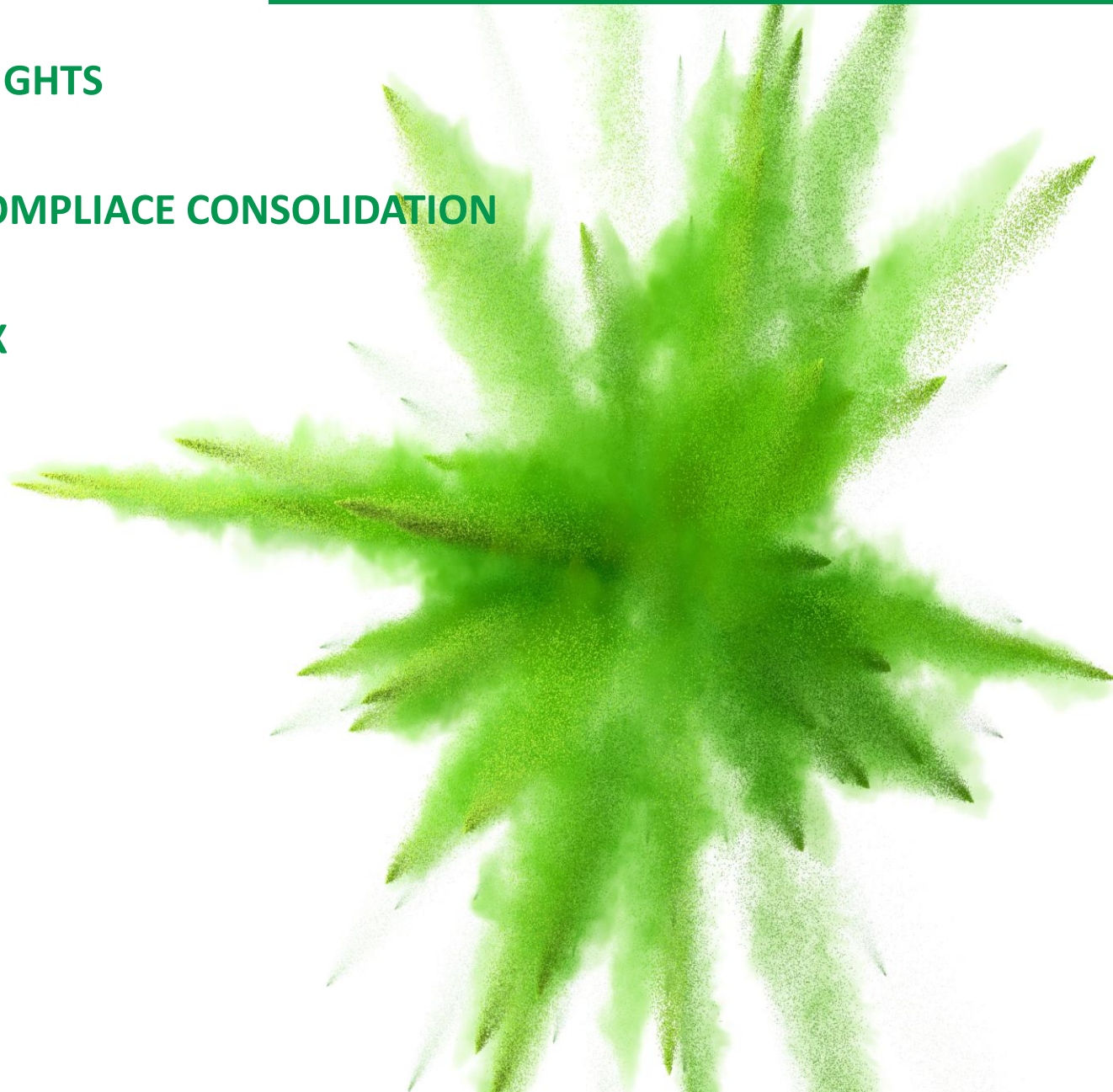


# INTERPUMP GROUP

**2023-25 ESG JOURNEY – TAX COMPLIANCE CONSOLIDATION**

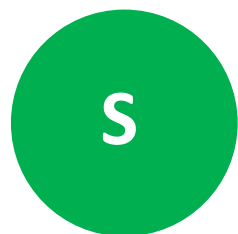
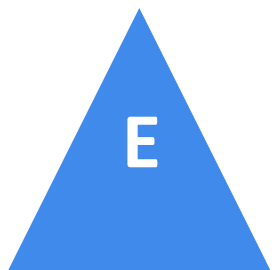
**14 November 2024**

- HIGHLIGHTS
- TAX COMPLIANCE CONSOLIDATION
- ANNEX



- Through action G. 4 of 2023-25 ESG Journey - Tax Control Framework (“TCF”) adoption – Group aims to
  - Integrate the fiscal strategy inside the Group strategy definition and execution
  - Take an important step toward fiscal transparency
    - Italian Tax Cooperative Compliance Program adoption anticipated by 2 years <sup>(1)</sup>
- The solidity of Interpump fiscal approach was confirmed
  - “Entity level” focus, in line with a “soft integration” philosophy applied to acquired companies
  - Harmonisation among different fiscal frameworks connected to Group different presence countries
  - A transparent and fair approach of “transfer pricing” management
- Interpump Group S.p.A. first step will support the adoption of the TCF by other Group entities
  - Significant effort from an organisational point of view

<sup>(1)</sup> See please Annex slides 21-22 and 25



## 2023-2025 KEY TARGETS

## SUPPORTED GRI and SDG

- **Definition of Group “Carbon neutrality” strategy**
- Reduction of Group “Carbon intensity”
- Increase of renewed electricity consumption

**2023**

**2025**

**2025**



305-1 and 2  
302-1



- Injury rate improvement
- ESG supply chain evaluation
- ISO 45001 extension

**2024**

**2023 & 2024**

**2027**



403-9  
308-1 / 414-1



- **Establishment of Board ESG Committee**
- **Succession plan formalisation**
- **Tax compliance consolidation**

**2023**

**2023**

**2024**



207-1, 2 and 3





## ANALYSIS AND MEASUREMENT

### BUILDING GROUP ESG FOUNDATIONS

### LEADING TO 2030 AND 2050 DECARBONISATION TARGETS

2022

2023

2024

2025

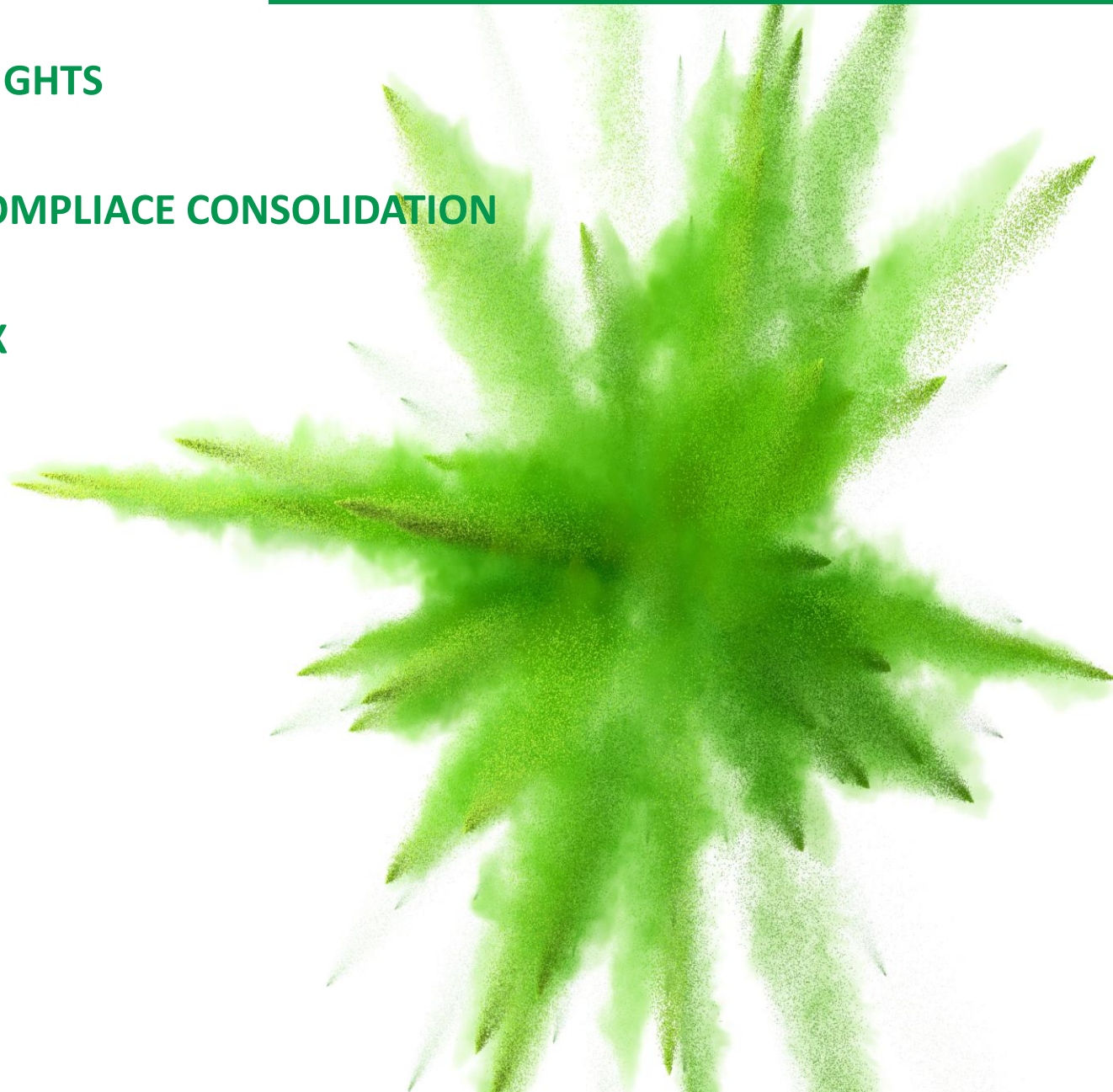
2027

- E.1 - Carbon neutrality strategy
- E.4 - Circular economy (phase 1)
  - E.7 - Product ECO-design
- S.1 - Injury rate improvement
- S.5 - ESG supply chain evaluation model definition
- S.6 - ESG supply chain evaluation model extension
- G.1 - Board ESG Committee
- G.2 - Code of Ethics revision
- G.3 - Succession plan formalisation
- G.4 - Tax Control Framework adoption
- G.5 - GR1 207-4 information updating
- G.6 - Updating on ESG journey

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

## ANALYSIS, MEASUREMENT, REVIEW AND FINETUNE



- HIGHLIGHTS
- TAX COMPLIANCE CONSOLIDATION
- ANNEX



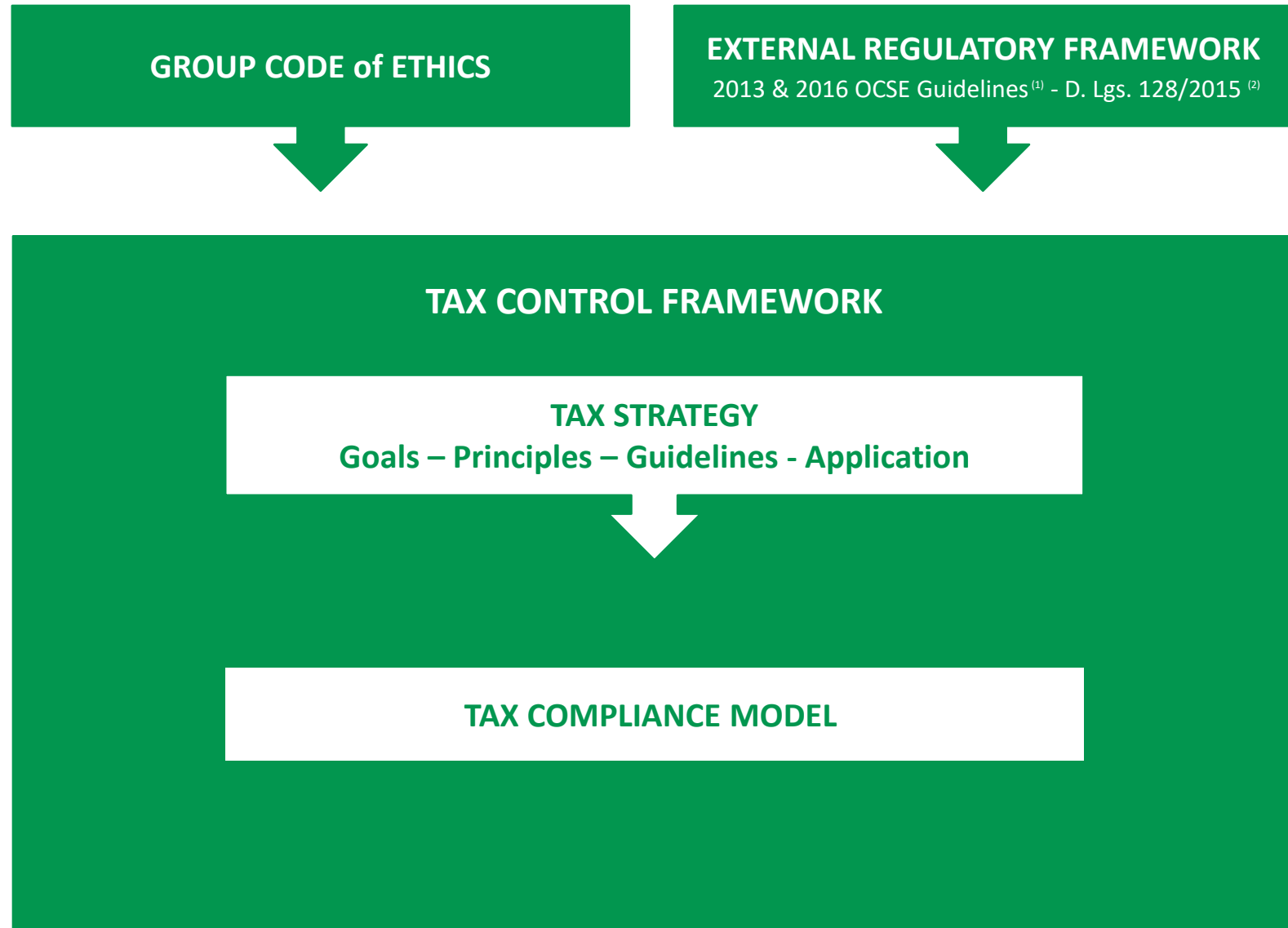
*“A falling tree makes more noise than a growing forest”*

Lao Tzu

- 3 main streams
  - ESG as governance cornerstone
  - Spread of ESG principles, actions and results inside and outside the Group
  - Tax compliance consolidation in line with best practices**

ALIGNMENT TO TAX BEST PRACTICES	ACTION ID	DESCRIPTION	GRI and SDG	KPI	TIMING
	G.4	<b>Tax compliance consolidation in line with best practices</b> <ul style="list-style-type: none"> <li>Tax strategy formalization</li> <li>Tax governance and tax risk management and control enhancement</li> <li>Internal compliance review for OECD Pillar II</li> </ul>		N.A.	Base year: 2022 <b>Target year: 2024</b>
	G.5	<b>GR1 207-4 information updating</b> <ul style="list-style-type: none"> <li>Country-by-country report refresh and annual updating</li> </ul>		N.A.	Base year: 2022 <b>Target year: annual</b>





<sup>(1)</sup> 2013: Cooperative Compliance Framework – 2016: Building Better Tax Consolidation Framework - <sup>(1)</sup> And further D. Lgs. 221/2023

## GOALS

**Tax obligations:** Group ensures that tax obligations are met in an accurate and timely manner, and that the correct tax burden is fulfilled, not necessarily the most onerous.

**Tax risk:** Group is committed to controlling and monitoring the tax risk. Interpump has a low tax risk appetite and intends to apply tax regulations by ensuring that the wording, spirit and purpose of the relevant provisions are complied with. This to manage and contain the risk of tax regulation violations or abuse of the principles and purposes of the tax system, through the adoption of a control system specifically dedicated to tax risk (TCF).

## PRINCIPLES

**Values:** Interpump considers that paying taxes contributes to the global goals of sustainable economic and social development and to the consolidation and growth of the economies of Italy and of the Countries in which Group companies operate. For this reason, Interpump pays special attention to compliance with tax regulations, acting in accordance with the values of honesty, fairness, integrity and responsibility, and implementing the principles specified below.

**Legality:** Interpump acts in compliance with the tax regulations applicable in the Countries in which the Group companies operate and interprets them according to criteria of reasonableness and validity, with the assistance, if necessary, of qualified external tax advisers, to protect the reputation of the Company and of the Group and to create value for the benefit of its stakeholders.

**Tone at the top:** The Board of Directors defines and approves the Company Tax Strategy and - through the Director in charge of supervising the TCF, assisted by the Tax Risk Management Function - assumes the role and responsibility of ensuring its implementation and of guiding the spread of a corporate culture marked by the values of honesty and integrity and by the principle of legality, according to the tone at the top principle. Through the relevant function, the Board of Directors is involved in the most important and complex tax issues to ensure that it is fully aware of tax risk management.

**Transparency:** Interpump adopts a cooperative attitude towards the tax authority making available to it the information necessary to ensure an effective and fair application of tax regulations, responding in a timely and complete manner to requests for information and documentation that may be made during any audits and proposing and implementing as many preventive discussion operations as possible

**Shareholder value:** taxes are a cost of doing business, which as such must be managed in compliance with the principle of legality and transparency, with the aim of protecting the reputation of the Company and of the Group, safeguarding the company assets and creating value for the benefit of its shareholders in the medium to long term.

<sup>(1)</sup> Abstracts from Interpump Group S.p.A. Tax Strategy – See please on Group web site the complete document.

## GUIDELINES

**Correct application of tax regulations:** in implementing the principle of legality, Interpump undertakes to adopt tax behaviours that respect tax regulations and that interpret them in accordance with their wording, spirit and purpose, avoiding, in any case, exploitation of their literal wording. In cases where tax regulations are not sufficiently clear and unambiguous in the meaning attributable to them, the taxpayer undertakes to pursue a reasonable interpretation thereof, inspired by the criteria of legality and fairness, seeking, if necessary, the assistance of qualified external tax advisers and, if margins of uncertainty persist, setting up, in full transparency, the appropriate forms of communication with the tax authorities.

**Agree to disagree:** with a view to defending the integrity of the corporate assets and the interests of the company and its shareholders, Interpump considers it legitimate to uphold, also in litigation, the interpretation of the regulation, if based on criteria of reasonableness and validity, even if differences of interpretation emerge with the competent tax authority.

**Full cooperation with tax authorities:** of fundamental importance to Interpump is its relationship with the institutions and public administration it deals with, also including tax authorities. With this in mind, for the pursuit of its goals of containing and preventing tax risk, Interpump considers it essential that its relations with the tax authorities are inspired by the principles of transparency, cooperation, fairness and good faith, professionalism, honesty and compliance with the applicable regulations. The relations with the tax authorities are managed by the competent corporate functions, in compliance with the Code of Ethics, the specific internal corporate procedures, as well as in accordance with the procedures referring to the TCF. In the event of controls and audits of a tax nature, the Management acts with transparency, fairness and professionalism in all dealings with the competent tax authorities, responding promptly to their questions and requests. Upon request, Interpump provides the tax authorities with timely, clear and accurate information and complete and truthful documentation. Convinced that tax compliance is an important value to pursue, the Company actively seeks opportunities for preventive discussion and sharing with Italian and international tax authorities. In this sense, Interpump promotes, proposes and implements as many preventive discussion operations with the tax authorities as possible. To consolidate transparency towards the tax authorities, Interpump adheres to the transfer pricing provisions in accordance with the OECD guidelines.

**Prevention of aggressive tax planning behaviours:** Interpump does not pursue an aggressive tax approach by implementing actions aimed at exclusive tax savings, without fulfilling corporate logic, nor does it make use of fictitious corporate structures devoid of economic substance or commercial purpose. Group does not engage in behaviours and transactions, whether domestic or transnational, which produce tax consequences that it is reasonably able to understand and which: i) are likely to generate tax effects contrary to the purpose of the provisions invoked, also as a result of asymmetries between the tax system of the tax jurisdictions involved, if any; ii) generate phenomena of double deduction, deduction/non-inclusion or double non-

<sup>(1)</sup> Abstracts from Interpump Group S.p.A. Tax Strategy – See please on Group web site the complete document.

## GUIDELINES

taxation; iii) result in purely artificial constructions, which do not reflect economic reality, and from which undue tax advantages can reasonably be expected. Interpump does not carry out transactions or investments in Countries or territories classified as tax havens, with privileged taxation or in any case in those considered non-cooperative with the tax authorities with the exclusive or prevalent purpose of relocating income or otherwise obtaining a tax advantage. Any presence of group entities in such Countries is motivated exclusively by business reasons, which are genuine and supported by sound economic reasons. Group undertakes to do whatever is necessary to prevent the organisation from being involved in tax fraud cases, also because of behaviours by third parties, such as natural persons, companies or entities of any kind, other than the taxpayer, even if they are linked to the latter by relationships of employment, participation, collaboration, commercial or other nature.

**Incentives and tax breaks:** Interpump is committed to taking advantage of the incentives and tax breaks offered by the system in accordance with the regulatory requirements and consistent with the Tax Strategy.

**Taxation management:** with the aim of ensuring integrity in tax compliance and the correct assessment of taxes, in compliance with the timeframe and requirements associated with them, and preventing disputes with the tax authorities, Interpump adopts a tax risk detection, measurement and control (TCF) system, in line with OECD guidelines, as implemented by the national legislator and the Inland Revenue Agency. This internal control system makes it possible to direct, manage and verify tax activities and fulfilments, orienting them towards achieving the corporate goals and the prevention of tax risks.

**Intercompany transactions:** Interpump complies with the provisions aimed at ensuring the appropriateness of transfer pricing for intergroup transactions with the aim of allocating, in a legally compliant manner and considering the provisions of the pro tempore OECD guidelines in force, the income generated in the Countries in which it operates.

**Soft controls:** Interpump encourages the spread of a tax culture and of values such as honesty, legality and transparency regarding taxes. This is achieved also by organising training courses aimed at all personnel, including those not employed in tax functions, to spread the culture of tax compliance, raise employees' awareness of the relevance of tax issues also with a view to widespread tax control (so-called soft controls). Group provides appropriate technical training to its employees involved in the management of tax-related obligations and activities. Interpump does not provide for incentive mechanisms for its top management, nor for the persons in charge of managing tax issues, which include goals linked to reducing the tax burden, if these are, in the awareness of the Management, contrary to specifically applicable legislative provisions. In no way and for no corporate function does Interpump provide incentive mechanisms that induce personnel to make unethical tax choices or choices that conflict with laws and regulations.

<sup>(1)</sup> Abstracts from Interpump Group S.p.A. Tax Strategy – See please on Group web site the complete document.

## GUIDELINES

**Tax risk control system:** In compliance with the principles of integrity and transparency, and to ensure that tax management is aligned with its risk appetite, Interpump is committed to promoting and maintaining, as an integral part of its Internal Control and Risk Management System (SCIGR), an adequate internal control system to protect against the tax risk, by designing and implementing an effective Tax Control Framework (TCF).

**Code of Ethics:** impartiality, honesty, propriety, confidentiality, transparency, fairness, cohesion, collaboration, teamwork, professional ethics and respect for diversity are the values that guide the commitments made and the responsibilities accepted by Interpump Group in the conduct of business and of its activities in general. The Code of Ethics is the document that collects and summarises the principles of conduct and ethical values adopted by all collaborators, whether directors or employees or those who may perform, even de facto, the management and control of Group companies or act in their name and/or on their behalf. The Code of Ethics also includes the Tax Strategy and, therefore, the principles and provisions contained therein are appropriate to ensure the effectiveness of the Tax Strategy.

**Organisation, Management and Control Model:** the TCF adopted by Interpump, in addition to defining the procedures for the sound and prudent management of the tax variable, is also one of the instruments to prevent offences from which corporate administrative-penal responsibility may derive, confirmed, for the Italian legal system, by Legislative Decree no. 231/2001, and the associated reputational risks. In this perspective, the Tax Control Framework integrates the controls provided for in the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, in which account is taken of tax offences included in the list of those constituting prerequisites for the application of the aforementioned discipline.

**Whistleblowing:** the corporate whistleblowing channels can also be used to report possible criminal tax violations. Reports must be made by filling in a specific form, or by recording a voice message. Interpump undertakes to guarantee the confidentiality of the subjects and facts reported, as well as the identity of the whistleblower, and to handle reports in accordance with the Whistleblowing Management procedure.

## APPLICATION

The Tax Strategy is prepared by Interpump Group S.p.A., approved by its Board of Directors and comes into force on the first following day. Interpump promotes towards Group companies the sharing and spreading of the principles and values contained in this Tax Strategy, also favoring, at all company levels, the diffusion of a culture aimed at complying with tax regulations and raising the awareness of all personnel in relation to tax risk.

<sup>(1)</sup> Abstracts from Interpump Group S.p.A. Tax Strategy – See please on Group web site the complete document.



**TAX CONTROL FRAMEWORK**

Detect, measure, manage and control the tax risk

**4 GOALS**

Tax culture spread

Sustainable development  
and Group asset integrity

Tax regulations application  
consistency and reliability  
and litigation prevention

Tax and reputational risk  
minimization

**4 PILLARS**

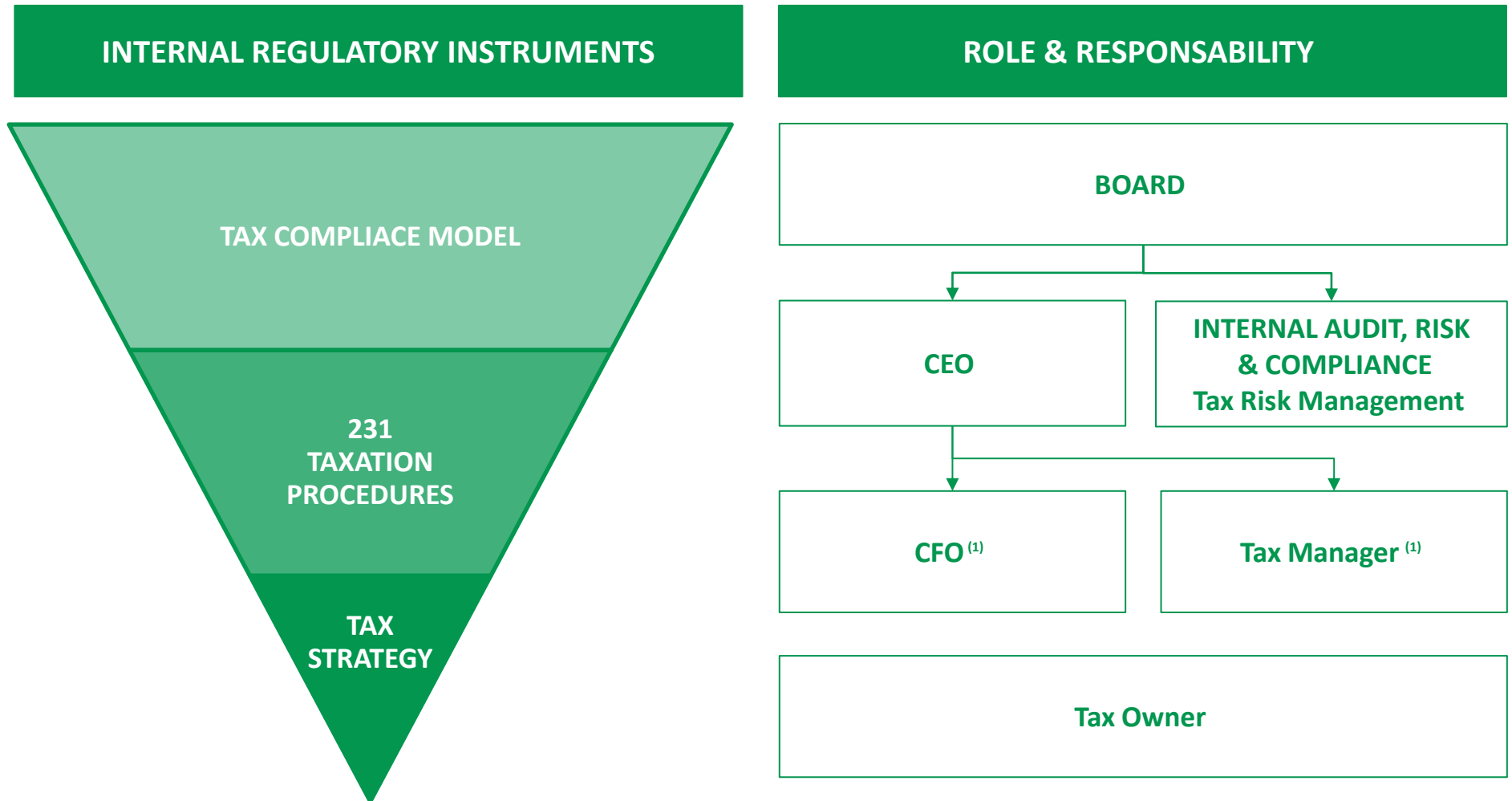
Internal regulatory instruments

Role & Responsibilities

Processes

Information flows & Reporting

## 4 PILLARS



<sup>(1)</sup> Reporting to CEO as CEO defined by the TCF as Director responsible for Tax topic

## 4 PILLARS

### ROLE & RESPONSABILITY

#### BOARD

Plays a governance and steering role in tax risk management and exercises it through the establishment and formalisation of the TCF

#### CEO

Director in charge, already vested with general single-signature powers, i.a., within the SCIGR, ensures the maintenance of the overall functionality and adequacy of the TCF

#### IA, RISK & COMPLIANCE - Tax Risk Management Function

Reporting to the Head of Internal Audit, Risk & Compliance, is operationally responsible for designing, implementing and updating the TCF model

#### CFO <sup>(1)</sup>

Provides, with the Tax Manager, assessments of the tax effects of non-routine and/or of transactions with a particularly significant tax impact. supports the Board of Directors and participates, in the regular meetings of the CCR

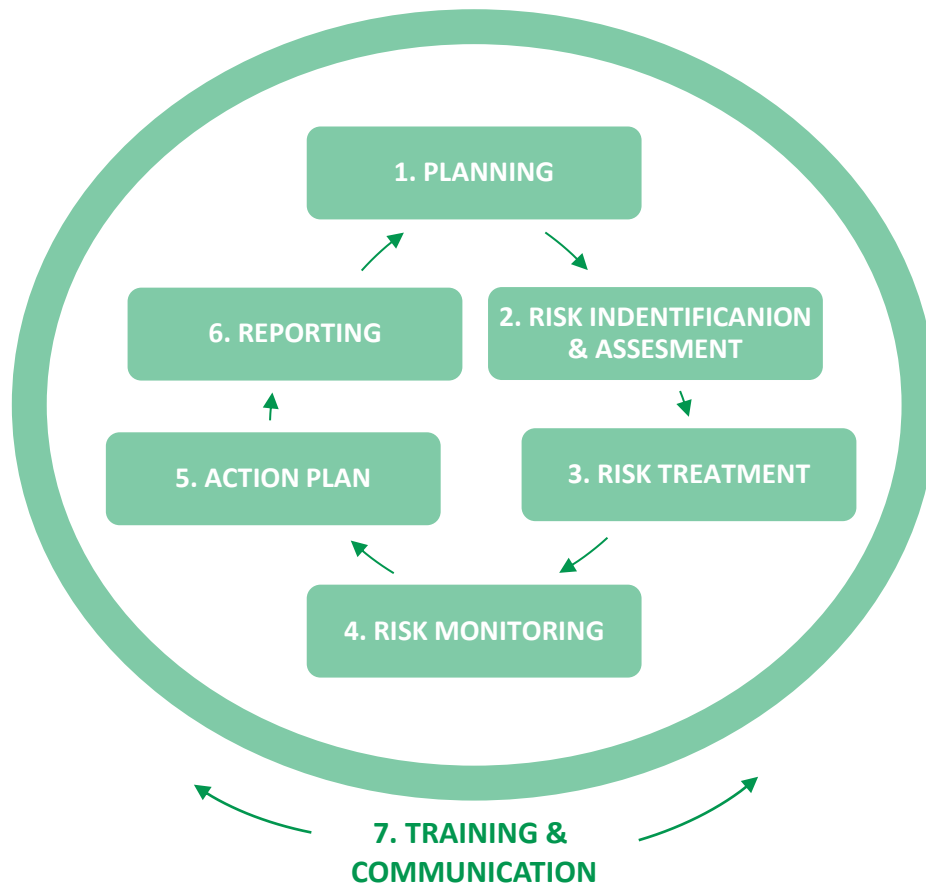
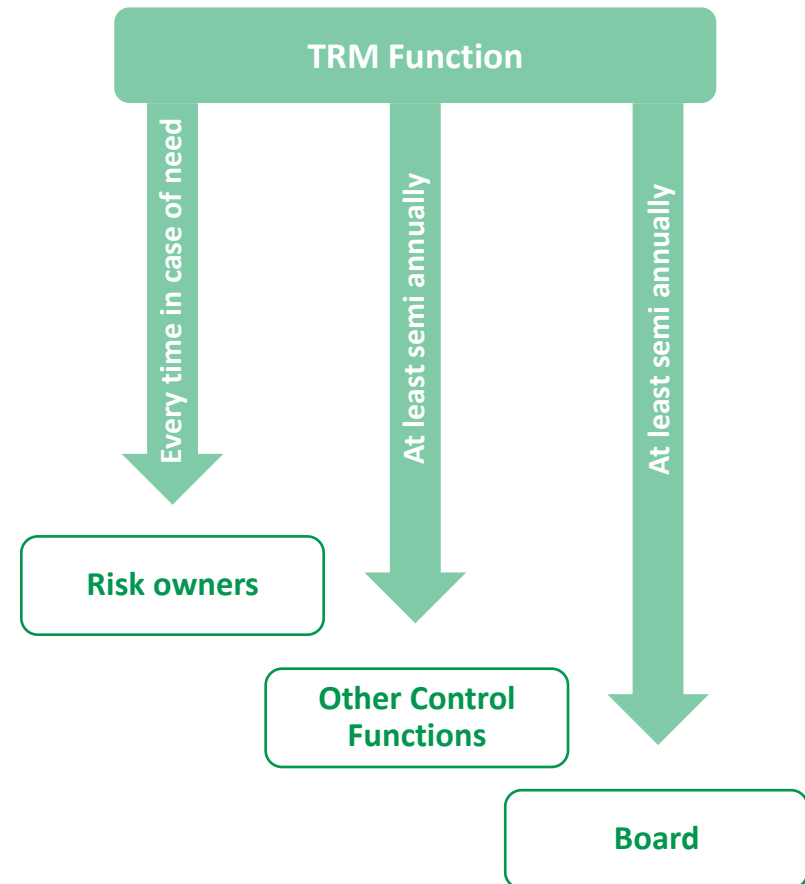
#### Tax Manager <sup>(1)</sup>

Coordinates and ensures, through its structure, the proper fulfilment of tax obligations, including the operational activities carried out by the TRM Function in relation to the process of identifying, assessing and managing tax risk

#### Tax Owner

The management in charge of the operational lines represents the first-level control in tax risk management, implementing line controls aimed at the proper performance of operational activities, including those with an impact on tax compliance

<sup>(1)</sup> Reporting to CEO as CEO defined by the TCF as Director responsible for Tax topic

**4 PILLARS****PROCESSES****INFORMATION FLOWS & REPORTING**

## 4 PILLARS

## PROCESSES

## PLANNING

**Methodological updates:** TRM Function constantly verifies the need for methodological or approach updates with a view to continuous improvement and monitors tax regulations and changes in legal requirements that may have an impact on Interpump TCF. In consultation with the Tax Manager, promotes the methodological alignment with the other risk control and monitoring models already operational at Interpump within the areas of competence. With the aim of ensuring adaptability to the internal context, the Tax Manager and the Tax Risk Management Function periodically hold meetings and exchange information with the IARC Function and more generally with the CFO, so as to promptly identify any internal changes (e.g. changes in the organisational structure, introduction of new processes, new lines of business, etc.) that could have an impact on the method tax risks are managed. If, from the analysis of the laws and regulations on TCF, from monitoring the solutions adopted by peers, from a comparison with the other internal control and monitoring systems or from the observation of the evolutions of the internal and external context, the need to update the TCF, Interpump TRM process or the methodological approach to be followed should emerge, the TCF Function is required, in consultation with the Tax Manager, to promptly assess and implement the necessary actions.

**Planning of annual activities:** TRM Function annually prepares, with the Tax Manager, the activity plan of the process. The plan is reviewed annually, considering any regulatory and organisational developments or changes in methodology and approach. To ensure adaptability to the internal context, the map of tax risks and related controls is periodically updated and to verify the effectiveness of TCF, testing activities on the controls identified as relevant (so-called key controls) are planned each year.

RISK  
IDENTIFICATION

**Tax risk is defined as the risk of operating in violation of tax regulations or contrary to the principles or purposes of the tax system** and its identification process could be split in four sub-process: i) identification of processes and activities pertaining to the Company; ii) identification of tax risks related to the activities carried out; iii) potential risk assessment; iv) identification and assessment of tax risks related to specific non-routine transactions and/or transactions with a significant tax impact.



## 4 PILLARS

### PROCESSES

#### RISK TREATMENT

Following the stage of identification of tax risks and assessment of the level of potential risk, the TRM Function supports the management in identifying the treatment actions in place. **Treatment action means any risk response measure used to change the level of potential risk, mitigating it or translating it into opportunities** (e.g. organisational, procedural, IT measures, etc.). Treatment actions, also referred to as controls, may be of a different nature and act preventively on the causes triggering the risk or subsequently, when the event occurs, by acting on their consequences. Three are the “Risk Treatment” sub-processes: i) identification of controls to protect against tax risks; ii) assessment of the adequacy of controls; iii) residual risk assessment.

#### RISK MONITORING

**The monitoring of the operational effectiveness of controls**, carried out through testing activities, **aims to verify that the controls operate consistently with their design and that the owners of the controls have the authority, the necessary expertise and the appropriate means to implement the control effectively and highlight**, if critical issues are found, **the improvement plans**. The responsibility for control monitoring activities lies with the Tax Risk Management Function, which, in coordination and with the support of the IARC Function, carries out testing activities on both the design and effectiveness of the most significant controls. Four are sub processes of the “Risk Monitoring” activities: i) selection of controls to be tested; ii) execution of testing activities; iii) assessment of the operation of controls and formalisation of test outcomes; iv) assessment of deficiencies.

#### ACTION PLAN

**In all cases where a control deficiency is detected, an Action Plan must be drawn up to remedy the deficiency**. Action Plans can be linked to design of controls (design action plan), typically identified during risk and control mapping and/or downstream of a Test of Design and/or operational effectiveness of controls (operational effectiveness action plan), typically identified because of testing The definition of the Action Plans to be implemented, i.e. the choice of the initiatives to be put in place to remedy a control deficiency, is the responsibility of the management that handles operational activities and performs line controls (Risk Owner), after sharing them with the Tax Risk Management Function, the Tax Manager and, if necessary, involving the other functions. Two are the “Action Plans” sub-processes: i) Action Plans definition; 2) Action Plans monitoring.

## 4 PILLARS

## PROCESSES

## REPORTING

Interpump establishes information flows on the Tax Control Framework, aimed at ensuring **adequate circulation of information within the Group** and four are the recipients: i) risk owners; ii) other control functions; iii) reporting to the Administrative Bodies; iv) communications to the Inland Revenue Agency.

TRAINING &  
COMMUNICATION

**Internal and external communication:** communication of TCF and of its inspiring principles is taken care of by the TRM function (in coordination with the delegated Director in charge of supervising the TCF), which ensures, through the means deemed most appropriate, their dissemination and awareness among Group personnel.

**Training:** the TRM Function also takes care of the training of the Interpump personnel most involved in the activities and processes relevant to the TCF. Interpump implements and formalises specific training plans, with the aim of guaranteeing the effective knowledge of the logic, principles and specific control points provided for by the Tax Control Framework by the corporate functions.

## 4 PILLARS

### PROCESSESS – Focus on RISK IDENTIFICATION

Risks & Controls identification already in place

231/2001 Model  
Risks & Controls

262/2005 Model  
Risks & Controls

Risks & Controls identification  
through TCF adoption

TCF Model  
Risks & Controls

182 Risks & Controls correlated to the tax topic

2025

- **Interpump Group S.p.A TCF model and controls testing**
  - “Test of design” and “test of effectiveness”
- **Evaluation of possible extension to other Group Italian entities**
  - Parameter: annual sales

2026-27

- Interpump Group S.p.A. TCF model finetuning
  - Annual ongoing activity
- Other Group Italian entities TCF model and controls testing

*Pending release of implementation guidelines by Italian Tax Authorities*

- Attestation from authorised certifier according to the new provisions of Legislative Decree 221/2023
- Interpump Group S.p.A. optional access to Italian Tax Cooperative Compliance Program <sup>(1)</sup>
  - Exclusion of administrative penalties related to tax risks reported in a timely and comprehensive manner, prior to the filing of tax returns or before the relevant tax deadlines have occurred
  - Non-punishment with respect to specific tax related crimes

<sup>(1)</sup> See please Annex slide -25-27

2028

- Interpump Group S.p.A. TCF model finetuning
  - Annual ongoing activity
- Other Group Italian entities TCF model finetuning
  - Annual ongoing activity

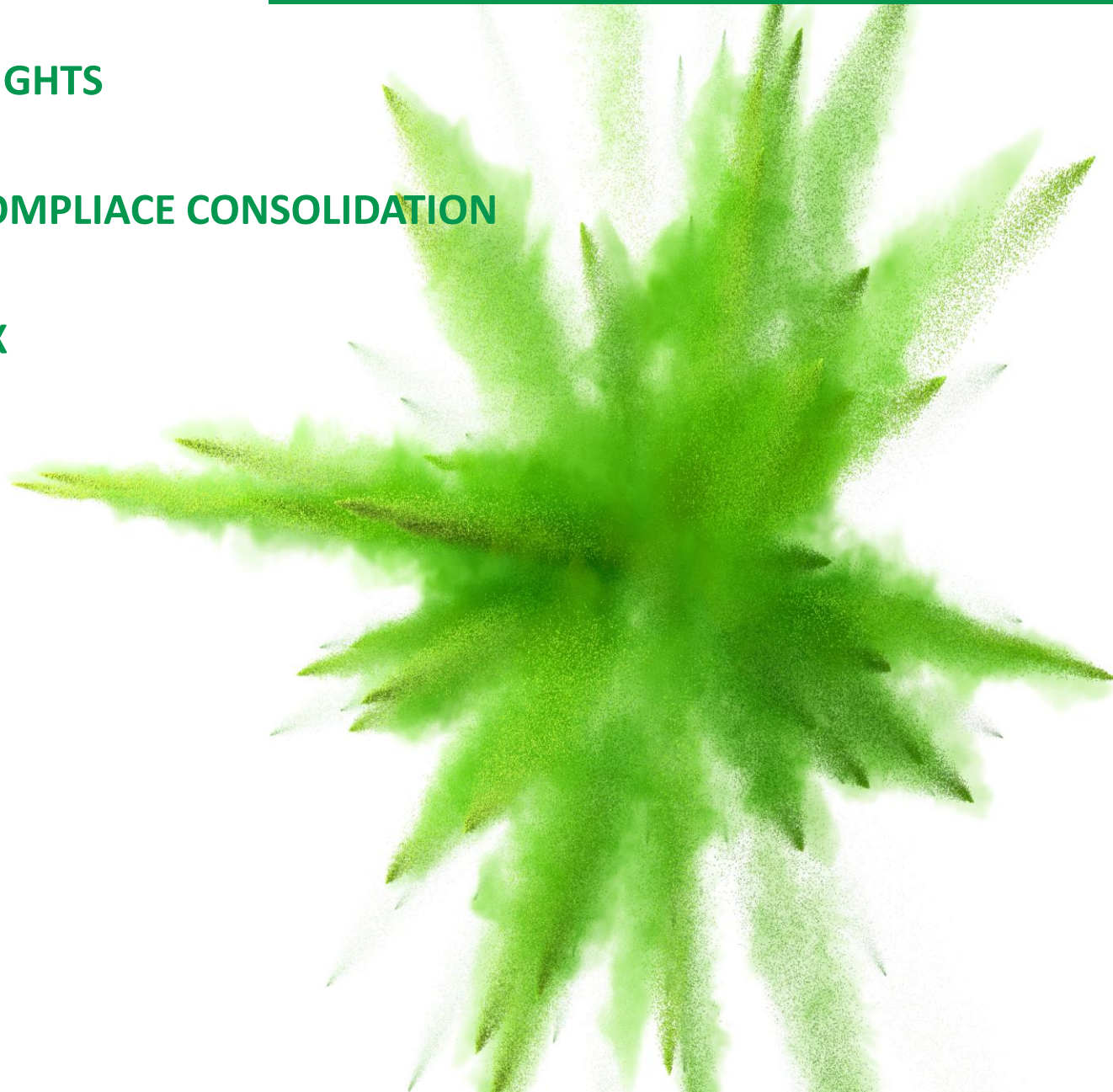
*Pending release of implementation guidelines by Italian Tax Authorities*

- Interpump Group S.p.A. full access to Italian Tax Cooperative Compliance Program

<sup>(1)</sup> See please Annex slide 25-27



- HIGHLIGHTS
- TAX COMPLIANCE CONSOLIDATION
- ANNEX



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**Interpump Group or Group:** all the Interpump Group companies, wherever they operate in the world.

**Interpump:** the company Interpump Group S.p.A., with registered office in Sant'Ilario D'Enza (RE), Via Enrico Fermi n. 25, Tax Code no. 11666900151 and VAT no. 01682900350.

**Business Process Map:** overall representation of Interpump business processes.

**Audit and Risk Committee (CCR):** the internal Committee tasked with supporting the Board of Directors' decisions and assessments concerning the Internal Control and Risk Management System with adequate preliminary and propositional activities, in accordance with Recommendation 35 of the Corporate Governance Code.

**Chief Executive Officer (CEO):** the Executive Director with the authority to oversee the Internal Control and Risk Management System.

**Chief Financial Officer (CFO):** the Head of Interpump Finance function, reporting to the Board of Directors.

**Board of Directors (B.o.D.):** the Board of Directors of Interpump Group S.p.A.

**Tax Risk Management Function:** the function established to report to the Head of Internal Audit, Risk & Compliance, with the role of operational management of the Tax Risk Management process.

**Internal Audit, Risk & Compliance Function (IARC Function):** the Function responsible for assessing the adequacy of organisation internal controls aimed at the proper management of corporate risks, and for providing advice on specific issues.

**Key controls:** the key controls, i.e. the sensitive controls that are deemed to be regularly tested (as further defined in paragraph 10.2).

**Interpump Administrative Body:** the Board of Directors involved in the Tax Risk Management process.

**Supervisory Body as per Decree 231/2001:** the body vested with autonomous powers of initiative and control to which Interpump has entrusted the task of supervising the operation of and compliance with the Organisation, Management and Control Model and ensuring that it is updated.

**Environmental, Social, Governance Plan (ESG Plan):** the three-year ESG Strategic Plan 2023-2025, approved by Interpump B.o.D at its meeting on 5 October 2022, which expresses the ambitions and commitments that the Interpump Group has set itself in order to ensure sustainable economic growth by combining the success of its business with the principles of sustainability and the creation of long-term value for stakeholders. **Tax Risk Management Process:** the process of detecting, measuring, treating and controlling the tax risk in place at Interpump.

**Collaborative compliance regime:** established by Legislative Decree no. 128 of 5 August 2015, under the heading “*Provisions on legal certainty in relations between tax authorities and taxpayers, implementing Articles 5, 6 and 8, paragraph 2 of Law no. 23 of 11 March 2014*”. The regime is available to taxpayers provided with a system for the detection, measurement, management and control of tax risk, understood as the risk of operating in violation of tax regulations or contrary to the principles or purposes of the tax system. This regime aims to establish a relationship of trust between Administration and taxpayer that aims to increase the level of certainty on relevant tax issues. This goal is pursued through

constant and preventive dialogue with the taxpayer on factual elements, including the anticipation of control, aimed at a common assessment of situations likely to generate tax risks. It is an arrangement that provides for the voluntary adherence of the taxpayer if they meet the subjective and objective requirements as better defined by the provision no. 54237 of 14 April 2016 of the Director of the Inland Revenue Agency, as well as by Circular no. 38/2016 of the Inland Revenue Agency and by the subsequent provision of 26 May 2017 no. 101573 of the Director of the Inland Revenue Agency.<sup>(1)</sup>

**Tax Manager:** the Administrative Manager of Interpump entrusted with the Tax function.

**Tax risk:** the risk of operating in violation of tax regulations or contrary to the principles or purposes of the law.

**Potential Risk:** the level of risk to which a Company is exposed without taking into account the existence and actual operation of any treatment actions in place.

**Residual Risk:** the level of risk to which a Company is exposed considering the existence and effectiveness of any treatment actions in place.

**Risk & Control Matrix:** the operational documents in which the information on risks, controls and action plans gathered during the Tax Risk Management process is tracked and formalised.

**Risk Owners:** the subjects responsible for a specific corporate activity or function.

**Interpump Internal Control and Risk Management System (SCIGR):** a set of rules, procedures and organisational structures designed to proactively contribute to the safeguarding of assets and to the efficient and effective operation of the company, and which enable it to identify, assess, measure, manage and monitor the main risks to which it is exposed.

**Tax Control Framework (TCF):** the set of tools, organisational structures, standards and corporate regulations aimed at allowing, through an adequate process of identification, measurement, management and monitoring of the main tax risks, a business conduct that is such to minimise the risk of violating tax regulations, or in contrast with the principles or purposes of the law.

<sup>(1)</sup> The tax delegation law aimed at revising the Italian tax system, Law No. 111 of 9 August 2023 (Delegation to the Government for tax reform), implemented for the area of interest herein by Legislative Decree No. 221 of 30 December 2023, has: 1. on the one hand, broadened the benefits provided for persons who adhere to the collaborative compliance regime set forth in Legislative Decree No. 128 of 5 August 2015, providing, moreover, for a gradual enlargement of the subjects who can access said institute (subjects who achieve a volume of business or revenues: not less than €750 million for 2024 and 2025; not less than €500 million for 2026 and 2027; not less than €100 million as from 2028); 2. on the other hand, provided for the possibility for entities that adopt a TCF consistent with the regulatory requirements to access a regime of prior dialogue with the tax authorities even in the absence of the size requirements for collaborative compliance (the so-called Optional Regime).

The benefits of this regime are the total exemption from administrative and criminal sanctions (except for fraud), provided that the tax risk is communicated in advance to the AdE and a certified TCF is available (obligation to obtain a mandatory certification of the TCF, also pursuant to accounting principles, issued by independent and experienced lawyers and accountants).

The **Tax Cooperative Compliance Program** (“**TCCP**”) was established by Italian Legislative Decree 128/2015 and is reserved to taxpayers with an effective integrated system for detecting, measuring, managing and controlling tax risks, e.g. the risks of operating in breach of tax laws and of the principles or purposes of the tax system (“**Tax Control Framework**” or “**TCF**”).

The **TCCP** promotes an enhanced cooperation between the Italian Internal Revenue Service and taxpayers, in order to increase the level of certainty on relevant tax issues and, consequently, to prevent tax litigations. It provides the possibility of reaching a common assessment of situations likely to generate tax risks before the submission of tax returns and to manage situations of uncertainty through a preventive discussion on factual elements that may also include the anticipation of tax audits, thus avoiding or and early resolving potential tax disputes.

### ADMISSION TO THE TCCP ALLOWS TAXPAYERS TO BENEFIT FROM SEVERAL ADVANTEGS

- **Faster advance ruling procedure:** Italian Internal Revenue Service undertakes to reply to companies’ rulings within 45 days from their receipt (or of any supplementary documentation requested). Furthermore, an “enhanced” prior cooperation in case of notification of an unfavorable response to the taxpayer is envisaged.
- **Procedures for the regularization of the taxpayer's position:** preventive discussions, simplified procedures and reduced deadlines are envisaged for taxpayers that acknowledge the Italian Internal Revenue Service’s instructions involving the need to carry out self-assessment procedures.
- **Elimination of administrative penalties** related to tax risks reported in a timely and comprehensive manner, prior to the filing of tax returns or before the relevant tax deadlines have occurred.
- **50% reduction of penalties** related to issues attributable to not-relevant tax risks included in the risk map.
- **Exemption from submitting guarantees for direct and indirect tax refunds** throughout the period of validity of the TCCP. The exemption also applies to refunds submitted by representatives of VAT groups electing for the TCCP.
- **Possibility to start discussions** within the TCCP even with respect to issues related to tax periods prior to the admission, within 120 days from the admission to the TCCP.
- **Non-punishment** with respect to specific tax related crimes.
- **Reduction of the statute of limitations** for the issuance of tax assessments.