on 19 March 2021. The current version of the Model reflects the legislative changes made up to the above date, including, in particular, the introduction of tax and contraband offenses, and takes account of the current organizational structure of the Company.

The 231 Model comprises:

- a General Part, describing the profile of the Company, the relevant regulations, the underlying principles and key components of the Model (system of corporate governance, internal control and risk management system, schedule of powers and mandates), the functions of the Model, the methodology adopted for the creation of the Model, the structure of the Model, its recipients;
- special Parts concerning specific types of offense that theoretically may be committed having regard for the profile and activities of the Company, describing the procedures and control activities designed to prevent and monitor the risk of committing offenses;
- an appropriate internal disciplinary system to punish failure to comply with the measures indicated in the Model;
- the Code of Ethics, presented in full in an Annex since it is an integral part of the Model, that expresses the general principles and values guiding the activities of all those who, for whatever reason, work for Interpump Group S.p.A.

The Supervisory Body of the parent company comprises an external consultant as Chairman, and the Manager of the Internal Audit function of Interpump Group S.p.A.

Each member meets the autonomy, independence, integrity, professionalism and competence requirements envisaged in the Regulations of the Supervisory Body and required by Legislative Decree 231/01.

At the meetings held during the year, the Supervisory Body checked that the Model is constantly updated to reflect the regulations, analyzed the solidity and functionality requirements, and the methods of

implementation, and checked the supervisory activities carried out by the Internal Audit function on behalf of the Supervisory Body. The Organization, Management and Control Model and the related additional documentation required by Decree 231/2001 (Risk Assessment, Code of Ethics etc.) will be updated with specific reference to the regulatory changes made recently.

During the year, no violations of laws were identified that would result in penalties being imposed pursuant to Legislative Decree 231/01.

An extract from the Model can be downloaded from the Interpump Group S.p.A. website at: [www.interpumpgroup.it/Governance/Modello di Organizzazione](http://www.interpumpgroup.it/Governance/Modello%20di%20Organizzazione).

The Model has been extended to cover the Italian subsidiaries of strategic significance that, in consideration of their size and organizational complexity, are subject to a relatively higher level of risk with respect to the offenses envisaged in Legislative Decree 231/2001. The other Italian companies and, in particular, the foreign companies have been requested to adopt the Global Compliance Program (hereinafter "GCP"), described in section "11 System of Internal Control and Risk Management", in order to prevent misconduct in environmental, social and personnel-related matters, ensure respect for human rights and combat active and passive corruption.

11.4 INDEPENDENT AUDITORS

Based on a reasoned proposal from the Board of Statutory Auditors, the Shareholders' Meeting held on 30 April 2014 appointed E&Y S.p.A. to audit the separate and consolidated financial statements pursuant to Legislative Decree 39/2010 for the nine-year period 2014-2022.

11.5 CHIEF REPORTING OFFICER AND OTHER COMPANY ROLES AND FUNCTIONS

The Bylaws define the method of appointing the Chief reporting Officer ex art. 154 (2) of the Consolidated Finance Act, assigning the related responsibility to the Board of Directors, further to consultation with the Board of Statutory Auditors. With regard to professional requirements, the Chief reporting officer must possess the same attributes of integrity required of statutory auditors, an adequate level of theoretical training, and must have specific skills acquired through work experience, of adequate duration and significance, in the areas of "administration" and/or "finance" and/or "governance". At the meeting held on 7 August 2007, the Board of Directors appointed Carlo Banci, Group CFO, as the Executive responsible for preparing company accounting documents (Chief Reporting Officer) until his appointment is revoked by the Board of Directors.

The Chief Reporting Officer has been granted the following powers:

- unrestricted access to all relevant information in order to perform his duties, both in the context of the company and in the context of other group member companies;
- participation in the meetings of the Board of Directors convened to discuss the matters included among those for which duties are assigned to the Chief reporting officer whenever such meetings are requested in writing by two or more directors at least two working days prior to the date scheduled for the board meeting, on the understanding that the participation of the Chief reporting officer will be limited to the matters strictly of his competence;
- the entitlement to interview each delegated administrative body and controlling body of the company in relation to the matters falling within his specific areas of competence;
- the entitlement to participate in the approval, jointly with the other delegated administrative bodies, of the company's administrative and accountancy procedures concerning the formation of the annual financial statements, the interim report and the consolidated financial statements or the drafting of other financial documents for which the Chief reporting officer is required to issue, jointly with the competent delegated administrative bodies, the attestations envisaged by art. 154-(2) TUF;
- the entitlement to perform checks on company administrative and accounting procedures, to propose structural changes to said procedures and the components of the internal control systems that are considered to be inadequate, and, in the case of failed implementation of the recommended changes, to inform the Board of Directors and ensure the related countermeasures are adopted in the context of the directives received from the Board;
- participation in the structuring of the information systems and the related procedures that can impact on the economic, equity and financial situation of the company and the Group member companies;
- adoption of procedures relative to the channeling of information flows in respect of the Chief Reporting Officer.

The following means have been attributed to the Chief reporting officer:

- the facility to dispose of an annual expenses budget of 25,000 euro, with the specification that the annual budget can, wherever necessary and so requested by the Chief reporting officer, be increased further to a deliberation of the Board of Directors or on the authorization of the Chief Executive Officer;
- the facility to organize an adequate structure in the context of his area of activity, utilizing wherever possible and in a priority manner the resources already available internally, and wherever necessary making use of personnel to be hired, in agreement with the Chief Executive Officer and/or external consultants;
- the facility to utilize the Internal Auditing function for mapping and analysis of the processes of his competence and in the stage of execution of specific checks;
- the facility to utilize information systems in the context of and within the limits of his specific competences.

No other roles or company functions have specific duties in relation to internal control and risks management (Principle 7.P.3., letter c)).

11.6 COORDINATION AMONG PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The parties involved in the internal control and risk management system are as follows:

- a) the Board of Directors, which provides guidance and assesses the adequacy and effective functioning of the internal control and risk management system, considering the risks that may be significant in terms of the medium/long-term sustainability of the Issuer. The Board has identified:
 - i. a Director responsible for the constitution and maintenance of an effective internal control and risk management system (see section 11.1 above) and
 - ii. an Audit, Risks and Sustainability Committee (see section 10 above) with the task of supporting, with adequate investigation, the assessments and decisions of the Board of Directors in relation to the internal control and risk management system, including the risks deriving from any prejudicial factor that come to the attention of the Board of Directors (7.C.2. g)), as well as those relating to the approval of the periodic financial reports;
- b) the Manager of the Internal Audit, Risk & Compliance function, responsible for checking that the internal control and risk management system is functional and adequate (see section 11.2 above);
- c) the Chief Reporting Officer (see section 11.5 above).

Finally, there is the Board of Statutory Auditors, which supervises over the efficacy of the internal control and risks management system (see following chapters 13 and 14).

Pursuant to Application Criterion 7.C.1.d) of the Code of Corporate Governance, the Company has provided for the following methods of coordination between the above listed parties in order to maximize the efficiency of the internal control and risks management system and reduce the duplication of activities:

- the current regulation of the Audit, Risks and Sustainability Committee envisages that the work of the Committee be assisted by the Chairman of the Board of Statutory Auditors or a statutory auditor designated by the latter; however, the other members of the audit body can also participate. Moreover, the executive director responsible for the System is invited to attend the meetings, while parties who are not members such as the Chief reporting officer can also participate on invitation from the Committee;
- the half-yearly report on the activities of the Audit, Risks and Sustainability Committee is submitted to the Board of Directors and the Board of Statutory Auditors;
- the current mandate of the Internal Audit, Risk & Compliance function envisages the preparation of half-yearly reports on the methods used to manage risks and the suitability of the internal control and risk management system, and that timely reports be issued in relation to events of particular significance. These reports are sent to the members of the Audit, Risks and Sustainability Committee, to the Chairmen of the Board of Statutory Auditors and the Board of Directors, and to the executive director responsible for the internal control and risk management system;
- the half-yearly report on the activities of the Internal Audit, Risk & Compliance function is submitted to the Board of Directors and the Board of Statutory Auditors.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

In relation to the interests of directors and Transactions with Related Parties, at its meeting held on 28 September 2010, the Board of Directors resolved to set up the Committee for the Related-Party Transactions Procedure (the “Procedure”) following approval of CONSOB Regulation no. 17221 of 12/3/2010 in implementation of art. 2391-(2) of the Civil Code. The Committee examined the draft procedure of the Interpump Group, issuing a favorable opinion for its approval, which was granted by the Board of Directors on 10 November 2010 (see Principle 9.P.1 and Application Criteria 9.C.1. and 9.C.2.). The Procedure has been applied since 1 January 2011. Consistent with the requirements of the Code of Ethics, the purpose of the above Procedure is to ensure, both in substance and procedurally, the transparency and propriety of any Transactions with Related Parties not carried out on market terms, in order to safeguard the greater interests of the Company.

Subsequently, on 18 March 2014, the Board of Directors approved certain amendments to the Procedure, having obtained a favorable opinion from the Committee at a special meeting. Among others, these amendments changed the thresholds for identifying immaterial transactions. Subsequently, on 4 August 2017, the Board of Directors approved certain amendments to the procedure, having obtained a favorable opinion from the Committee at a special meeting; the amendments substantially concerned the assimilation of the normative innovations and changes in the governance structure.

During 2020, the Committee appointed at the meeting of the Board of Directors held on 30 April 2020 and comprising the independent directors Paola Tagliavini (Chairman), Federica Menichetti and Angelo Busani, held a meeting on 13 November 2020 to assess the significance of a transfer of equity investments between Interpump Group companies. At that meeting, the Committee decided to revise the Related-Party Transactions Procedure to take account, inter alia, of the changes made on the adoption of SHRD II. Excluding the changes that, consistent with the entry into force of the new CONSOB Regulation on related-party transactions, the Company will make by 30 June 2021, the Related-Party Transactions Procedure:

- assigns the functions of the Committee for Related-Party Transactions to a Committee comprising three independent, non-executive directors;
- does not extend application of the Procedure to parties other than those envisaged in Annex 1 to the CONSOB Regulation (which refers to IAS 24 at the publication date of the Regulation);
- fixes at 100,000 euro or 500,000 euro on an annual basis, with regard to natural and legal persons respectively, the threshold for immaterial transactions excluded from application of the new Procedure, since it was considered that transactions with a value below this threshold do not represent a risk for the Company. In addition, the allocation of remuneration and economic benefits, in whatsoever form, to a member of an administrative or control body or to a Manager with Strategic Responsibilities is deemed to be an immaterial transaction if the amount is less than 300,000 euro on an annual basis;
- excludes from application of the new Procedure any resolutions (other than those adopted pursuant to art. 2389, subsection 3, of the Civil Code) regarding the Directors assigned special duties and the Managers with strategic responsibilities;
- makes recourse to the option to exempt routine and intercompany transactions;
- specifies rules for assessing the transactions of lesser and greater Significance carried out directly by Interpump Group S.p.A. or via subsidiaries;
- determines the organizational controls and information flows considered necessary in order to ensure that the competent bodies are given complete, useful and timely information, so that they can assess the transactions concerned.

The Procedure is available on the website of Interpump Group S.p.A. at the following address: [www.interpumpgroup.it/ Governance/Procedure for Transactions with Related Parties](http://www.interpumpgroup.it/Governance/Procedure%20for%20Transactions%20with%20Related%20Parties).

13. APPOINTMENT OF STATUTORY AUDITORS

Art. 19 of the Bylaws establishes that in order to ensure that minority parties are able to elect one statutory auditor and one alternate auditor, the Board of Statutory Auditors must be appointed on the basis of a list vote. In the measure in which it is envisaged by the legal provisions in force time by time, the appointment of auditors is performed on the basis of criteria that ensure gender balance. For the presentation of a list the same minimum percentage of capital required for the appointment of directors is required, i.e. 2.5%, without prejudice to a possible different maximum percentage established by statutory legislation and the regulations in force time by time. The percentage is halved if, in the ordinary term of twenty-five days prior to the date of the Shareholders' Meeting convened to make the appointment, a single list has been presented, or exclusively lists presented by reciprocally connected shareholders; in this case lists can be submitted up to the third day following said date.

Each shareholder intending to propose candidates for the position of auditor must deposit at the company's registered office, at least fifteen days before the date set for the Shareholders' Meeting that among other matters must resolve on the appointment a) a list of candidates composed of two sections: one for candidates for the position of statutory auditor, and the other for candidates for the position of alternate auditor. At least one candidate must be indicated in the section concerning statutory auditors and at least one in the section concerning alternate auditors. If, considering both sections, the list contains a number of candidates equal to or greater than three, it must contain, in the statutory auditors section, candidates of both genders in accordance with the matters specified in the notice of convocation of the Shareholders' Meeting in order to ensure compliance with statutory legislation concerning gender balance; if the section concerning alternate auditors contains two candidates, said candidates must be of different genders. Each of the candidates of each section must be associated with a sequential number; and b) a resume of each candidate, containing: (i) full information about each candidate's personal and professional characteristics; (ii) the list of the appointments as a member of the board of directors or the board of statutory auditors held by the candidate auditor in other companies or organizations, if significant in compliance with the statutory regulations concerning cumulative limits of offices held; (iii) the declarations of each candidate whereby they express their willingness to accept the appointment in the event of election and attesting, under their personal responsibility, to the absence of any causes for ineligibility or incompatibility, the possession of the requirements of integrity, professionalism and independence specified by statutory provisions, and the existence of any additional requirements prescribed for the office, either in law or in the Bylaws; (iv) a list of the shareholders submitting the list of candidates, with their name, company name or denomination, headquarters, number of enrollment in the Business Register or equivalent, and the overall percentage of the capital they hold, accompanied by a certificate that shows the ownership of said shareholding and a declaration in compliance with the declaration required by art. 144(6), subsection 4, letter b) of CONSOB Regulation no.11971 dated 14/5/1999 as amended, attesting to the absence of relations of association ex art. 144(5) of the same CONSOB Regulation.

Also the specific certificate issued by an authorized broker, proving ownership, at the time of filing of the list with the Company, of the number of shares necessary for submission of the list, must be filed within the term envisaged by statutory regulations. Those submitting a list intended to obtain the highest number of votes are obliged to include a sufficient number of candidates in the list and also the minimum number of candidates in possession of any special requirements of professionalism or of other matters that are not required by statutory regulations for all auditors, and to act in such a way as to ensure that the composition of the list complies with the proportionality criterion for gender balance prescribed by statutory legislation.

The office of statutory auditor or alternate auditor of the company cannot be assigned, and if appointed the office will be automatically withdrawn, to persons who: (i) already hold appointments as members of the board of directors or board of statutory auditors of other companies or organizations in excess of the limits established by statutory regulations concerning the accumulation of appointments, and those subject to causes of ineligibility or incompatibility; (ii) lack the requirements of integrity, professionalism, and independence specified by statutory regulations, or lack any additional requirements prescribed for the office, either in law or in the Bylaws.

The election system envisages that: a) two statutory auditors and one alternate auditor will be taken, on the basis of the sequential number with which the candidates are listed in the respective sections of the list, from the list that receives the highest number of votes; all the auditors of the less represented gender will also be taken from the same list as required by statutory legislation concerning gender balance, except in the event wherein the remaining auditor, taken from the list that received the second highest number of votes, is of the less represented gender: in this case all auditors of the less represented gender, as required by statutory legislation, will be taken from the list that obtained the highest number of votes, except for one; b) the remaining statutory auditor and the remaining alternate auditor will be taken from the list that obtains the second highest number of votes, these persons being those indicated with the first sequential number in the respective sections of the list, without prejudice to the matters established in the preceding letter a) concerning gender balance. The candidate indicated with the first sequential number in the statutory auditors section will be the chairman of the Board of Statutory Auditors; c) in the case of an equal number of votes (i.e. if two lists both receive the highest number of votes or the second highest number of votes), if this situation of parity occurs for lists that have both obtained the second highest number of votes, the candidate of the list that has obtained the vote of the highest number of shareholders will be appointed, while in all other cases the Shareholders' Meeting will repeat the ballot, with a slate vote, for appointment of the entire Board of Statutory Auditors; d) the auditors taken from the lists will be elected in accordance with the criteria indicated under the foregoing letters a), b) and c), without prejudice to the provisions of the following letters e) and f); e) if a single list is duly submitted, all the auditors to be appointed will be taken from said list, always in compliance with statutory legislation concerning gender balance. The candidate indicated with the first sequential number in the statutory

auditors section will be the chairman of the Board of Statutory Auditors; f) if the list that has obtained the second highest number of votes receives the vote of one or more shareholders considered to be associated, in accordance with the terms of the previous subsection 9, with one or more shareholders who have submitted (or joined in submitting) the list that obtained the highest number of votes, said votes will not be counted. Consequently, if without considering such votes another list emerges as the second most voted list, the remaining statutory auditor and the remaining alternate auditor will be the candidates with the first sequential number appearing in the respective sections of said other list; g) if no list is submitted or admitted or if, for any reason, the appointment of one or more auditors cannot be performed in accordance with the provisions of this subsection 10, the Shareholders' Meeting will pass a resolution with the majorities prescribed by law, ensuring anyway compliance with statutory legislation concerning gender balance.

Law 160 dated 27 December 2019 established that the least represented gender on the control bodies of listed companies must comprise at least two-fifths of the elected members. This provision amended art. 148 TUF, which required the least represented gender to comprise at least one-third of the elected members. Additionally, CONSOB Communication 1/20 dated 30 January 2020 specifies that, if the control body only comprises three serving members, the result of the two-fifths calculation referred to above must be rounded down. In all other cases, as in the past, the result must be rounded up to the nearest whole number.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (ex art. 123-(2), subsection 2, letter d), TUF)

Statutory auditors act autonomously and independently, even in relation to the shareholders who elected them (Principle 8.P.1.).

The Shareholders' Meeting of 30 April 2020 elected the members of the current Board of Statutory Auditors, in the persons of Anna Maria Allievi (Chairman), Roberta De Simone (Serving Statutory Auditor), Mario Tagliaferri (Serving Statutory Auditor), Andrea Romersa (Alternate Statutory Auditor) and Roberta Senni (Alternate Statutory Auditor), establishing expiry of the office in three years, i.e. at the approval date of the financial statements at 31 December 2022.

During the Shareholder's Meeting held on 30 April 2020 two lists of candidates for the office of statutory auditor were submitted:

- list no. 1 by Gruppo IPG Holding S.p.A., the company that, on the list presentation date, held 25,406,799 ordinary shares of Interpump Group S.p.A., equivalent to 23.334% of the Company's share capital;
- list no. 2 by a group of asset management companies and institutional investors, which, on the date of the Shareholders' Meeting, held 1,368,172 ordinary shares of Interpump Group S.p.A., equivalent to 6.700% of the Company's share capital.

The names of the candidates in the above lists are:

List 1 from Gruppo IPG Holding S.p.A.:

Serving Statutory Auditors

- Mario Tagliaferri, born in Milan on 9 October 1961;
- Roberta De Simone, born in Forlì on 16 November 1964;
- Achille Delmonte, born in Sant'Ilario d'Enza (RE) on 8 February 1946.

Alternate Statutory Auditors

- Andrea Romersa, born in Parma on 1 January 1971;
- Valeria Gasparini, born in Reggio Emilia on 28 December 1983.

List no. 2 of group of asset management companies and institutional investors:

Serving Statutory Auditors

- Anna Maria Allievi, born in Milan on 1 August 1965.

Alternate Statutory Auditors

- Roberta Senni, born in Rome on 5 June 1982.

Further to the votes case, List no. 1 submitted by Gruppo IPG Holding S.p.A. obtained favorable votes from 77.574% of the share capital represented at the Shareholders' Meeting. List no. 2 submitted by the group of asset management companies and investors obtained favorable votes from 21.704% of the share

capital represented at the Shareholders' Meeting. Therefore, the Shareholders' Meeting elected the following candidates as members of the Board of Statutory Auditors of Interpump Group S.p.A.:

- Anna Maria Allievi (Chairman);
- Mario Tagliaferri (Serving Statutory Auditor);
- Roberta De Simone (Serving Statutory Auditor);
- Andrea Romersa (Alternate Statutory Auditor);
- Roberta Senni (Alternate Statutory Auditor).

The Board of Statutory Auditors met 8 times during 2020, including 5 after the appointments made on 30 April 2020. The meetings were attended by all members and their average duration was 2 hours. Eight meetings are planned for 2021, four of which have already been held.

In compliance with Application Criterion 8.C.5. of the Code of Corporate Governance, statutory auditors who hold an interest in a given transaction either personally or on behalf of third parties, are required to provide the other statutory auditors and the Chairman of the Board of Directors with an exhaustive and timely account of the nature, terms, origin and extent of their interest.

A concise resume of each member of the Board of Statutory Auditors in office is given below:

Anna Maria Allievi

Italian Public Accountant and Auditor, collaborates with Auditing Firms and Professional Offices, Chairman of the Board of Statutory Auditors of Credito Emiliano S.p.A. and IGD SIIQ S.p.A, listed companies, as well as Chairman or member of the Boards of Statutory Auditors of other companies and Public Bodies. Contract lecturer in "Business Economic and Financial Strategy" at Università Statale di Milano. Previously Senior Audit Manager at Deloitte & Touche, first as a full-time auditor and then part time in the National Technical Department for a total of twenty years. Her professional career has combined auditing and the development of specialist advisory and quality control skills, in order to assist boards implement improvement strategies. Alongside this activity, she was appointed to several Boards of Statutory Auditors, including CIR S.p.A. (listed) and various hospitals. These experiences expanded considerably her knowledge of corporate governance and the control of administrative and accounting processes, enabling her to provide sound advice and support to the boards of the companies with which she has worked.

Mario Tagliaferri

Graduated in Economic and Commerce from the University of Bergamo, he registered first as an Italian Public Accountant and then as a Legal Auditor, practicing now as a professional accounting and auditor as a Partner at Studio LEXIS in Crema (CR). Activities mostly focused on the provision of tax and corporate advice for large and medium-sized companies. He is also registered with the Cremona Civil and Criminal Court as a Court Technical Expert. Over his career, he has accumulated considerable experience of corporate and business reorganizations involving special transactions.

Roberta De Simone

Graduated in Economics and Commerce from the University of Bologna, she registered first as an Italian Public Accountant and then as a Legal Auditor. Significant experience with ERNST & YOUNG S.p.A., specializing as an auditor at major companies. Currently partner at "Studio Scala – Giondi Associazione Professionale", a professional firm based in Forlì. This firm advises several major local, national and international companies, with interests both within the European Union and outside. Since 2000, the firm has been a member of ACBGROUP SPA, which is a large network of professional accounting and legal firms, based in Milan, that includes several of Italy's most well-known professionals. This entity, comprising about 400 professionals in total, broadens the professional skills of each individual member, with constant cultural exchanges and the resolution of wide-ranging professional problems.

Diversity criteria and policies

With reference to the gender balance, the Board of Statutory Auditors was elected taking account that the less represented gender should account for at least one third of the members of the Board.

In the reference period the Issuer has evaluated the adoption of diversity policies concerning the composition of the controlling body in relation to aspects including age, gender, training and professional experience.

Pursuant to the provisions of Application Criterion 1.C.3. of the Code of Corporate Governance, the appointments as statutory auditor or director held by the members of the current Board of Statutory

Auditors of Interpump Group S.p.A. in other listed companies or in significant companies as defined by the Code of Corporate Governance are as follows:

Anna Maria Allievi: Listed companies: Chairman of the Board of Statutory Auditors of IGD SIIQ S.p.A. (retail real estate sector), Chairman of the Board of Auditors of Credem S.p.A. (bank);

Mario Tagliaferri: Listed companies: Serving Statutory Auditor of Brembo S.p.A. (development and production of braking systems for vehicles); Listed companies: Chairman of the Board of Statutory Auditors of Banca Cremasca e Mantovana Credito Cooperativo S.C. (bank);

Roberta De Simone: Listed companies: Serving Statutory Auditor of IMA S.p.A. (design and production of automated machines for the processing and packaging of pharmaceuticals, cosmetics, food products, tea and coffee).

At the meeting held on 30 April 2020, the Board of Directors assessed and determined that the Statutory Auditors satisfy the independence requirements envisaged in art. 148, subsection 3 TUF.

All the members of the Board of Statutory Auditors meet the requirements of integrity, professionalism and independence envisaged by the law and the Code of Corporate Governance.

The Board of Statutory Auditors performs the supervisory tasks assigned by current laws and regulations and monitors compliance with the law, the Bylaws and the principles of proper administration and, in particular, checks the adequacy of the organizational, administrative and accounting systems adopted by the Company and their functioning in practice, as well as the practical application of the corporate governance rules envisaged by the relevant regulations. The Board of Statutory Auditors also monitors the independence of the auditing firm.

It is standard practice in the Interpump Group for the Statutory Auditors to ask the Internal Audit, Risk & Compliance function to carry out checks on specific operating areas or organizational functions, sharing key information that is essential in order to fulfill their respective duties with the Audit, Risks and Sustainability Committee (Application Criteria 8.C.6. and 8.C.7.).

Following the appointment at the Shareholders' Meeting of 30 April 2020, the members of the Board of Statutory Auditors of Interpump Group S.p.A. participated in the initiatives promoted by the Chairman of the Board of Directors as described in the "Induction Program" section of this report (Application Criterion 2.C.2).

15. RELATIONS WITH SHAREHOLDERS

Relations with shareholders are managed directly by the company's top management.

The financial community is given many opportunities to meet and discuss matters with the Company, as part of transparent and ongoing communications. Events dedicated to financial analysts, conference calls and meetings with shareholders and investors are held in the principal financial centers and at the Company's headquarters. With a view to keeping open and constant and beneficial channel for financial communications, a special section of the Company's website (www.interpumpgroup.it, Investor Relations and Press Releases) is used to publish useful information, such as: annual reports and interim reports on operations, presentations to analysts, stock prices and press releases.

In the meeting held on 30 April 2020, the Board of Directors resolved to place Luca Mirabelli in charge of relations with institutional investors and the other shareholders, on condition that, in the context of those relations, the communication of documents and information about the Company must take place in compliance with the internal procedure for management of confidential information and disclosure of inside information.

An organization comprising two executives has been established to manage stockholder relations, for the purpose of coordinating and planning communications with stockholders and financial analysts (Application Criterion 9.C.1.).

16. SHAREHOLDERS' MEETINGS (ex art. 123-(2), subsection 2, letter c), TUF)

The provisions of the Bylaws concerning the Shareholders' Meeting are as follows:

"Art. 6) 1. The duly constituted Shareholders' Meeting represents all the shareholders, and its resolutions, passed in accordance with the law and the present Bylaws, are binding on all the shareholders. The Shareholders' Meeting is either ordinary or extraordinary in accordance with the law (art.2364 and 2365 of the Italian Civil Code) and can be convened, within the Country, also in places other than the Company's registered office. ...The Ordinary Shareholders' Meeting approves and - where necessary -

amends the “meeting regulations” that govern the manner in which meetings are conducted...

2. The Company, adopting the faculty provided by law, does not appoint the representative pursuant to art. 135-(11) of Legislative Decree no. 58 of 24 February 1998, unless the Board of Directors, for a specific Shareholders' Meeting, has resolved said designation, communicating the fact in the notice of convocation of the Meeting concerned.

Art. 7) Each share carries the right to one vote.

Art. 8) In compliance with statutory legislation, the Shareholders' Meeting is open to the participation of holders of voting rights who submit, in accordance with the methods established in the notice of convocation, an appropriate communication issued in compliance with statutory legislation by the broker within the term envisaged by said statutory legislation.

Art. 9) Each shareholder with voting rights is entitled to participate in the Shareholders' Meeting, and can be represented by conferring a proxy on other persons including non-shareholders, in compliance with the provisions of articles 135-(9) et seq. of Legislative Decree no. 58 of 24 February 1998, and the related implementing provisions. The proxy can be conferred electronically and can be notified to the company by transmission of the document to the e-mail address indicated in the notice of convocation.

It is anyway the faculty of the Chair of the Meeting to establish the proper execution of the proxies and, in general, the entitlement to participate in the Meeting.

Art. 10) The Shareholders' Meeting is presided over by the Chairman of the Board of Directors or, if this person is not available, by the most senior Deputy Chairman in terms of age (if appointed) or, in the absence of this latter, by another person elected by the Shareholders' Meeting.

The Meeting appoints a secretary, chosen also from among parties who do not hold voting rights. The secretary may choose two scrutineers if such action is considered appropriate.

Art. 11) The ordinary and extraordinary Shareholders' meeting is held in a single convocation, unless the Board of Directors, in relation to a specific shareholders' meeting, should resolve to specify the date for the second and, if necessary, the third call, disclosing said information in the notice of convocation. The Shareholders' Meeting is duly constituted and its resolutions are valid with the quorums established by law.

The provisions of arts. 14, subsection 2, and 19 below apply to the appointment of directors and auditors.

Art. 12) The ordinary Shareholders' Meeting must be convened at least once a year, within one hundred and twenty days from the end of the corporate year, or within one hundred and eighty days in the event that the provisions of law allow the application of said longer term.”

The Bylaws also assign to the Board of Directors, rather than the Shareholders' Meeting, responsibility for mergers and spin-offs in all cases in which the law permits that such decisions be taken by the administrative body in place of the Shareholders' Meeting; the establishment and closure of secondary offices; the indication of which directors shall be granted powers to represent the Company; the reduction of share capital in the event of withdrawal by a shareholder; adaptation of the Bylaws to reflect regulatory requirements; and transfer of the Company's registered office within the national territory. The Board of Directors can also approve a transaction of major significance with related parties, despite the contrary view of the independent directors, provided that the execution of such transactions has been authorized at the Shareholders' Meeting. Authorization is denied when there are, in attendance at the Shareholders' Meeting, unrelated shareholders or their proxies representing at least 10% of the share capital with voting rights, and the majority of these latter have voted against the transaction in question. If, in relation to a transaction of major significance with related parties, the resolution proposal to be submitted to the Shareholders' Meeting is approved despite the contrary view of the independent directors, the execution of the transaction will be prevented if the Shareholders' Meeting is attended by unrelated shareholders representing at least 10% of the share capital with voting rights, and the majority of these latter vote against the transaction in question.

There are no shares carrying multiple votes and voting premium is envisaged. In order to allow more efficient management of the proceedings of shareholders' meetings, the Meeting of 28 April 2011 approved the Regulations for Shareholders' Meetings.

There were no significant changes in the ownership structure of Interpump Group S.p.A. during the year. The market capitalization of Interpump Group S.p.A. ranged between 2.1 and 4.3 billion euro during the year (4.3 billion euro at 31 December 2020).

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (ex art. 123-(2), subsection 2, letter a), TUF)

There are no additional corporate governance practices to report.

18. CHANGES AFTER THE CLOSE OF THE REFERENCE PERIOD

From the end of the year to the time of writing no changes have been made to the corporate governance structure.

19. CONSIDERATIONS ON THE 22 DECEMBER 2020 LETTER OF THE CHAIRMAN OF THE COMMITTEE FOR CORPORATE GOVERNANCE

With reference to the recommendations contained in the letter of 22 December 2020 from the Chairman of the Committee for Corporate Governance, and analyzed by the Board of Directors and its Committees, the Issuer reports that it has already implemented the required action regarding:

- the sustainability of business activities;
- the implementation of pre-Board information packages;
- the application of independence criteria;
- the self-assessment of the Board of Directors;
- the appointment and succession of directors;
- the policies on remuneration matters.

For all the above areas of interest, the Board of Directors and the Board Committees involved in the specific topics are actively engaged in maintaining and consolidating the suggestions and additional recommendations made by the Corporate Governance Committee of Borsa Italiana. Evidence of the effective application of the above recommendation is provided in this Report, in the Report on Remuneration Policy and Compensation Paid, in the Non-Financial Statement, and in all the other relevant documents, which are published on the website of the Company.

S. Ilario d'Enza, 19 March 2021

For the Board of Directors
Fulvio Montipò
Chairman

TABLES

TABLE 1: INFORMATION on the OWNERSHIP STRUCTURE

STRUCTURE OF SHARE CAPITAL				
	Number of shares	% with respect to share capital	Listed	Rights and obligations
Ordinary shares	108,879,294	100%	MTA computerized stock market organized and managed by Borsa Italiana S.p.A.	Ordinary shares by law
Shares with multiple votes	-	-	-	-
Shares with restricted voting rights	-	-	-	-
Shares without any entitlement to vote	-	-	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENTS <i>(assigning the right to subscribe for newly-issued shares)</i>				
	Listed/unlisted	Number of instruments in circulation	Category of shares for the year	Number of shares for the year
Convertible debentures	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT INTERESTS IN THE CAPITAL*			
Declarant	Direct shareholder	% portion of ordinary capital	% portion of voting capital
Fulvio Montipò	Fulvio Montipò	0.583%	0.583%
	GRUPPO IPG HOLDING SPA	24.253%	24.253%
FMR LLC	Fidelity Management & Research Company LLC	5.226%	5.226%
	Fidelity Institutional Asset Management Trust Company	0.358%	0.358%
	FIAM LLC	0.206%	0.206%
CLAUDIO BULGARELLI	FIN TEL SRL	4.133%	4.133%
GIANNICOLA ALBARELLI	REGGIANA FINANZIARIA SRL	3.490%	3.490%
INTERPUMP GROUP SPA**	INTERPUMP GROUP SPA	2.041%	-

* Source: CONSOB updated at 15/02/2021

** Source: Draft financial statements of the company at 31/12/2020

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors													Audit, Risks and Sustainability Committee		Remuneration Committee		Appointments Committee		Executive Committee (if appointed)	
Office	Officers	Year of birth	Date first appointed (*)	In office from	In office until	List (**)	Exec.	Non-Exec.	Ind. CA	Ind. TUF	No. of other roles ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman and Chief Executive Officer ◊	Fulvio Montipò	1944	From the date of listing	30/04/2020	App. 2022 financial statements	M	√				-	11/11								
Deputy Chairman	Giovanni Tamburi	1954	27/04/2005	30/04/2020	App. 2022 financial statements	M		√			6	11/11			3/3	M	3/3	M		
Director	Victor Gottardi	1970	30/04/2020	30/04/2020	App. 2022 financial statements	M	√				-	6/6								
Director	Fabio Marasi	1977	30/04/2020	30/04/2020	App. 2022 financial statements	M	√				-	6/6								
Director	Angelo Busani	1960	28/04/2017	30/04/2020	App. 2022 financial statements	m		√	√	√	2	11/11	6/6	m						
Director	Antonia Di Bella	1965	28/04/2017	30/04/2020	App. 2022 financial statements	M		√	√	√	5	11/11								
Director	Marcello Margotto	1961	10/11/2015	30/04/2020	App. 2022 financial statements	M		√	√	√	2	11/11			3/3	M	3/3	M		
Director	Federica Menichetti	1976	30/04/2020	30/04/2020	App. 2022 financial statements	M		√	√	√	1	6/6	3/3	M	2/2	M	0/0	M		
Director	Stefania Petruccioli	1967	30/06/2015	30/04/2020	App. 2022 financial statements	M		√	√	√	2	11/11	2/3	M						
Director	Paola Tagliavini	1968	30/04/2014	30/04/2020	App. 2022 financial statements	M		√	√	√	8	11/11	6/6	M						
-----DIRECTORS LAPSED DURING REFERENCE PERIOD²-----																				
Deputy Chairman •	Paolo Marinsek	1950	27/04/2005	28/04/2017	App. 2019 financial statements	M					-	5/5								
Director ◦	Franco Garilli	1951	30/04/2014	28/04/2017	App. 2019 financial statements	M		√	√	√	2	5/5	3/3	M	1/1	M	3/3	M		

² Data for lapsed Directors refers to that held by the Company up to 30 April 2020.

Specify the *quorum* required for submission of lists at time of last appointment: 2.5%* (two point five percent) of the subscribed and paid-up capital with voting rights in the Ordinary Shareholders' Meeting for appointment of corporate offices, or, if higher or lower, the different maximum percentage established by statutory legislative and regulatory provisions. The minimum percentage for the submission of lists will be specified in the notice of convocation of the meeting.

"We inform you that CONSOB management decision no. 28 of 30 January 2020, pursuant to arts. 147-(3) and 148, TUF, and arts. 144-(3) et seq. of the CONSOB Issuers' Regulation, identifies 1% as the percentage ownership required in the 2020 financial year for the presentation of lists of candidates for the election of the administration and control bodies of Interpump Group S.p.A."

Number of meetings held during the reference year:		<i>ARSC: 6</i>	<i>RC: 3</i>	<i>AC: 3</i>	<i>EC: N/A</i>
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NOTES

The following symbols must be included in the "Office" column:

- This symbol indicates the director responsible for the internal control and risk management system.
- ◇ This symbol indicates the person primarily responsible for management of the Issuer (Chief Executive Officer or CEO).
- This symbol indicates the Lead Independent Director (LID).

* The date first appointed for each director indicates the date on which the director was appointed for the first time (ever) to the Board of the Issuer.

** This column indicates the list from which each director was taken ("M": majority list; "m": minority list; "Board": list presented by the Board).

*** This column shows the number of roles of director of auditor covered by the person in question in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance companies or companies of significant size. Offices are specified in their extended form in the Report on corporate governance.

(*). This column indicates participation by the directors at respectively Board and committee meetings (indicate the number of meetings attended with respect to the total number of meetings held; e.g. 6/8; 8/8 etc.).

(**). This column indicates the role of the director on the committee: "P": chair; "M": member.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	Officers	Year of birth	Date first appointed (*)	In office from	In office until	List (**)	Ind. CA	Attendance at meetings ***	Number of other roles ****
Chairman	Anna Maria Allievi	1965	30/04/2020	30/04/2020	App. 2022 financial statements	m	Yes	5/5	2
Serving Statutory Auditor	Mario Tagliaferri	1961	30/04/2020	30/04/2020	App. 2022 financial statements	M	Yes	5/5	2
Serving Statutory Auditor	Roberta De Simone	1964	30/04/2020	30/04/2020	App. 2022 financial statements	M	Yes	5/5	1
Alternate Statutory Auditor	Andrea Romersa	1971	30/04/2020	30/04/2020	App. 2022 financial statements	M	Yes	n.a.	n.a.
Alternate Statutory Auditor	Roberta Senni	1982	28/04/2017	28/04/2017	App. 2022 financial statements	m	Yes	n.a.	n.a.
-----STATUTORY AUDITORS LAPSED DURING REFERENCE PERIOD³-----									
Chairman	Fabrizio Fagnola	1957	28/04/2017	28/04/2017	App. 2019 financial statements	m	Yes	3/3	-
Serving Statutory Auditor	Alessandra Tronconi	1967	30/04/2014	30/04/2017	App. 2019 financial statements	M	Yes	3/3	2
Serving Statutory Auditor	Federica Menichetti	1976	28/04/2017	28/04/2017	App. 2019 financial statements	M	Yes	3/3	-
Alternate Statutory Auditor	Federico Quaiotti	1975	28/04/2017	28/04/2017	App. 2019 financial statements	M	Yes	n.a.	n.a.
Alternate Statutory Auditor	Roberta Senni	1982	28/04/2017	28/04/2017	App. 2019 financial statements	m	Yes	n.a.	n.a.
Number of meetings held during the reference year: 8									

NOTES

* The date first appointed for each auditor indicates the date on which the auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the Issuer.

** This column indicates the list from which each auditor was taken (“M”: majority list; “m”: minority list).

³ Data for lapsed Statutory Auditors refers to that held by the Company up to 30 April 2020.

*** This column indicates participation by the auditors at meetings of the Board of Statutory Auditors (indicate the number of meetings attended with respect to the total number of meetings held; e.g. 6/8; 8/8 etc.).

**** This column shows the number of roles of director of auditor covered by the person in question pursuant to art. 148-(2) TUF and the related enabling instructions contained in the CONSOB Issuers' Regulation. The complete list of appointment is published by CONSOB on its website pursuant to art. 144-(15) of the CONSOB Issuers' Regulation.

ANNEXES

Annex 1: Paragraph on the “Main characteristics of the internal control and risk management systems in relation to the financial reporting process” pursuant to art. 123-(2), subsection 2, letter b), TUF)

In line with the principles indicated in the CoSO (Committee of Sponsoring Organizations) report dated June 2017, the Chief Reporting Officer, with support from the Internal Audit Risk & Compliance function and, where applicable, based on considerations made by the Audit, Risks and Sustainability Committee, identifies and assesses the risks associated with achieving the objectives of reliable financial reporting.

The process of identifying and assessing the above risks is reviewed annually by the Chief Reporting Officer or more frequently in the event of changes, such as the update of international accounting standards, that might influence the assessment of risk.

In order to ensure coverage of the risks identified, certain control activities - or accounting and administrative procedures - have been implemented to identify the controls that are key and those that are not. These control activities are checked by the Internal Audit, Risk & Compliance function.

Based on the results of the checks performed, the Chief Reporting Officer determines if it is necessary to take corrective actions by formalizing a remediation plan. The remediation plan is agreed with the process owners who, by the agreed due dates, must implement the agreed actions i.e. establish new controls or mitigate the risks deriving from the lack of controls.

Lastly, the Internal Audit, Risk & Compliance function checks the effective application of the corrective action taken, by performing audit activities. The results of the independent checks carried out are reported periodically to the Chief reporting officer, in order to assess the adequacy of the system of control over financial information.

With regard to the preparation of the consolidated financial statements and half-year report, the principal companies in the Interpump group are also subjected to analysis and checks. Lastly, with reference to the interim reports for the first and third quarters and all other disclosures of a financial nature, the CFO/RM is required to declare their conformity with the documentary evidence, the company books and the accounting entries.