



# Consolidated Non-Financial Statement at 31 December 2019



(pursuant to Italian Decree 254/2016)



Registered office:  
Via E. Fermi 25 - Sant'Ilario d'Enza - RE  
Share Capital:  
56,617,232.88 fully paid  
Reggio Emilia Companies Register  
VAT No. IT01682900350

## Contents

<b>Letter to Stakeholders .....</b>	<b>2</b>
<b>Key economic, social and environmental indicators .....</b>	<b>3</b>
<b>1) The Interpump Group.....</b>	<b>4</b>
<b>1.1 Structure of the Interpump Group .....</b>	<b>7</b>
<b>1.2 Interpump Group value chain .....</b>	<b>8</b>
<b>2) Note on methodology.....</b>	<b>11</b>
<b>2.1 Scope and standard of reporting.....</b>	<b>11</b>
<b>2.2 Methods of calculation .....</b>	<b>11</b>
<b>2.3 Corporate Governance .....</b>	<b>13</b>
<b>3) Quali-quantitative description of risks and policies for their management.....</b>	<b>15</b>
<b>3.1 Stakeholder engagement and materiality matrix .....</b>	<b>16</b>
<b>3.2 Materiality analysis.....</b>	<b>17</b>
<b>3.3 Risks.....</b>	<b>20</b>
<b>3.4 Risk management .....</b>	<b>20</b>
<b>3.5 Performance indicators.....</b>	<b>22</b>
<b>4) Environmental Area .....</b>	<b>23</b>
<b>5) Socio-Economic Area.....</b>	<b>32</b>
<b>6) Personnel-related area.....</b>	<b>35</b>
<b>7) Area related to respect for human rights.....</b>	<b>53</b>
<b>8) Area concerning anti-corruption activities (active and passive).....</b>	<b>54</b>
<b>9) GRI Content Index.....</b>	<b>56</b>
<b>Independent auditors' report .....</b>	<b>62</b>



## Letter to Stakeholders

This third edition of the non-financial statement confirms our deep commitment to building respectful and transparent relations with all stakeholders. A commitment that is by no means new, having always been a hallmark of the Interpump Group.

The majority of our production plants are located in Europe, which is the area of the world with the most advanced laws and highest standards with regard to environmental protection. The number of Group companies with environmental certifications is set to increase.

Considering Water Jetting division, our historical core business, the installation of high pressure plunger pumps to replace alternate technologies generally results in improved environmental and energy-related performance. This is confirmed by a number of examples: energy efficiency is inherently better than that achieved by the more common pumping technologies, resulting in lower CO2 emissions; in cleaning applications, water pressure reduces or eliminates the need for detergents and solvents; in submarine hydraulic circuits, the use of water instead of oil eliminates the environmental risk in the event of leaks; a plunger pump is needed in order to convert large engines (as in ships or power stations) to more environmentally-friendly fuels; with regard to paint stripping (e.g. in shipyards), our water-blasting systems replace sand blasting, which is extremely damaging to the environment. The list could go on and on.

In the Hydraulic division, an increasingly significant part of our production of valves and directional controls is dedicated to innovative, energy saving hydraulic systems; a major recent acquisition is specialized in the mechanical assembly of hoses, which makes welding unnecessary, avoiding the dispersal of chemical substances into the environment.

Turning to the social field a distinguishing characteristic of Interpump, which continues to grow strongly via acquisitions, is the preservation of the identity and history of the businesses purchased: not only in terms of brand, but also with regard to location of production, supply chain, management continuity, size of the workforce and, in general, all those factors that tie a business to its local economy. Not least among the multiple virtuous consequences of this approach, we pay taxes in those countries where wealth is produced.

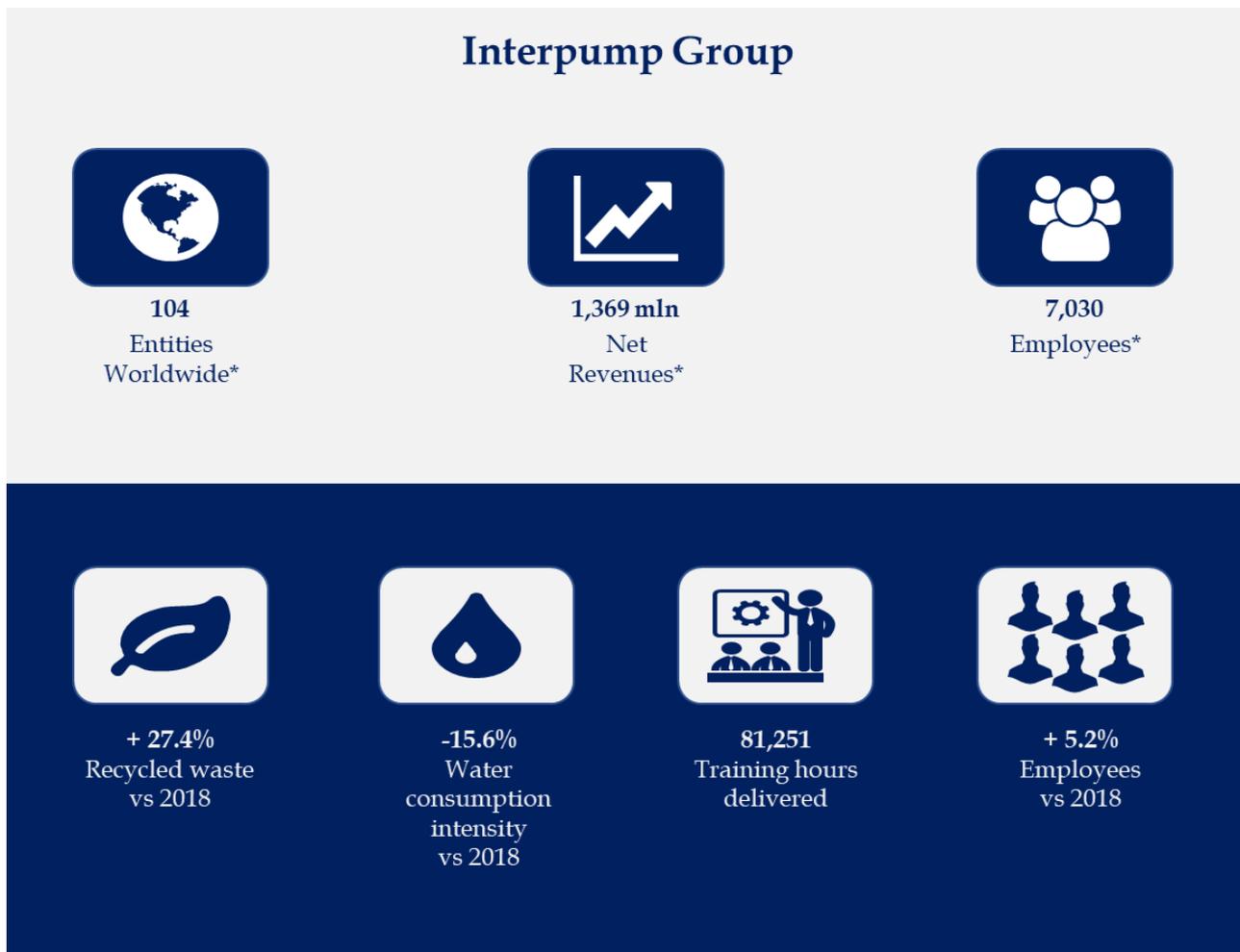
Following our admission to the STAR segment of the Italian stock exchange, corporate governance has followed the most rigorous guidelines including, among others, the publishing of quarterly reports and adoption of the code of corporate governance. The majority of the members of the Board of Directors are independent.

In addition to strict compliance with all local laws and regulations, a rule that all subsidiaries have always followed, we are now introducing organizational models and codes of conduct with new minimum standards that apply throughout the Group. They must be implemented, even when local regulations are silent or more tolerant: this Global Compliance Program will gradually cover all aspects of sustainability. The section against corruption is already in force and the documents addressing the Environment and Human Rights are currently being implemented.

I have every reason to believe that the growth and development of Interpump Group will continue in accordance with these guidelines, dedicating a constant, and appropriate attention to sustainability-related topics.

The Chairman of Interpump Group S.p.A.  
Fulvio Montipò

Key economic, social and environmental indicators



\*The number of entities, net revenues and the number of employees indicated above include the following statistics for the Reggiana Riduttori Group: 10 entities; net revenues of Euro 20.4 million and 176 employees. That said, the Reggiana Riduttori Group is not included in this NFS, since the acquisition took place in October 2019.

## 1) The Interpump Group

GRI 102-1; GRI 102-2; GRI 102-3; GRI 102-4; GRI 102-5; GRI 102-6; GRI 102-7; GRI 102-16

The Interpump Group was founded by Fulvio Montipò in 1977 at S. Ilario d'Enza (RE), Italy, where its parent company Interpump Group S.p.A. is still headquartered.

Over the years, production has expanded from the original niche of high and very high-pressure plunger pumps, in which the Group enjoys world leadership, to include flow control components for the food processing/cosmetics/pharmaceuticals industries and a vast range of hydraulic systems and components, as well as flexible rubber hoses and rigid metallic pipes.

The strategy of the Interpump Group is to extend the range of products and the volume of sales even further, also through targeted acquisitions.

With more than 7,000 employees and locations in over 30 countries in Europe, North America, South America, Asia and the Pacific Basin, the Group generated net revenues of Euro 1,369 million in 2019 (including Euro 20.4 million contributed by the Reggiana Riduttori Group, which was acquired in October 2019 and is not included within the scope of this Non-Financial Statement for 2019).

The mission of the Interpump Group is to pursue excellence in its operations through the application of innovation and quality. Innovation is a permanent goal of Interpump collaborators and is the result of constant, scientific, and detailed research carried out into materials, techniques and products with the aid of the most sophisticated and advanced equipment. Quality permeates all activities of the Interpump Group. Quality is founded on the meticulous, methodical and constant control and verification of each step in the production process, from the purchase of raw materials to the finished product. The quality assured by the Interpump Group stems from a widespread shared culture in all Group companies. Products are designed to be efficient, easy and intelligent to use, warranted, capable of satisfying market needs and, where possible, energy efficient, safeguarding both users and the environment.

The entire Group draws inspiration from the principles of impartiality, honesty, propriety, confidentiality, fairness, cohesion, collaboration, teamwork, professional ethics and respect for positive diversity, derived from different cultural and work experiences.

Interpump Group promotes the acquisition, sedimentation, organization and dissemination of know-how.

The Code of Ethics adopted by the Group expresses the ethical responsibilities and commitments accepted by the personnel of Interpump Group companies when carrying out their business operations and activities, whether they be directors, employees or those who, even on a de facto basis, manage and control the Company or act in its name and/or on its behalf (hereinafter, also "Collaborators"). Signature of the Code of Ethics or an extract from it or, in any case, compliance with its instructions and principles by the consultants, vendors and all other third parties, including customers, that work with the Company (hereinafter, also "Third Parties") is an essential condition for the completion of contracts of any kind between them and Interpump Group companies; the clauses signed or, in any case, approved by tacit consent or otherwise, are an integral part of such contracts.

Via the Code of Ethics, the Interpump Group also strives to disseminate and consolidate a culture of safety and respect for the environment, without deviating in any way from compliance with local regulations, while also promoting responsible conduct by all Collaborators. The Company also seeks to protect, especially via preventive actions, the health and safety of workers and the interests of other stakeholders.

On the subject of human rights, the Code of Ethics formalized and adopted by all Group collaborators is worded to recognize and respect personal dignity, privacy and the personal rights of each individual. Under this Code, the conduct of collaborators in the performance of their functions must be founded on transparency and moral integrity, having regard for the different social, economic, political and cultural contexts in which they work. The Group guarantees and promotes diversity and respect for gender equality: discrimination of any kind is not tolerated. All Group personnel are hired on a proper employment contract and the working relationship is maintained in full compliance with the national collective employment contract for the sector concerned, tax, social security and insurance regulations, and the instructions governing health, safety and immigration. Unofficial work is not tolerated in any form and respect for human rights is guaranteed, especially via a total ban on child labor and the employment of foreign citizens without proper residence papers. In addition, all personnel must specifically respect individuals, their dignity and their values at all times, avoiding any discrimination based on gender, racial or ethnic origin, nationality, age, political opinions, religious beliefs, state of health, sexual orientation or economic-social status.

See the "Code of Ethics" published on the website [www.interpumpgroup.it](http://www.interpumpgroup.it) for further details.

The Board of Directors of Interpump Group S.p.A. is responsible for the strategic leadership of Corporate Social Responsibility matters, while the Committee of Operations Management is responsible for the operational implementation of individual initiatives.

### Focus on the **Water Jetting** and **Hydraulic** sectors

GRI 102-2

The **Water Jetting sector** includes companies active in Interpump's traditional core business: the production and sale of plunger pumps rated from 1 to 2000 HP (from 0.7 to 1500 kW), and the related accessory components. The smaller models are primarily used in pressure washers; as the power rating increases, and so does the available pressure, the range of applications is extended to include car washes, atomization, road cleaning and jet rodding of sewers, seawater desalination, descaling of steel; even higher pressures allow the use of the fluid (water or another medium) to bore holes, make cuts, remove paint, deburr metal components and even for demolition works. Lastly, plunger pumps are suitable for use in all industrial processes (chemicals, food processing, cosmetics, manufacturing) that require very high pressures to homogenize or separate foods or compounds, to make chemical reactions possible, to sterilize and for countless other processes. The higher efficiency of plunger technology compared to other types of pump leads to better performance and savings in energy usage; moreover, in many of the applications mentioned water technology brings benefits related to hygiene, the environment, or processing time with respect to the conventionally employed systems.

The following principal brands are used by the Interpump Group for the above applications:



Since 2017 the Water Jetting sector also includes companies engaged in the production of special pumps, mixers, agitators, cleaning systems, valves and tanks for the food, cosmetics and pharmaceutical industries: these products offer physiological commercial synergies and significant technological affinities with the historic core business of plunger pumps. The principal brands used for these applications are:



The **Hydraulic sector**, inaugurated in 1997, includes companies active in the production and sale of a continually expanding range of hydraulic components: power take-offs (mechanical device connected to the engine or gearbox of an industrial vehicle, to which a pump is coupled to power the hydraulic circuit), gear pumps, cylinders, hydraulic motors, oil tanks, directional controls (the central component that assures constantly correct distribution of oil among all the segments of a complex hydraulic system) and related electronic or mechanical control systems, hydraulic lines (flexible rubber hoses, flexible metal pipes, and rigid pipes), flanges and fittings.

Hydraulic technology is used in almost all mechanized aspects of human activity: in equipped industrial vehicles (dumpers, truck cranes, waste compactors...), in agricultural vehicles, earthmoving machines, forklift trucks and telehandlers with work platforms, as well as in fixed applications including cranes, elevators, in the mining sector, marine sector, industrial automation, and even for funfair rides. Pipes and fittings have an even broader range of application (including a large number of applications in the Water Jetting sector), and some companies in the Group offer complete services of design, construction and maintenance of simple or extremely complex piping systems.

The principal brands belonging to the Hydraulic Sector are presented by product category below:



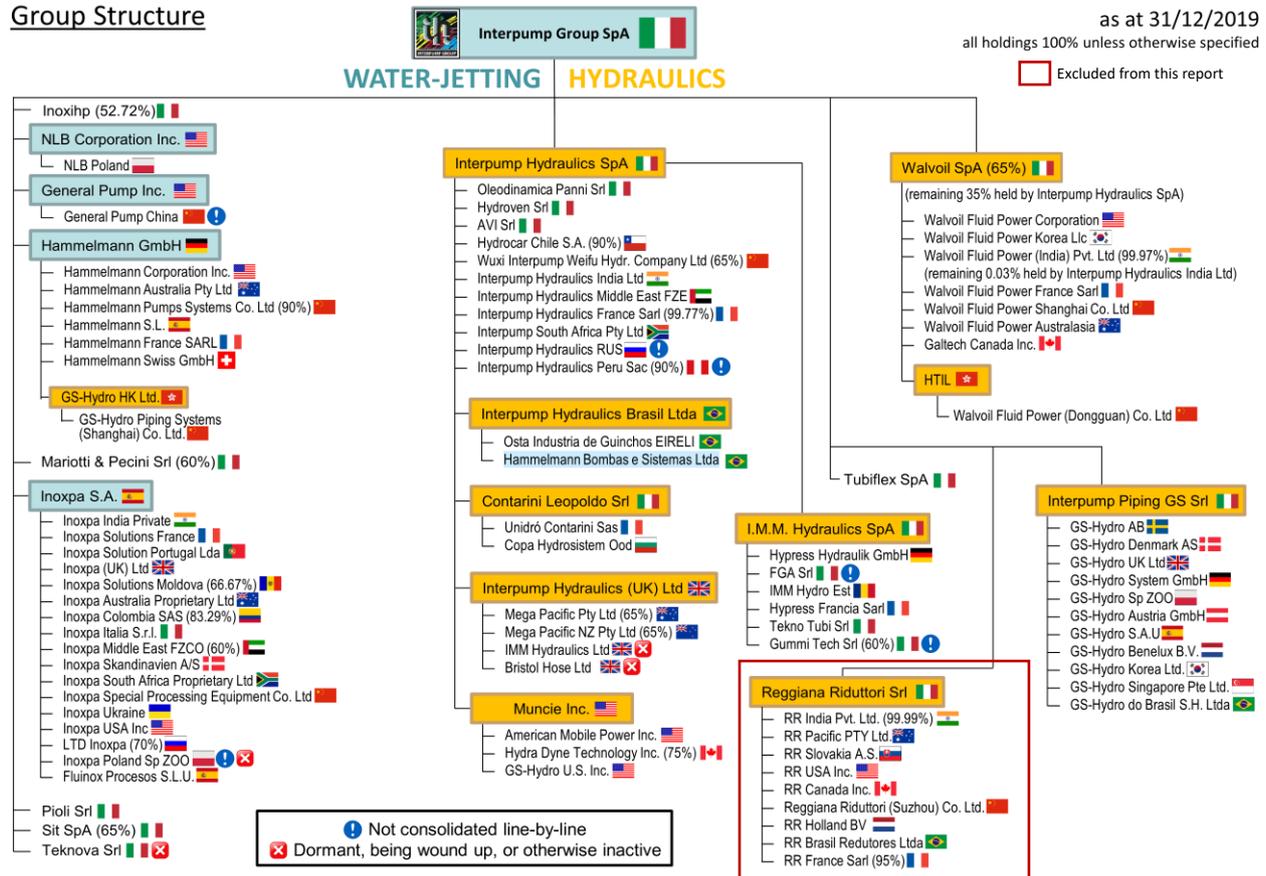
Manufacturing and commercial operations are supplemented and supported by **research and development activities**. In addition to strategic guidance provided by the parent company, R&D activities are performed by the group's production companies for specific products (e.g. Interpump Group S.p.A. and Hammelmann GmbH for the Water Jetting Sector; Walvoil S.p.A., Interpump Hydraulics S.p.A. and IMM Hydraulics S.p.A. for the Hydraulic Sector) with the aim of continually improving the quality and performance of the products, creating new products and identifying different applications for existing products in order to penetrate new sectors. Over the next few years, Group strategy is to continue the heavy investment in research and development, in order to give even further impetus to organic growth.

### 1.1 Structure of the Interpump Group

GRI 102-4; GRI 102-5; GRI 102-6; GRI 102-7; GRI 102-45

At 31 December 2019 the Interpump Group comprises an organization headed by Interpump Group S.p.A., a company incorporated in Italy and listed in the STAR segment of the Milan stock exchange, that holds direct and indirect controlling interests in 103 subsidiaries (4 of which being wound up as part of internal rationalization work) operating in the two business sectors described above. The Interpump Group can be concisely represented at 31/12/2019 as follows:

#### Group Structure

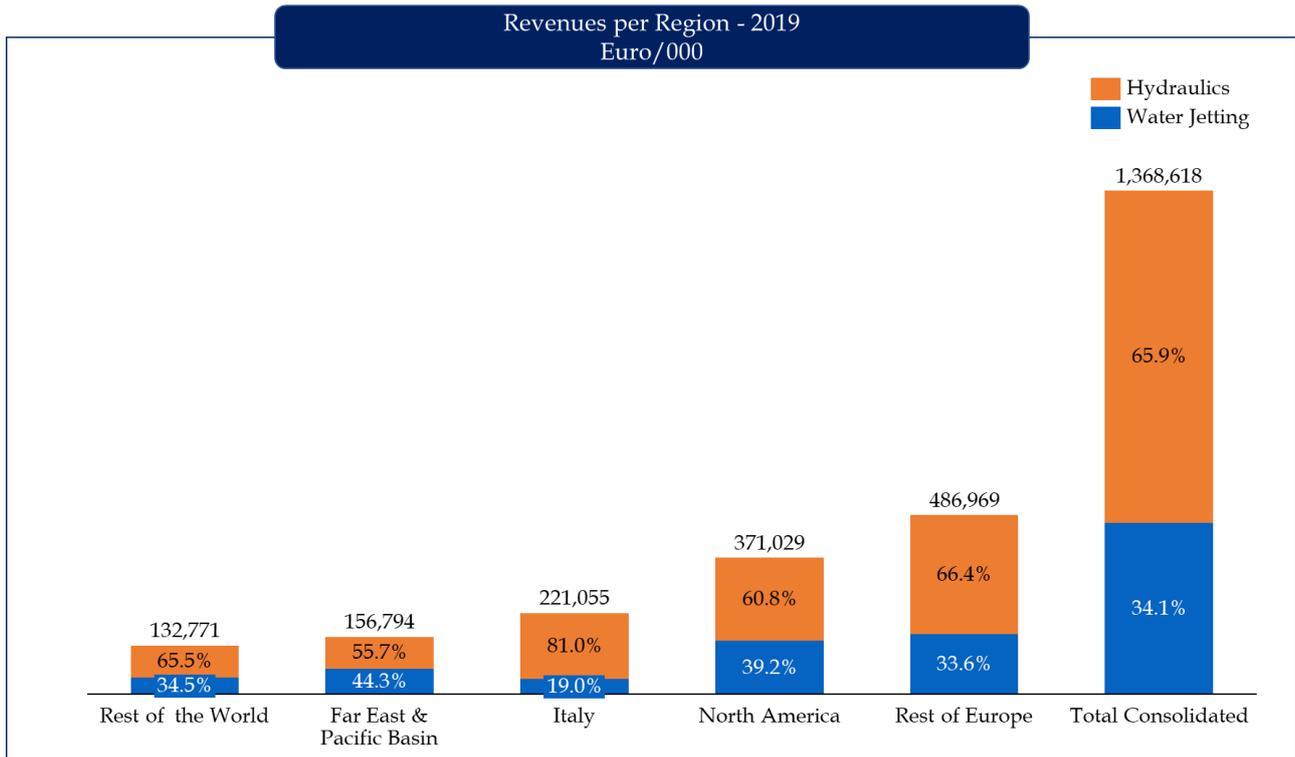


The Group is composed of a large number of companies, including small size concerns, that perform primarily production and/or sales activities under the strategic and operational coordination of the group parent company.

The Group has production facilities in Italy, the US, Germany, China, India, Brazil, Bulgaria, Romania, South Korea, Portugal, France and Spain, with a direct presence in more than 30 countries. The geographical areas in which the Group operates, both in terms of manufacturing and sales activities, are grouped as follows:

- Italy;
- Rest of Europe;
- North America;
- Far East and the Pacific Basin;
- Rest of the World.

See the following chart for further details:



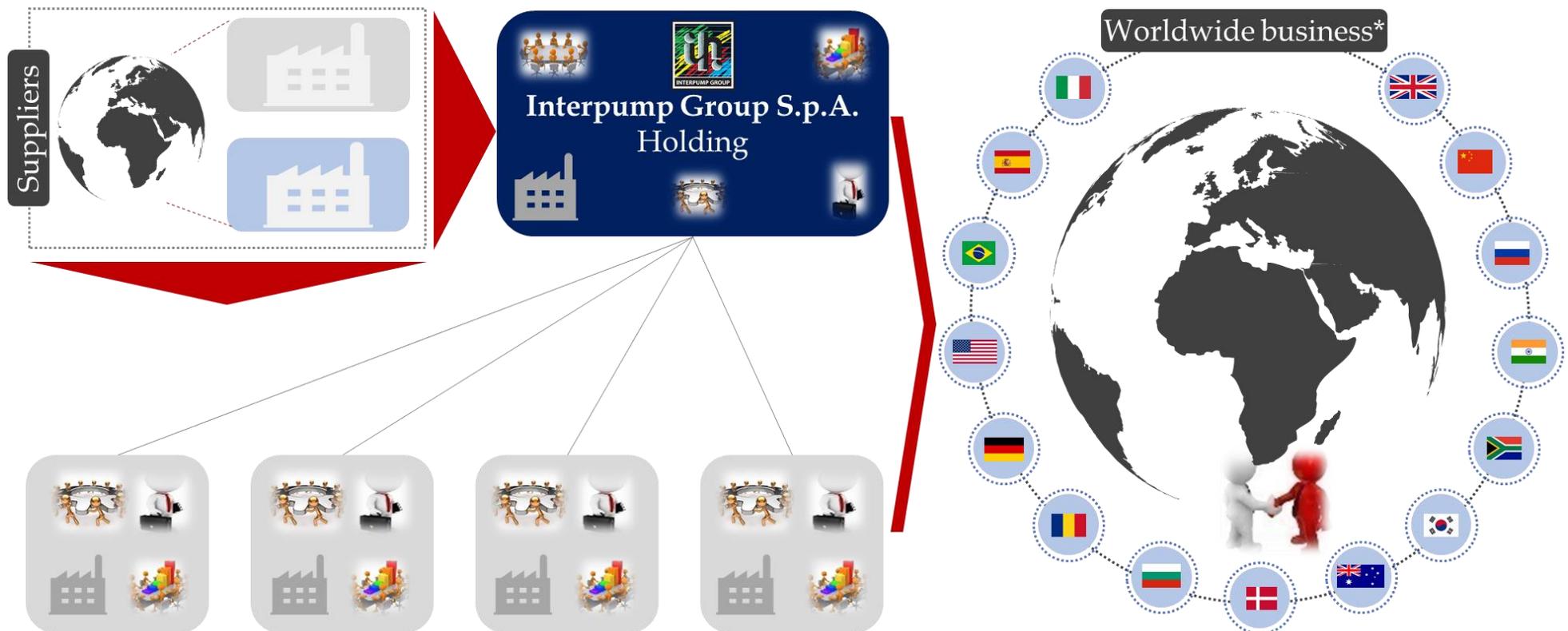
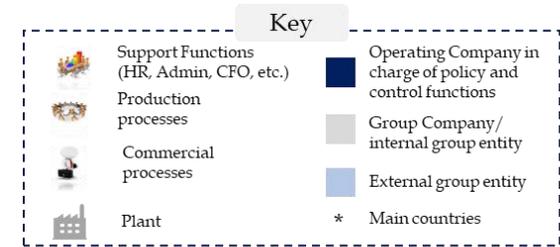
\*revenues include those of the Reggiana Riduttori Group (Euro 20.4 million), which was acquired in October 2019 and is not included within the scope of this Non-Financial Statement for 2019.

### 1.2 Interpump Group value chain

GRI 102-9

The following is a simplified representation of the value chain of the Interpump Group, useful for the mapping and description (in the following chapters of this document) of the risks, corporate management model and policies adopted on significant topics in five areas (environmental, social, personnel, respect for human rights and anti-corruption).

# Interpump Group Value Chain



The main elements of the Interpump value chain are:

- vendors, which may be small/medium-size companies or large multinationals. Among the Group's main procurement categories, we list the following, by way of example without limitation: raw materials, components and intermediates, finished products, packaging, work processes (e.g. heat treatments, small metal parts, assembly, surface coating, etc.), utilities, machine manufacturers, services (e.g. transport, consultancy, waste management, etc.).
- Interpump Group companies that are primarily engaged in production (essentially mechanical production and assembly of components) and/or sales activities.
- clients, around 26% of which are distributors and dealers, while 74% are OEMs<sup>1</sup> and end customers. Overall, the number of customers exceeds 20,000, spread over more than 130 countries. The top customer in terms of sales accounted for about 1.4% of revenues in 2019.

The Interpump Group combines a process of internal growth with an external growth path, resulting in sometimes significant changes in the product mix with, therefore, an impact on the consistency of certain indicators.

The following acquisitions took place during the years analyzed:

- February 2017, the Inoxpa Group - active in the manufacture and commercialization of process equipment and systems for the treatment of fluids in the food processing, cosmetics and pharmaceuticals industry (contributing about 6% of consolidated revenues);
- January 2018, the international branches of GS-Hydro - active in the design and installation of and support for piping systems used in weld-free assemblies (contributing about 5% of consolidated revenues);
- October 2019, the Reggiana Riduttori Group (contributing about 6% of consolidated revenues) - not included within the scope of this Statement.

---

<sup>1</sup> Original Equipment Manufacturer

## 2) Note on methodology

GRI 102-45; GRI 102-46; GRI 102-48; GRI 102-49; GRI 102-50; GRI 102-52; GRI 102-53; GRI 102-54; GRI 102-56

This document is the Consolidated Non-Financial Statement (hereinafter, also NFS) of the Interpump Group (Interpump Group S.p.A. and those subsidiaries consolidated on a line-by-line basis, hereinafter also the Group or “IPG”), prepared pursuant to Decree 254 dated 30 December 2016 (hereinafter, also the “Decree” or “Decree 254/2016”) and, as envisaged in the Decree, is a separate document with respect to the Board of Directors' Report. This NFS addresses the material topics envisaged in art. 3 of Decree 254/2016 with reference to the 2019 financial year (from 1 January to 31 December), to the extent necessary in order to provide an understanding of the business, its performance, its results and the social and environmental impact of the Group. The material topics for the Interpump Group and its stakeholders were determined using a process for the analysis of materiality described in the chapter on “Stakeholder engagement and materiality matrix”.

This document has been audited by a suitably authorized third-party entity. The audit was performed in compliance with the procedures described in the “Independent Auditors' Report” included at the end of the document.

The Board of Directors of the Interpump Group approved this NFS on 16 March 2020.

### 2.1 Scope and standard of reporting

This annual NFS relates to 2019, consistent with the **reference period** for the consolidated financial statements, and includes the companies consolidated on a line-by-line basis for financial reporting purposes (see the IPG corporate structure at 31/12/2019 in section 3), except for the Reggiana Riduttori Group since the acquisition took place in October 2019. It also contains non-financial data for 2018 and 2017 for comparative purposes. To aid understanding of the foregoing comparison, where significant the notes supporting the indicators show the changes in the scope of reporting due to the entities acquired during the three-year period, as well as the impact of exchange-rate fluctuations.

This NFS has been prepared in compliance with the GRI Sustainability Reporting Standards: Core option, published in 2016 by the Global Reporting Initiative (GRI). Compared with the 2018 Statement, IPG has adopted the updated version of Disclosure GRI 403 (Occupational Health and Safety) issued by the GRI in 2018 and, accordingly, the historical data for 2017 and 2018 has been aligned with the new method of calculation.

The Statement now includes section 3.2 (Analysis of materiality) “Correlation Table with GRI Core indicators”, in order to show the coverage of the GRI indicators associated with each topic determined to be material. In addition, each chapter/section makes reference to the indicators addressed.

### 2.2 Methods of calculation

The main **methods of calculation and assumptions** made for the non-financial performance indicators reported in this statement are indicated below, in addition to those already described in the text of the NFS (e.g. examples of specific calculation formulas include indicator 401-1 concerning in/out turnover rates, 403-9 concerning rates of injury, 302-3 related to energy intensity, and 306-1 concerning water discharge).

- Where specific environmental data was unavailable, conservative estimates were made by choosing assumptions for environmental performance that were less favorable for the Company.
- Greenhouse gas emissions were calculated using the following formula: activity value (m<sup>3</sup> of natural gas, kWh of electrical energy, etc.) multiplied by the respective emission factor. Also, losses of refrigerant gas (kg) were considered, multiplied by the respective Global Warming Potential (GWP).
- The emission factors and GWP values used to calculate the GHG emissions were as follows:
  - **Emissions Scope 1:** the emission factors for fuels and the GWP of refrigerant gases were taken from the “UK Government GHG Conversion Factors for Company Reporting - fuel properties” published by the Department for Environment, Food and Rural Affairs (hereinafter, also “DEFRA”) and updated annually.
  - **Emissions Scope 2:** the emissions for electricity purchased from the grid were calculated using two methods, as required by the GRI Standards:
    - the Market-based calculation used the residual mix emission factors reported in the following documents: “European residual mix” published by the Association of Issuing Bodies (AIB)

and “Green-e Energy Residual Mix Emissions Rates” published by the Center for Resource Solutions; for those countries whose residual mix factors were not publicly available from accredited sources at the time of preparing this document, the emission factors applied in the Location-based calculation were used instead.

- the Location-based calculation used the emission factors reported in the “International Comparisons” document published by Terna.
- The personnel data (e.g. employment) relates to natural persons (not standardized using FTEs<sup>2</sup>) at 31/12 in the reporting period.
- The health and safety indicators were calculated in the manner envisaged by the GRI Standards, using 200,000 (equivalent to the hours worked each year) as the multiplier, so that:
  - **Injury rate:** no. of injuries \* 200,000 / hours actually worked
  - **Injury rate (high-consequence incidents):** no. of high-consequence injuries \* 200,000 / hours actually worked
  - **Lost days rate (LDR):** no. of days lost \* 200,000 / theoretical hours worked
  - **Occupational disease rate:** no. of occupational diseases \* 200,000 / hours actually worked

---

<sup>2</sup> Full-time equivalents

## 2.3 Corporate Governance

GRI 102-1; GRI 102-3; GRI 102-5; GRI 102-18

The corporate governance model adopted by Interpump Group is based on the Code of Corporate Governance<sup>3</sup> promoted by Borsa Italiana.

As indicated in the report on corporate governance and the ownership structure for 2019, which can be consulted on the Group's institutional website in the "Governance" section, to which we invite you to refer for more details, Interpump Group S.p.A. has adopted a traditional form of administration and control:

- company management is delegated to the Board of Directors (Board);
- supervisory functions are addressed by the Board of Statutory Auditors;
- the legal audit of the accounts and accounting checks are performed by the independent auditing firm appointed at the shareholders' meeting;
- a Supervisory Body is appointed pursuant to Decree 231/2001.

Interpump Group S.p.A. manages and coordinates its Italian subsidiaries pursuant to art. 2497 of the Italian Civil Code, although they retain their legal independence and apply the principles of proper corporate and business management.

The composition of the Board of Interpump Group S.p.A. and, specifically, the information required by art. 10<sup>4</sup>, para. 1, of Decree 254/2016 concerning the gender diversity of the administrative, management and control bodies, are illustrated in the Report on corporate governance and the ownership structure for 2018, in sections 4.2. "Composition of the Board of Directors" and 14.0 "Composition and Operation of the Board of Statutory Auditors".

With regard to gender diversity, the statutory provisions and the matters provided for by art. 147-(3) of Decree 58 dated 24 February 1998 are complied with in full. When the Board of Directors and the Board of Statutory Auditors are renewed, at the Shareholders' Meeting called to approve the financial statements for 2019, the weighting of the least represented gender will be aligned with the regulations on gender balance in force at that time.

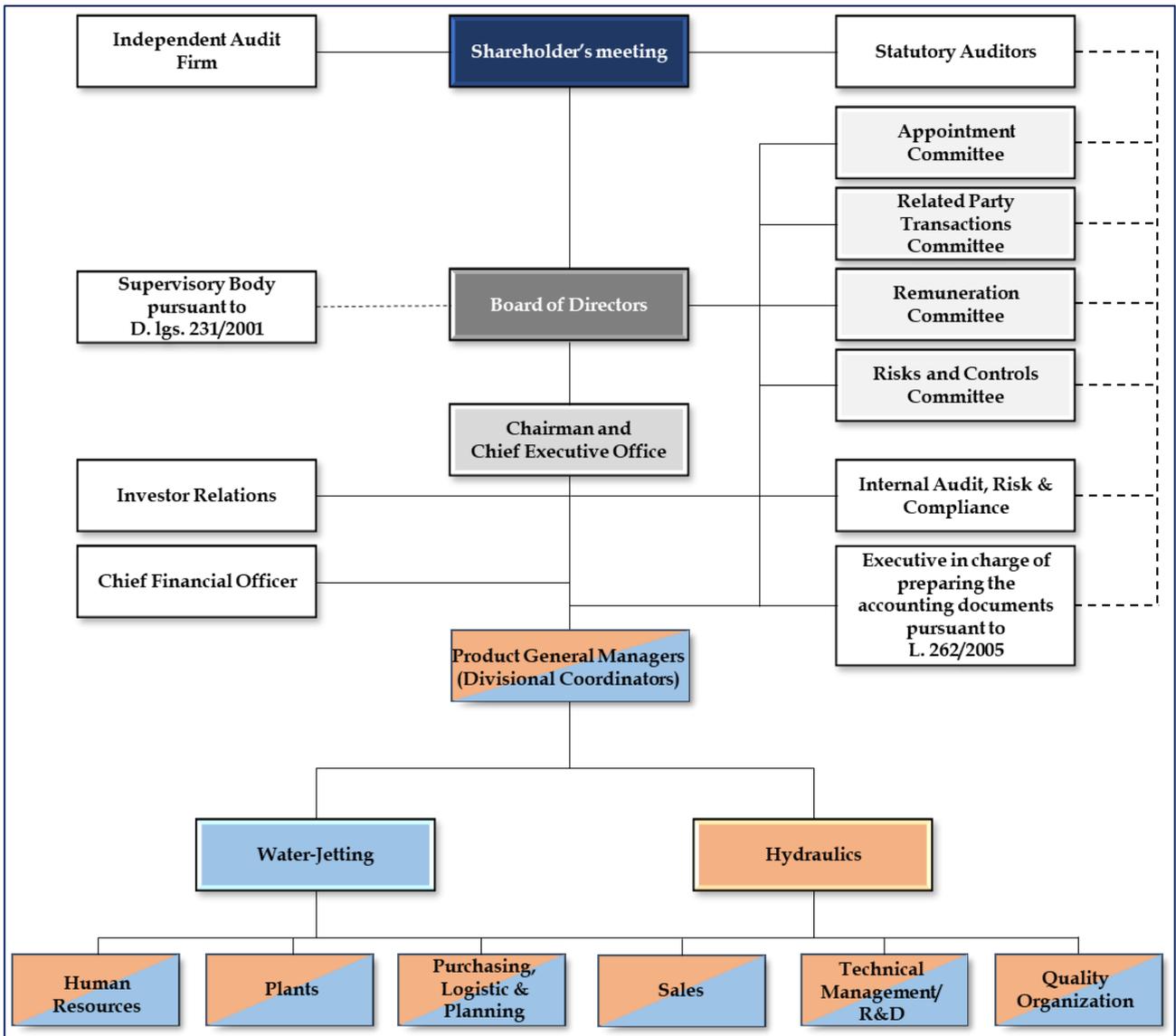
The Board of Directors has established the following Board Committees: the Remuneration Committee, the Control and Risks Committee, the Appointments Committee, and the Related-Party Transactions Committee. As required by the Code of Corporate Governance promoted by Borsa Italiana, at least one member of the Control and Risks Committee and, consequently, of the Board of Directors, has experience in accounting and financial matters or in the area of risk management.

The organizational structure of Interpump Group S.p.A. at 31 December 2019 is illustrated below.

---

<sup>3</sup> Published in July 2018

<sup>4</sup> "Amendments to Decree 58 dated 24 February 1998"



### 3) Quali-quantitative description of risks and policies for their management

In line with art. 3, paras. 1 and 2, of Decree 254/2016, this NFS includes both descriptive aspects (e.g. policies, risks, governance) and results in terms of performance.

The path implemented by IPG in response to the Decree takes account of the five areas indicated by the legislator:



This non-financial statement was prepared in the following key stages:

- mapping the stakeholders of the Group and related prioritization;
- identification of the material non-financial topics via an analysis of materiality;
- mapping of the main risks, generated or sustained, that derive from the business activity and from its products, services or commercial relationships, including the chain of supply;
- identification of the policies practiced, where applicable, and the governance adopted for management of the five topics;
- definition and implementation of a process (on Group level) of collection, aggregation and transmission of the information required by the essential performance indicators selected based on the significant themes for IPG and envisaged by the chosen reporting standard.

Even though the analysis conducted is specific in relation to the five topics identified by the legislator, in order to make the text more accessible, it was decided to present the **transverse qualitative information** first, before the qualitative-quantitative information specific to each topic.

### 3.1 Stakeholder engagement and materiality matrix

GRI 102-40; GRI 102-42; GRI 102-43

The Group strives to build a relationship of trust with its numerous **stakeholders**, developing active and constant dialog where possible. In particular, stakeholders are entities or individual influenced significantly by the activities, products and services offered by the business and/or whose actions influence the ability of the business to implement successfully its strategies and achieve its established objectives.

When updating the NFS for 2019, IPG mapped its stakeholders to identify those of greatest significance to the Group.



In addition, the principal channels used to communicate with these stakeholders were identified:

### GRI 102-43 Methods of interaction, listening and involvement

Category of Stakeholder	Frequency of involvement	Method
Employees and collaborators	<i>Continuous</i>	Training programs, incl. ethics Communications from top management Collective bargaining Periodic assessment of performance and results
Shareholders	<i>Continuous</i>	Institutional website Shareholders' meeting Press releases
Local Community	<i>Continuous</i>	Institutional website Donations Meetings for student orientation Apprenticeships/ internships
Competitors	<i>Periodic</i>	Institutional website Participation in initiatives and events
Trade unions	<i>Periodic/ad hoc</i>	Institutional meetings
Trade associations	<i>Continuous</i>	Institutional meetings Participation at conferences and information sessions
Lenders and investors	<i>Periodic</i>	Institutional website Periodic meetings with investors and financial analysts Roadshows (meetings with the financial community) Press releases Shareholders' meetings Press releases
Suppliers	<i>Continuous</i>	Institutional website Constant relations with the relevant business functions Participation in initiatives and events
Public administration and control bodies	<i>Continuous</i>	Institutional relations
Clients	<i>Continuous</i>	Institutional website Management of complaints Catalogs After-sales service Trade fairs
Legislator	<i>Continuous</i>	Institutional website Information on request Reports and financial statements Press releases Shareholders' meetings

The Group also strives to participate in trade associations and other significant initiatives at local and international level. Interpump Group S.p.A. is a member of the following principal organizations:

- *Unindustria – territorial association of the Confindustria system*
- *Afidamp – association of players in the professional cleansing value chain in Italy*
- *Ecoped – national consortium for the management of waste*
- *AUSED – Association of users of data processing systems*
- *IBC – Association of consumer goods industries*

### 3.2 Materiality analysis

GRI 102-44, GRI 102-46; GRI 102-47; GRI 102-49; GRI 103-1; GRI 103-2

In order to provide an understanding of the activities carried out, the progress made, the results achieved and the resulting impact, the Group performed a materiality analysis in 2019 that identified the economic, environmental and social topics to be included in the NFS. In particular, as envisaged in the GRI Standards, the material topics were selected with reference to their ability to influence significantly the decisions and opinions of stakeholders, as well as to their impact on the Group and its performance.

With the involvement of top management, an internal working group carried out the process of defining the material topics, which comprised two distinct phases:

The first involved **identifying the universe of non-financial topics** that were potentially significant, by analyzing sources in the following categories:

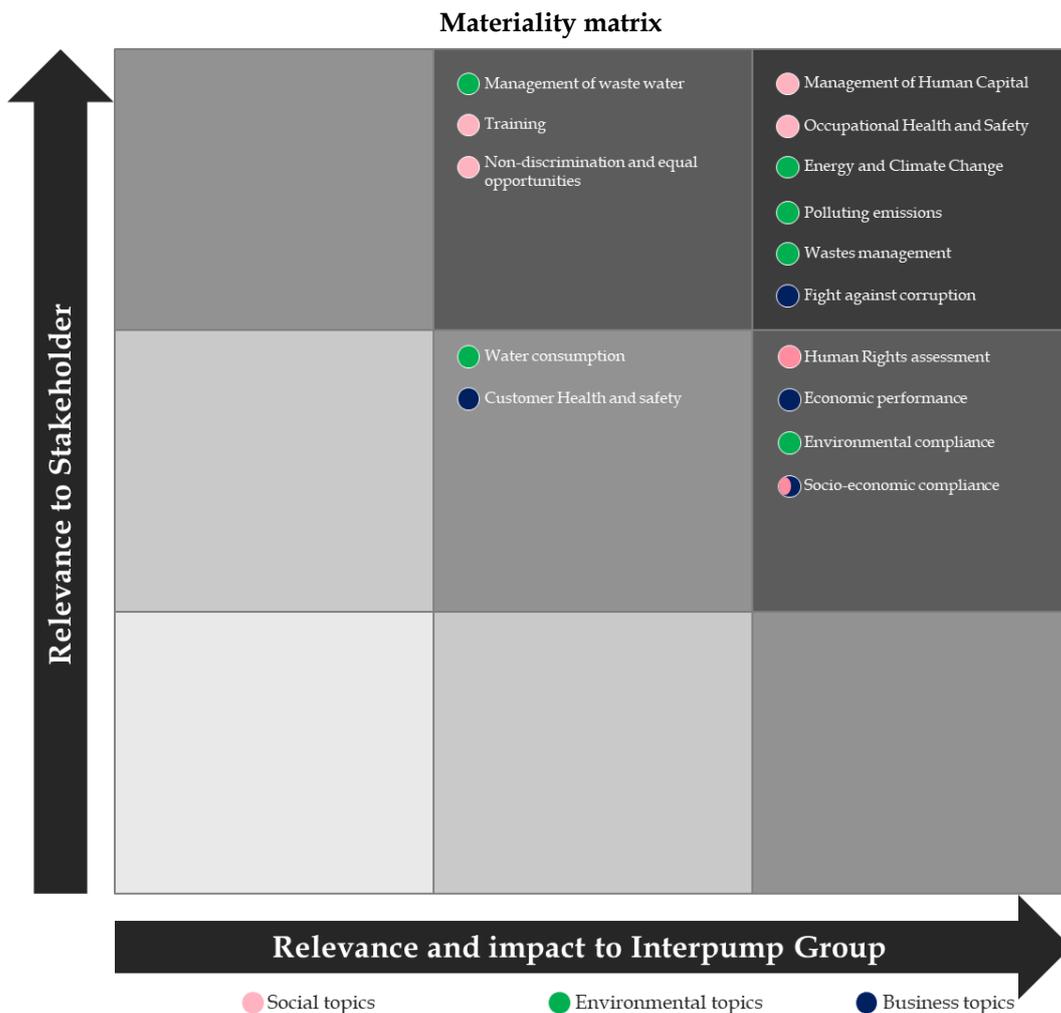
- *sustainability trends at a global level*, i.e. key non-financial aspects considered by the main stock exchanges that have published guidelines for sustainability reporting, by the sustainability rating indices (DJSI, MSCI, etc.), by international organizations (GRI, World Economic Forum, etc.) and by supranational bodies (EU, UN, etc.).
- *sector performance*, i.e. non-financial aspects that have emerged as significant for the reference sector of IPG. In particular, the indications present on the Europump<sup>5</sup> website were analyzed, as were the publications of several international organizations (RobecoSam, SASB, etc.).
- *analysis of press clippings* regarding the Group and the industry concerned.
- *company priorities*, with reference to the five topics of Decree 254/2016, identified from analysis of the main corporate documents (Code of Ethics, 231 Model, Risk assessment, etc.).

The analysis found 26 significant topics, which were then assessed.

The next phase involved **prioritization of the topics identified** in order to distinguish the most important based on the two variables considered:

- *Influence on stakeholder assessments and decisions*: their importance for stakeholders was evaluated using the results obtained from the above analyses.
- *Significance of the economic, environmental and social impacts for IPG*: this assessment was made by top management during an ad hoc workshop, during which participants assigned a score, in terms of significance, to each topic identified.

The results of this analysis therefore led the Group to identify the material topics, based on their impact on IPG and their significance for its stakeholders, as shown in the following matrix:



<sup>5</sup> European Association of Pump Manufacturers

The correlation table between the GRI Standards and the material topics identified is presented below together with the related reporting scope.

**GRI Core Indicators correlation table [102-46; 103-1]**

Material topics for IPG	GRI Standard	Scope		
		Internal	External	Limitations
<b>Environmental area</b>				
Energy and Climate change	GRI 302: <i>Energy 2016</i> (302-1, 302-3, 305-1, 305-2, 305-4)	IPG Group		
Polluting emissions	GRI 305: <i>Emissions 2016</i> (305-7)	IPG Group		
Water consumption	GRI 303: <i>Water 2016</i> (303-1)	IPG Group		
Management of waste water	GRI 306: <i>Effluents and Waste 2016</i> (306-1)	IPG Group		
Wastes management	GRI 306: <i>Effluents and Waste 2016</i> (306-2)	IPG Group		
Environmental compliance	GRI 307: <i>Environmental Compliance 2016</i> (307-1);	IPG Group		
<b>Socio-economic area</b>				
Economic performance	GRI 201: <i>Economic Performance</i> (201-1)	IPG Group		
Customer health and safety	GRI 416: <i>Customer Health and Safety 2016</i> (416-2)	IPG Group		
Socio-economic compliance	GRI 419: <i>Socio-Economic Compliance 2016</i> (419-1)	IPG Group		
<b>Personnel-related area</b>				
Occupational health and safety	GRI 403: <i>Occupational Health and Safety 2018</i> (403-9)	IPG Group	External personnel working on Group sites	Reporting partially extended to external boundary
Management of human capital	GRI 401: <i>Employment 2016</i> (401-1)	IPG Group		
Training	GRI 404: <i>Training and Education 2016</i> (404-1)	IPG Group		
Non-discrimination and equal opportunities	GRI 405: <i>Diversity and Equal Opportunity 2016</i> (405-1)	IPG Group		
	GRI 406: <i>Non-discrimination 2016</i> (406-1)	IPG Group		
<b>Area related to respect for human rights</b>				
Human rights assessment	GRI 412: <i>Human Rights Assessment 2016</i> (412-3)	IPG Group		
<b>Area concerning anti-corruption activities</b>				
Fight against corruption	GRI 205: <i>Anti-corruption 2016</i> (205-3)	IPG Group		
	GRI 206: <i>Anti-competitive Behavior 2016</i> (206-1).	IPG Group		
	GRI 415: <i>Political Contribution</i> (415-1)	IPG Group		

Compared with prior years, the analysis of materiality carried out during 2019 resulted in adding “economic performance” as a material topic in this NFS.

### 3.3 Risks

The main risks identified for the 5 topics identified by the legislator, that may become of significance in relation to the pursuit of the Interpump Group strategy in the medium/long-term, are identified in the related headings.

Interpump Group however considers shared risks (applicable to the environmental, social, personnel, human rights and anti-corruption topics), and as such listed in this heading and not repeated in correspondence with the individual topics:

- reputation risks that arise from the risks listed for each topic;
- risks linked to possible issues - whether environmental, social, product quality related, concerning anti-corruption, etc. - with the supply chain.

In this regard, note that in the context of the internal control and risk management system, a process has been implemented of Risk Assessment of business risks originating from external and internal sources based on self-assessment of the risk by the Risk Owners - identified as coinciding with the top management of the Group. The analysis starts from a catalog of risks developed specifically for the Group, based on the typical business areas and the operational and compliance problems and periodically reviewed to take account of any newly identified risk profiles. The business 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. This Risk Assessment process makes it possible to identify the business risks, to evaluate the degree of risk and to monitor any corrective actions adopted. In this regard, the catalog of risks to be used during 2020 has been revised to specify better those relating to the topics of a non-financial nature addressed in this report.

### 3.4 Risk management Policies

In addition to the “whistleblowing management policy”<sup>6</sup>, applicable to the Group, which regulates the method of execution and management of whistleblowing concerning presumed irregularities or illegalities, the Code of Ethics adopted by all Group companies (for China, taking account of the country factor), defines the principles of conduct and the guidelines concerning the 5 topics referenced by legislative decree 254/2016 (environmental, social, personnel, respect for human rights, and anti-corruption). Top management deemed it appropriate to formalize Group policies with reference to the non-financial aspects of the greatest significance for IPG, taking into account the marked diversification of the companies/production sites and their independence. For further details, see the Global Competence Program described in the next heading.

### Model

Given the company structure of the Interpump Group, composed of multiple companies, also of small size, that work in different countries with diversified areas of business and taking account of the variable perimeter of the Group from one year to the next, it has not been deemed appropriate to date to define a centralized management model of the themes related to the 5 topics specified in Decree 254/2016.

Interpump Group S.p.A. has adopted an Organization, Management and Control Model pursuant to Decree 231/2001 (the “231 Model”), which details the various roles and responsibilities and enables decision-making processes to be traced, even in the areas covered by this Statement. Together with the Code of Ethics, the 231 Model provides an additional tool for promoting awareness among all employees and all those who collaborate for various reasons with the Company. This helps to ensure compliance, in the execution of their activities in pursuit of the corporate objects, with proper and transparent forms of conduct in line with the Company's ethical-social values, thereby preventing the risk of committing the offenses contemplated in the Decree. The 231 Model was implemented after assessment, using the same methodology, of the risk that the identified offenses might be committed by those Italian subsidiaries that, given their size and organizational complexity, are at relatively greater risk with respect to the offenses considered in Decree 231/2001.

Interpump Group has decided to implement a *Global Compliance Program* that extends the principles and rules of conduct set down in the 231 Model to the Italian companies for which adoption of the Model is deemed unnecessary, as well as to the foreign companies. The purpose is to achieve ever greater levels of compliance with all applicable legislative measures, and ensure respect for the concepts of legality and ethical conduct in the performance of business activities. The Global Compliance Program of Interpump Group S.p.A. defines a model for the organization and management of activities in line with International Best Practices, to prevent misconduct in the context of the Decree, namely in the following areas: environment, social, personnel, human

<sup>6</sup> Available on the corporate website in the Governance section

rights, and the fight against both active and passive corruption. The Global Compliance Program comprises guidelines that define the principles and rules of conduct to be followed, in order to organize and manage companies in a manner that complies with the applicable regulations and respects the concepts of legality and ethical conduct in the performance of business activities. The Global Compliance Program was approved by the Board of Directors of Interpump Group S.p.A.:

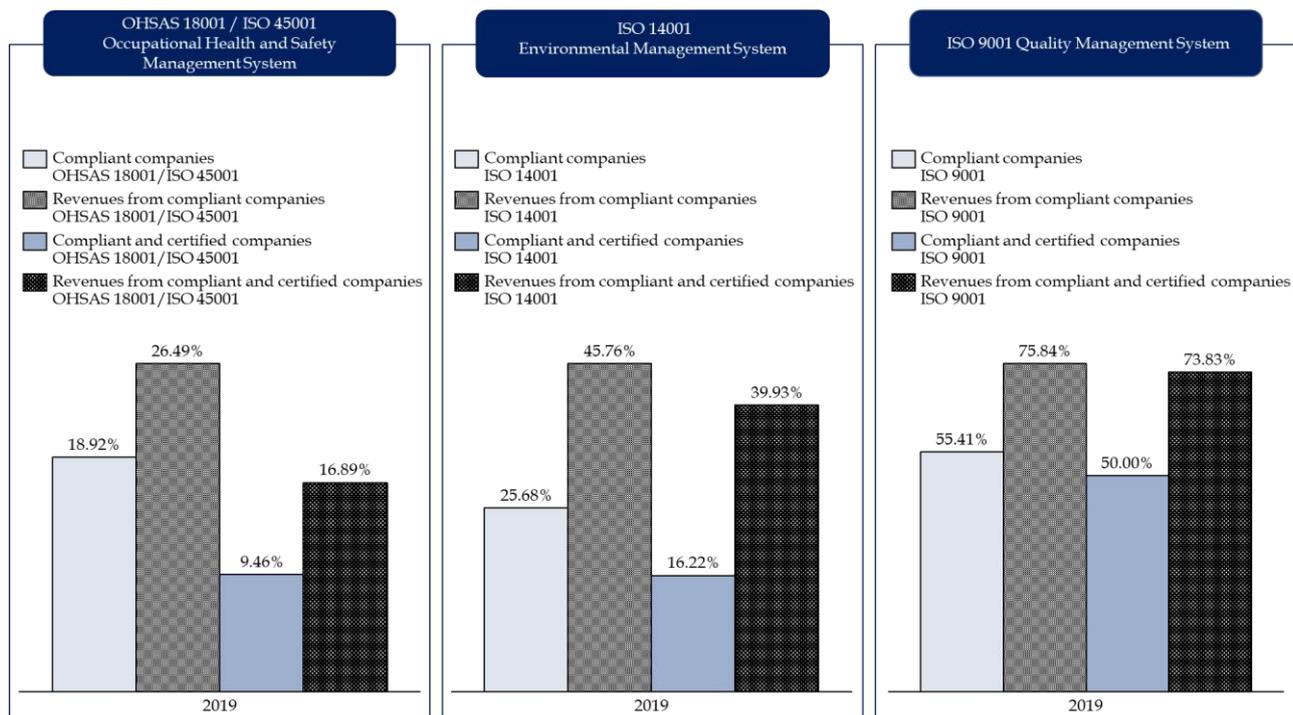
- in 2019 with regard to the fight against active and passive corruption. Adoption and implementation by all Group companies is currently being completed;
- in February 2020 with regard to the environmental, social and personnel topics and respect for human rights. As in the case of the other topics, these will be adopted and implemented by all Group companies during the second half of 2020.

With reference to the environmental area, a number of Group companies have adopted and implemented quality management systems certified pursuant to UNI EN ISO 9001 (see below for further details); some plants are certified pursuant to UNI ISO/TS 16949:20097.

In addition, several companies have adopted and implemented environmental management systems certified in compliance with international standard EN ISO 14001:2004 – in certain cases the system update process has been launched to comply with the new requirements of standard 14001:2015 – and safety management systems certified in compliance with international standard ISO 45001. See the specific section on environmental and personnel matters for further details.

**Interpump top management recognizes, as an essential principle, respect for the laws and regulations in force in the countries of operation of the Group companies, where they are required to comply with those laws and regulations without exceptions of any kind.**

GRI 103 - System Management – summary tables 2019<sup>8</sup>



<sup>7</sup> “Special requirements for application of ISO 9001:2008 for series production and the production of spare parts in the automotive industry”

<sup>8</sup> The tables do not analyze companies without production/assembly/storage locations. In other words, 7 out of 81 companies were excluded.

### 3.5 Performance indicators

In conformity with the Decree, the Interpump Group has selected several GRI indicators that can aid correct and balanced understanding of the performance of the company, of its results and the impact of its activity in relation to the topic in question.

The purpose of the set of GRI indicators is to maximize the comparability and uniformity of the data presented, while also guaranteeing consistent representation of environmental and social performance in the various sectors in which the Group operates.

The associated reporting should therefore include an integrated reading of the economic-financial aspects, thereby developing a more thorough understanding of the company's activities and their social-environmental impacts.

## 4) Environmental Area

### Material topics

Based on the analysis of materiality (see chapter 3.2 Analysis of materiality for further details), the material topics for IPG in the environmental area are:

- Polluting emissions;
- Energy and Climate change;
- Water consumption;
- Management of waste water;
- Waste management;
- Environmental compliance.

### Risks

The main risks identified in the environmental area, that could become significant in pursuit of the medium/long-term strategy, comprise:

- **operational** risks – linked to the low control of energy consumption, the use of water resources and the management of wastewater;
- **compliance** risks – omitted compliance with national or local legislative requirements concerning the environment could lead to the imposition of fines, criminal charges (e.g. for offenses covered by Decree 231/01), and possible environmental harm.

### Risk management

Risk type	Risk management	
	Policies	Model
Operational	Monitoring of energy consumption, the use of water resources and management of waste water (work in progress)	<ul style="list-style-type: none"> <li>• <i>Environmental management systems certified in compliance with international standard EN ISO 14001:2004</i> - with reference to certain companies/plants (in some cases the process of updating the system to comply with the new requirements of standard 14001:2015 has been launched)</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>• <i>Code of Ethics</i> - with special reference to the commitment to protect the environment and the adoption of the most suitable measures to preserve it, by means of ongoing orientation towards the progressive reduction of direct and indirect impacts of its activities, both on the local level (quality of the soil, air and water in the area in which the company operates) and also with reference to global challenges (biodiversity and climate change).</li> <li>• <i>Environmental policies</i> - in relation to the companies/plants in which environmental systems are implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Special Section of the Organization and Management Model</i> - concerning Italy-based companies for which this is deemed appropriate in view of the activities performed and the level of risk.</li> <li>• <i>Global Compliance Program</i> (see section 3.4 for further details) - concerning all Group companies without an Organization, Management and Control Model</li> <li>• <i>Environmental management systems certified in compliance with international standard EN ISO 14001:2004</i> - with reference to certain companies/plants (in some cases the process of updating the system to comply with the new requirements of standard 14001:2015 has been launched)</li> <li>• <i>Insurance cover</i> for accidental cases of air or subsoil pollution. The scope of application covers the entire Group.</li> </ul>

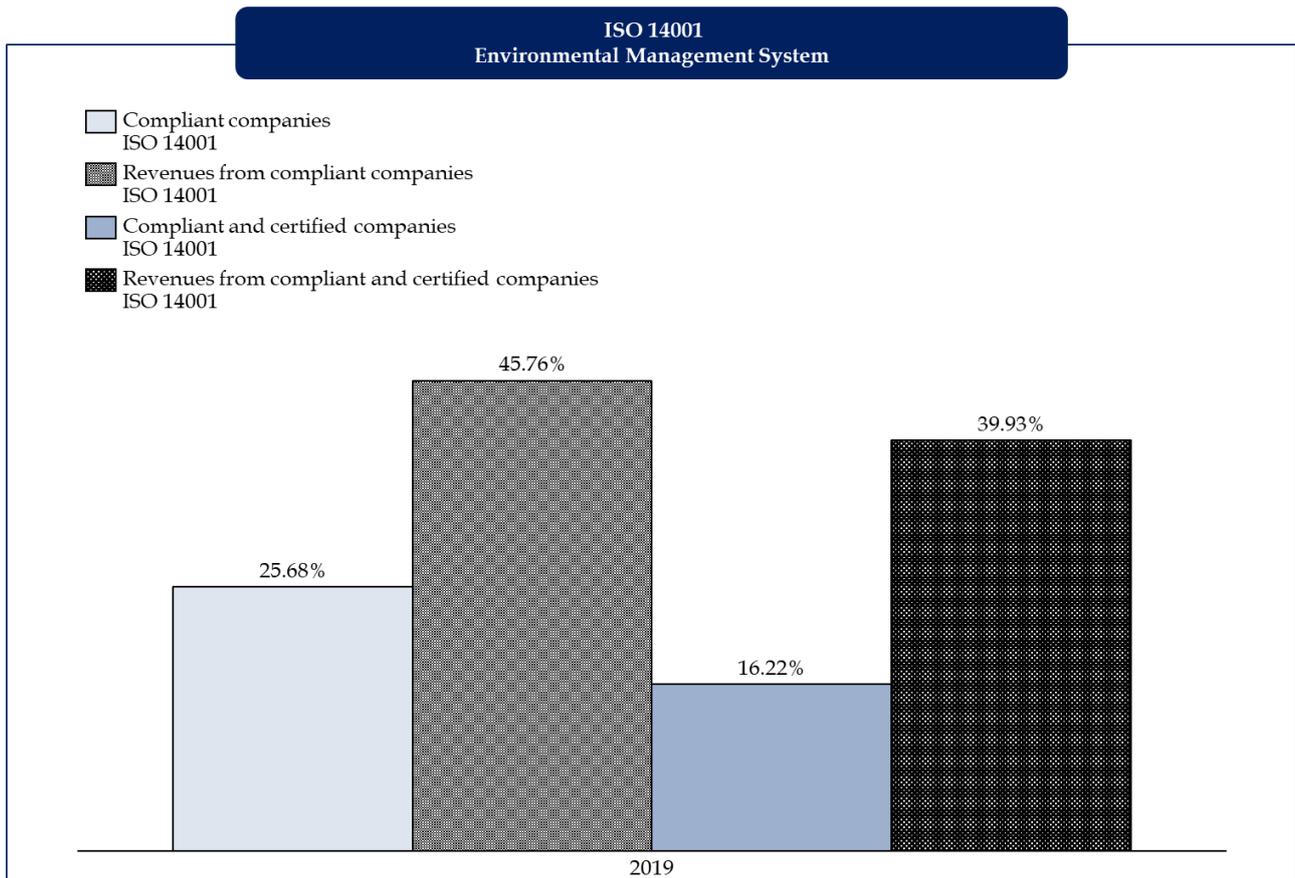
**Performance indicators**

**Environmental management systems**

GRI 103-2; GRI 103-3

In recent years, the Interpump Group has focused efforts on introducing environmental management systems certified pursuant to UNI EN ISO 14001:2004. At the time of preparing this Statement, about 26% of Group companies - contributing about 46% of consolidated revenues - have implemented environmental management systems pursuant to ISO 14001.

About 16% of Group companies have not only implemented environmental management systems pursuant to ISO 14001, but are also certified in accordance with that international standard at the time of preparing this Statement. Those companies account for about 40% of consolidated revenues.



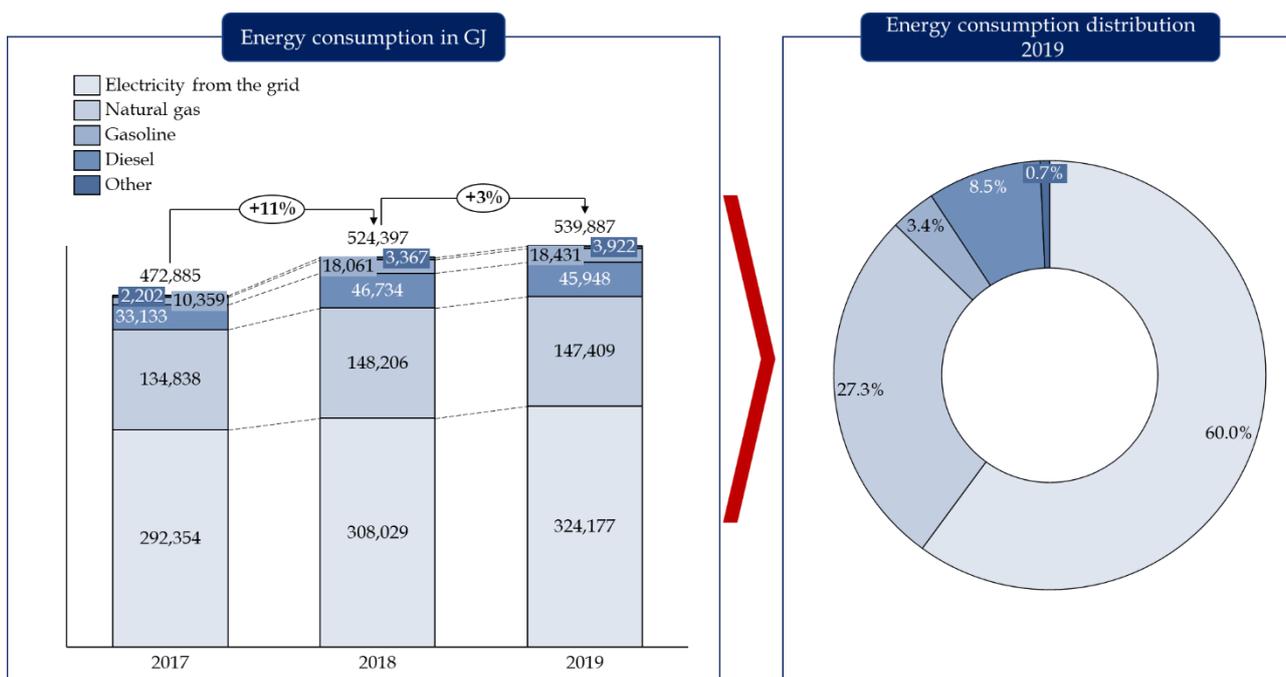
**Use of energy resources**

GRI 302-1; GRI 302-3

In 2019 the Interpump Group consumed energy resources totaling 539,887 GJ, up by 3.0% compared to 2018. This consumption breaks down as follows: 60% electricity drawn from the grid<sup>9</sup>, 27.3% natural gas, 8.5% transport-related diesel, 3.4% gasoline, and 0.7% other. "Other" mostly includes electricity self-generated using PV plants and, to a minimal extent, fuel oil and purchased hot water.

By comparison, consolidated revenues were 5.4% higher overall with respect to the prior year (+7.0% including the Reggiana Riduttori Group, which has been excluded from the scope of this document).

<sup>9</sup> The percentage of electricity generated from renewable sources and consumed by the Group depends on the various national electricity generation mixes. Own consumption of renewable electricity produced by PV plants must also be considered for Italy, as more fully illustrated on the next page.



In particular, the consumption of fuel from non-renewable sources (natural gas, gasoline and diesel) was 0.6% lower in 2019 than in 2018 (213,001 vs 211,787 GJ).

#### GRI 302-1

Energy consumption	UoM	2017	2018	2019
Electricity from the grid	MWh	81,209	85,564	90,049
Natural gas	m3	3,655,122	4,111,663	4,118,298
Gasoline	Liters	316,606	551,659	570,252
Diesel	Liters	921,434	1,299,726	1,280,389
Other	GJ	2,202	3,367	3,922
<b>Total in GJ</b>	<b>GJ</b>	<b>472,885</b>	<b>524,397</b>	<b>539,887</b>

Even though energy consumption takes place in sites with highly diversified energy profiles, in order to describe the main types of consumption and give context to the numbers, it is confirmed that most electricity is consumed by production activities, with a residual portion attributable to office equipment and, in some cases, to heating as well. On the other hand, the predominant element of natural gas consumption is attributable to space heating requirements, with industrial applications using it to a lesser extent. The consumption of diesel and gasoline mainly relates to the use of company vehicles.

**The increase in energy consumption has been accompanied by an increase in the proportion of renewable energy generated internally through the installation of photovoltaic panels which, overall, have resulted in the production of 1,553 MWh, of which 57.8% was consumed internally, with the remainder transferred to the grid.**

At Group level, energy intensity<sup>10</sup> was 0.40 GJ/ k€ in 2019, down by 0.01 GJ/ k€ with respect to the prior year for the reasons illustrated above.

<sup>10</sup> Calculated as follows: *total energy consumed [GJ] / sales [k€]*, where total energy consumed is that defined in GRI disclosure no. 302-1

**GRI 302-3 – Energy intensity**

Energy intensity	UoM	2017	2018	2019
Energy consumption	GJ	472,885	524,397	539,887
Consolidated revenues	k€	1,086,547	1,279,167	1,348,177 <sup>11</sup>
Energy intensity	GJ/k€	0.44	0.41	0.40

The reduction in energy intensity in 2019, with respect to 2018, reflects improvement in the consumption profile of the pre-existing companies and, only in part, to the lower consumption of energy per Euro of sales by the companies acquired during 2019.

**Use of water resources**

GRI 303-1; GRI 306-1

Around 327 thousand cubic meters of water were drawn in 2019, down by 11% compared to 2018, and used primarily for civil, productive and firefighting purposes. **The reduction in consumption results from a review of process to lower their water requirement and increased awareness about the use of water for industrial purposes.** With regard to the change in the reporting scope, the new companies acquired during the year did not affect significantly the consolidated indicators. The water needs of the Group are drawn in almost identical measure from the municipal water supply and from wells (company property or used under license).

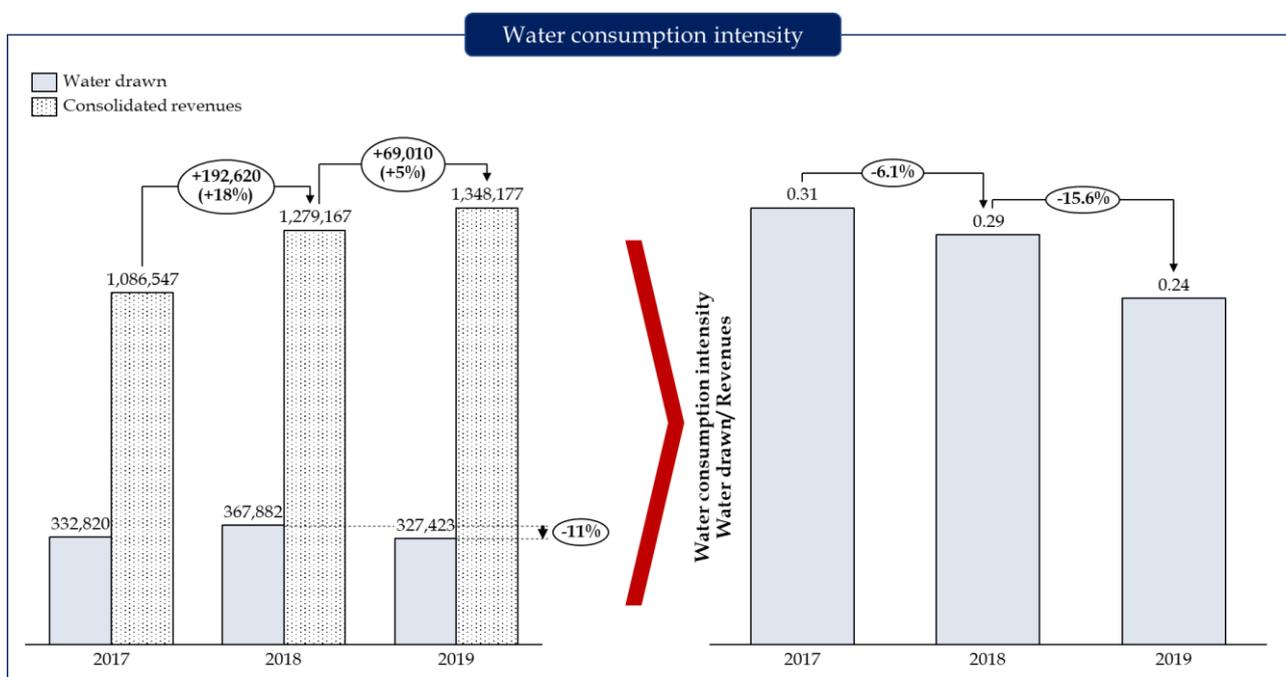
**GRI 303-1 – Water drawn**

Source	UoM	2017	2018	2019
Public supply (mains)	m3	160,625	185,901	191,159
Wells owned/licensed	m3	172,019	173,503	136,264
Other sources	m3	-	8,478	-
Surface tanks	m3	176	-	-
<b>Total</b>	<b>m3</b>	<b>332,820</b>	<b>367,882</b>	<b>327,423</b>

<sup>11</sup> This amount does not include the revenues of the Reggiana Riduttori Group, which is excluded from the scope of the 2019 NFS.

The ratio of water drawn to sales decreased in 2019 compared with the prior year: from 0.29 m<sup>3</sup>/k€ to 0.24 m<sup>3</sup>/k€, with a reduction of 0.05 m<sup>3</sup>/k€.

Water consumption intensity	UoM	2017	2018	2019
Water drawn	m3	332,820	367,882	327,423
Consolidated revenues	k€	1,086,547	1,279,167	1,348,177
Water consumption intensity	m3/k€	0.31	0.29	0.24



Process water<sup>12</sup> discharged in 2019, totaling approximately 186 thousand cubic meters (-22.7% versus the prior year), went almost entirely into the drainage system, in compliance with the authorizations granted. **The reduction reflects the lower consumption of water drawn, as well as a better distinction between civil and industrial discharges.**

#### Waste water - GRI 306-1

Destination	UoM	2017	2018	2019
Sewage	m3	216,934	235,433	185,329
Surface water bodies	m3	-	-	-
Other	m3	2,402	5,261	697
<b>Total</b>	<b>m3</b>	<b>219,336</b>	<b>240,694</b>	<b>186,026</b>

<sup>12</sup> In line with the master data of GRI Standards disclosure 306-1, domestic sewage and rainwater discharges were disregarded. As explained in section 4, the quality of water discharged must comply with the locally applicable regulations.

**Atmospheric emissions**

GRI 305-1; GRI 305-2; GRI 305-4; GRI 305-7

The Group's atmospheric emissions of greenhouses gases (hereinafter also GHG) were calculated in terms of the following emission types:

- Scope 1 - direct emissions
- Scope 2 - energy-related indirect emissions

Scope 1 emissions in the Group correspond to GHG emissions deriving from:

- the use of fuel (gasoline, diesel, fuel oil and natural gas);
- leakages of refrigerant gas from air conditioning/refrigeration systems.

In 2019 emissions deriving from fuels totaled 12,987 tonnes of CO<sub>2</sub>eq, while the contribution from the refilling of air conditioning and refrigeration plants was 303 tonnes of CO<sub>2</sub>eq. The total Scope 1 emissions of the Interpump Group were therefore 13,291 tonnes CO<sub>2</sub>eq, down by 2.0% versus the prior year.

GRI 305-1

GHG emissions - Direct	UoM	2017	2018	2019
Fuels	ton CO <sub>2</sub> eq	10,866	13,218	12,987
Refilling refrigerant gases	ton CO <sub>2</sub> eq	321	339	303
<b>Total emissions - Scope 1</b>	<b>ton CO<sub>2</sub>eq</b>	<b>11,188</b>	<b>13,557</b>	<b>13,291</b>

The reduction in emissions deriving from fuel with respect to 2018 (by 1.7%) was due to the lower consumption of natural gas for heating and certain production activities, as well as to the more efficient use of the vehicle fleet.

Scope 2 emissions mainly related to purchased electricity and only marginally to purchased thermal energy. Considering that the energy required for Group activities is supplied by external entities, with the exception of that produced internally by PV plants, Scope 2 emissions (location-based method) totaled 35,981 tonnes of CO<sub>2</sub>eq in 2019 (up by 2.2% compared to the prior year).

GRI 305-2

GHG emissions - Indirect - Location	UoM	2017	2018	2019
Indirect from electricity	ton CO <sub>2</sub> eq	34,146	35,188	35,979
Indirect from thermal energy	ton CO <sub>2</sub> eq	2	2	2
<b>Total emissions - Scope 2</b>	<b>ton CO<sub>2</sub>eq</b>	<b>34,148</b>	<b>35,190</b>	<b>35,981</b>

The calculation of emissions using the market-based method is presented below.

GRI 305-2

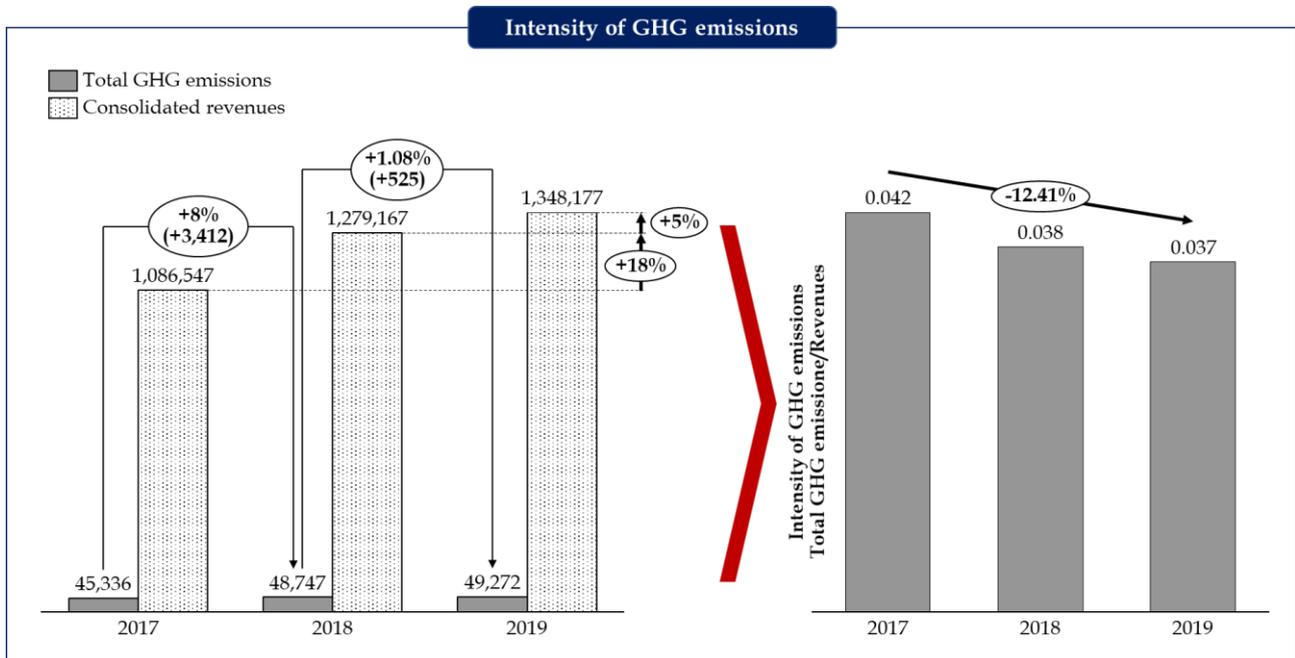
GHG emissions - Indirect - Market	UoM	2017	2018	2019
Indirect from electricity	ton CO <sub>2</sub> eq	40,601	42,905	45,089
Indirect from thermal energy	ton CO <sub>2</sub> eq	2	2	2
<b>Total emissions - Scope 2</b>	<b>ton CO<sub>2</sub>eq</b>	<b>40,603</b>	<b>42,907</b>	<b>45,091</b>

The increase in Scope 2 emissions in 2019 was mainly due to higher energy consumption by the companies already consolidated, and much less to the change in the reporting scope.

The intensity of GHG emissions in 2019 was lower than in 2018: 0.037 tCO<sub>2</sub>/k€ compared with 0.038 tCO<sub>2</sub>/k€, due to the improved energy efficiency coefficients described above

GRI 305-4

Intensity of GHG emissions	UoM	2017	2018	2019
Total GHG emissions	ton CO2eq	45,336	48,747	49,272
Consolidated revenues	k€	1,086,547	1,279,167	1,348,177
Intensity of GHG emissions	tCO2/k€	0.042	0.038	0.037



Another impact generated by the Group concerns direct pollutant emissions into the atmosphere. As expected given the nature of the activities carried out at Interpump plants, the most significant element comprises nitrous oxides and particulate, which have increased largely due to the **internalization of certain industrial processes** and opening of new plants.

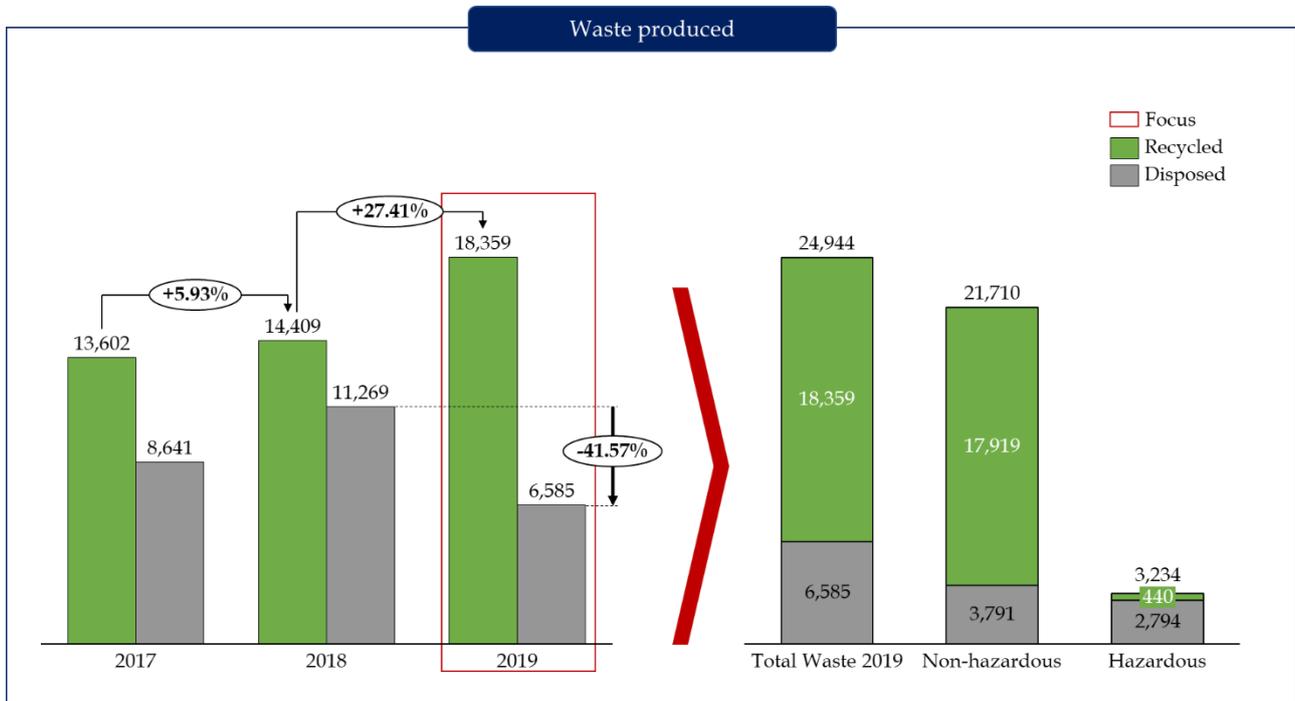
GRI 305-7

Atmospheric emissions	UoM	2019
Particulate	Tons	4.5
PM10	Tons	-
NOX	Tons	16.8
CO	Tons	1.2
Dioxins and Furane	qI TEQ	-
IPA	Tons	0.0
COT	Tons	1.8
PB	Tons	-
ZN	Tons	0.0
HG	Tons	-
SOX	Tons	1.0
Pcb	Tons	-
HCl	Tons	0.1
HF	Tons	0.0
NI	Tons	0.0
Oil mist	Tons	0.6

**Waste produced**  
GRI 306-2

In 2019 the Group generated a total of around 25 thousand tonnes of waste, of which 87% non-hazardous and 13% hazardous. The slight reduction in total waste produced compared with the prior year (25,678 tons in 2018 vs 24,944 in 2019), down 2.9%, is consistent with the improvements in efficiency and the revision of certain productive activities.

The following analysis of the waste produced indicates the quantity recycled and disposed of hazardous and non-hazardous (in tonnes).



In quantitative terms, the principal waste produced by the Group consisted of **ferrous metal filings and shavings** totaling 13 thousand tonnes in 2019 (53.3% of the 24,944 tonnes total waste generated), which were **mostly sent for recycling**.

The final destination of non-hazardous waste in 2019 was as follows:

- about 82.5% (17,919 tons) recycled,
- about 17.5% (3,791 tons) disposed.

With regard to the 3,234 tonnes of **hazardous** waste produced (8.8% more than in the prior year):

- about 13.6% (440 tons of hazardous waste) was sent for recycling;
- about 86.4% (2,794 tons of hazardous waste) was sent for disposal.

Some of the main categories of non-hazardous wastes are given below:

GRI 306-2

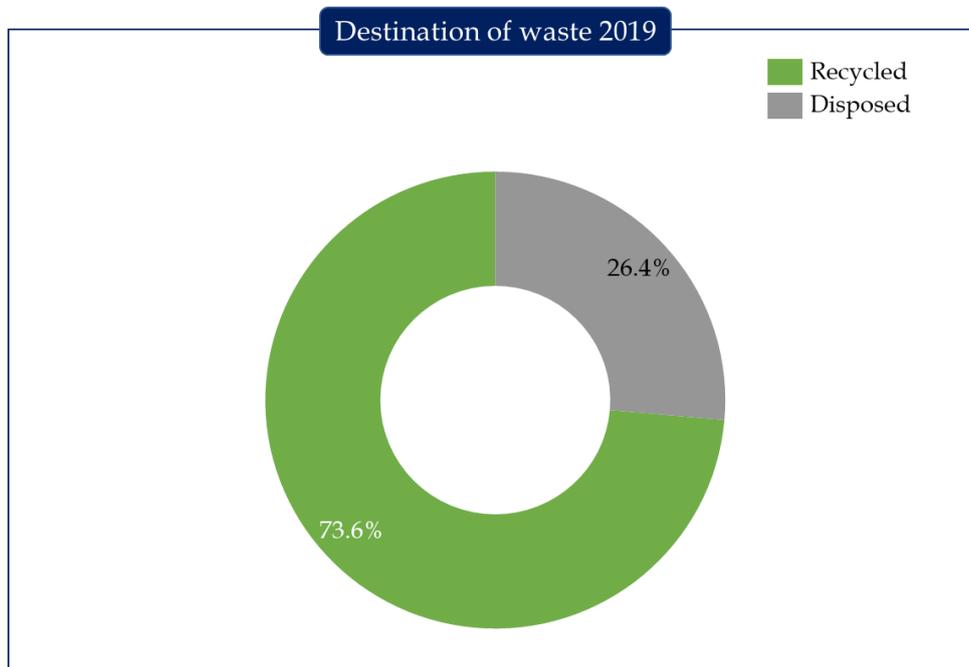
Non-hazardous waste	UoM	2017	2018	2019
12.01.01 - Ferrous metal filings and shavings	ton	11,596	13,883	13,299
12.01.02 - Ferrous metal powders and particulates	ton	749	990	940
12.01.99 - Unspecified waste	ton	1,090	703	759
15.01.01 - Paper and board packaging	ton	679	782	563
17.04.05 - Iron and steel	ton	1,651	1,467	1,243
20.03.01 - Non-differentiated urban waste	ton	1,499	1,812	1,958
Other	ton	2,311	3,069	2,948
<b>Total non-hazardous waste</b>	<b>ton</b>	<b>19,576</b>	<b>22,706</b>	<b>21,710</b>

With regard to hazardous waste, emulsions and solutions for machinery are the substances produced in the greatest quantity, (about 7.4% of the total waste generated in 2019).

GRI 306-2

Hazardous waste	UoM	2017	2018	2019
12.01.09* - Emulsions and solutions for machinery	ton	1,550	1,705	1,842
12.03.01* - Water-based washing solutions	ton	412	455	439
15.02.02* - Absorbents, filtering materials	ton	145	166	209
08.01.19* - Water-based suspensions containing paints	ton	64	12	18
Other	ton	496	634	725
<b>Total</b>	<b>ton</b>	<b>2,668</b>	<b>2,972</b>	<b>3,234</b>

Overall, in 2019 approximately 18,359 tonnes of wastes were recovered compared to approximately 6,585 tonnes transferred for disposal.



**Environmental compliance**

GRI 307-1

Finally, note that based on best practices connected to the environmental management systems implemented in some Group companies and given the growing attention paid to sustainability themes, some IPG suppliers were subjected to an environmental assessment during the three-year reporting period; there was an increase in this practice in the period concerned.

During the three-year reference period, the number and value of fines levied for non-compliance with environmental laws and/or regulations were insignificant, amounting to 0 in 2019.

## 5) Socio-Economic Area

### Material topics

Based on the analysis of materiality (see chapter 3.2 Analysis of materiality for further details), the material topics for IPG in the socio-economic area are:

- Economic performance
- Customer health and safety
- Socio-economic compliance

### Risks

The main risks identified in the company area, such that can become of significance in relation to the pursuit of the company strategy in the medium/long-term, are related to:

- *operational* risks linked to product labeling (i.e. the information that accompanies the product, describing its characteristics), and market policy (e.g. unfair and unethical conduct in relation to competitors).
- compliance risks and **legal risks**, due to non-compliance with regulations and further to damage to property or personal injury caused by the product, linked to safety during use of products sold by Group companies.

The economic and financial risks are described in the Report on operations of Interpump Group S.p.A.

### Risk management

Risk type	Risk management	
	Policies	Model
Operational	<p><i>Code of Ethics</i> - with special reference, in addition to the matters stated above, to the undertaking to guarantee adequate quality standards of the services/products on offer based on predefined levels and periodic monitoring of the perceived quality.</p> <p><i>Technical training programs</i></p>	<p><i>Quality management systems certified in compliance with the provisions of international standard ISO 9001</i> - with regard to some companies/facilities (Monitoring of nonconformities reported by customers)</p>
Compliance	<p><i>Code of Ethics</i> - with reference to the full and scrupulous compliance with the antitrust regulations and the rules of market regulatory authorities.</p> <p>Relations with competitors are characterized by loyalty and fairness and the Group disapproves of any behavior that could constitute an impediment or disturbance.</p> <p>The Group undertakes to ensure that its activities are conducted in such a way as to avoid violating, under any circumstances, international laws of embargo and control of exports in force in the countries in which it operates.</p>	<ul style="list-style-type: none"> <li>• <i>Special Section of the Organization and Management Model</i> - concerning Italy-based companies for which the opportunity has been assessed in consideration of the activity performed and the level of risk.</li> <li>• <i>Global Compliance Program</i> (see section 3.4 for further details) - concerning all Group companies without an Organization, Management and Control Model.</li> <li>• <i>Insurance cover</i> - product liability insurance.</li> </ul>

## Performance indicators

### Economic performance

GRI 102-5; GRI 102-7

The number of ordinary shares of Interpump Group S.p.A. outstanding at 31 December 2019 totals 108,879,294. The significant holdings of share capital are listed below:

Shareholders	Nationality	% of ordinary share capital
GRUPPO IPG HOLDING SRL**	Italian	23.335
FMR LLC (Fidelity Management and Research)*	USA	6.197
FIN TEL SRL*	Italian	4.133
TREASURY SHARES (Interpump Group S.p.A.)**	Italian	2.043
Reggiana Finanziaria srl*	Italian	3.490

\* Source: Consob updated at 25/02/2020

\*\* Source: Draft financial statements of the Company at 31/12/2019

The shares of Interpump Group are listed on the Milan stock exchange and have performed well. In particular, over the past three years, the shares have consistently outperformed the STAR index, which is the segment to which Interpump Group belongs.

### Analysis against the FTSE Italia STAR index (01/01/2015- 31/12/2019)



Source: Borsa Italiana - Interpump Shares — STAR —

**Economic value generated and distributed**

GRI 103-2; GRI 103-3; GRI 201-1

The economic value generated and distributed represents the ability of business to create wealth and distribute it among its stakeholders.

The economic value generated by the Interpump Group during 2019 amounted to Euro 1,395 million (Net revenues - net result), of which 88.7% was distributed.

<i>(in thousands of Euro)</i>	<b>2018</b>	<b>2019*</b>
<b>Total economic value generated</b>	<b>1,310,378</b>	<b>1,395,254</b>
<b>Total economic value distributed</b>	<b>1,160,540</b>	<b>1,242,020</b>
- Personnel	297,162	319,757
- Suppliers**	761,600	818,921
- Public administration	69,659	65,265
- Shareholders***	24,157	28,580
- Financial system	7,962	9,497
<b>Total economic value retained</b>	<b>149,838</b>	<b>153,234</b>

\* The statement of the economic value generated and distributed has been calculated starting from the Group Consolidated Income Statement and therefore includes the Reggiana Riduttori Group.

\*\* This line item includes the amortization of intangible assets

\*\*\* This line item includes the proposed distribution of dividends for 2019, which the Board of Directors has resolved to recommend to the Shareholders' Meeting of Interpump Group S.p.A.

See the "Annual Report for 2019" on the corporate website [www.interpumpgroup.it](http://www.interpumpgroup.it) for further details.

**Other performance indicators**

GRI 205-1; GRI 206-1; GRI 416-2

During the three-year reference period no legal proceedings were initiated in relation to unfair competition, anti-trust and monopoly practices concerning or involving the Interpump Group.

At Interpump Group level, no cases of non-conformity with the product safety regulations were identified in 2019 and 2018 that would have required activation of the product recall policy.

Finally, during the three-year reporting period several suppliers of IPG were subjected to an assessment of social topics. In any case, the principles regarding respect for those topics are set down in the Code of Ethics, which is distributed to the main suppliers.

## 6) Personnel-related area

### Material topics

Based on the analysis of materiality (see chapter 3.2 Analysis of materiality for further details), the material topics for IPG in the personnel-related area are:

- Occupational health and safety;
- Management of human capital;
- Training;
- Non-discrimination and equal opportunities.

### Risks

The main risks identified in the area of personnel, such that may become significant in relation to the pursuit of the company strategy in the medium/long-term, are related to:

- operational risks, connected to change management (e.g. risks linked to inability/difficulty in finding new qualified/specialized staff), to the protection of minorities (gender - given the group's core business, language groups, etc.) and in general, to management of the workforce (employees and temporary workers) in various world countries.
- compliance risks due to failure to respect normative requirements related to regulations concerning employment and occupational health and safety. Events of this type could expose the company to penalties and legal proceedings, including criminal charges (e.g.: offenses included in Decree 231/01). Such events could also expose the company to disputes, such as employee disputes (e.g. health and safety, employment and salaries, etc.)

### Risk management

Risk type	Risk management	
	Policies	Model
Operational	<p><i>Training programs</i> on health and safety</p> <p><i>Succession policies and diversity policies with reference to the group parent company (currently being evaluated)</i></p>	<ul style="list-style-type: none"> <li>• <i>Systems for management of occupational health and safety pursuant to international standards ISO 45001 - 2018 - with reference to certain companies/facilities</i></li> </ul>
Compliance	<p><i>Code of Ethics</i> - in particular, ensuring equal opportunities and basing its conduct on principles aimed at acknowledging the value of human resources, with special reference to the physical and moral integrity of workers and correct management of personnel, ensuring that each manager values the work activities of his or her personnel, requesting duties that are consistent with their job descriptions and with the work organization plans.</p> <p>In addition, the Group undertakes to diffuse and consolidate a culture of safety, performing actions of a technical and organizational nature and basing its conduct on principles aimed at preventing risks and avoiding all potentially hazardous situations.</p> <p><i>Workplace health and safety policies</i> - in relation to companies/facilities having safety management systems.</p>	<ul style="list-style-type: none"> <li>• <i>Special Section of the Organization and Management Model</i> - concerning Italy-based companies for which the opportunity has been assessed in consideration of the activity performed and the level of risk.</li> <li>• <i>Global Compliance Program (see section 3.4 for further details)</i> - concerning all Group companies without an Organization, Management and Control Model</li> <li>• <i>Systems for management of occupational health and safety pursuant to international standards ISO 45001 - 2018 - with reference to certain companies/facilities</i></li> <li>• <i>Insurance cover</i> - employer's liability insurance.</li> </ul>

## Performance indicators

### Occupational health and safety

GRI 103-2; GRI 103-3; GRI 403-9

### Management of occupational health and safety

GRI 403-1; GRI 403-2; GRI 403-3; GRI 403-4; GRI 403-5; GRI 403-6; GRI 403-7

The Interpump Group focuses attention on occupational health and safety and strives to guarantee a safe workplace for all employees. For this reason, the Group has included specific health and safety guidelines in the *Global Compliance Program* (see section 3.4 for further details), in to align further the management of this topic within the Group.

Although a global model for OHS management was not available in 2019, Group companies strive to identify specific internal functions responsible for the management of health and safety matters. For example, most Group companies have implemented processes to identify any workplace hazards on a systematic basis; in particular, after identifying risks, the company prepares specific procedures to mitigate them via the provision of targeted training to employees. This is consistent with the best international practices, such as ISO 45001. In addition, as shown in the following chart, the management systems of 18.92% of Group companies are compliant with ISO 45001 and/or OHSAS 18001.

In terms of reporting any hazards, professional incidents and/or hazardous situations in the working environment, most production companies allow employees to notify their managers (e.g. Workers' Safety Representative or Protection and Prevention Manager (HSO) in the Italian context) using predetermined channels. If necessary, these managers then prepare internal procedures compliant with the local regulations, providing employees with the information needed to mitigate the hazards identified.

The following principal activities contribute to the identification and reduction of health and safety risks:

- periodic visits to and inspections of the workplace by the appointed medical officer;
- monthly checks assisted by the relevant functions;
- external audits carried out every quarter;
- teams dedicated to prevention activities;
- employee training.

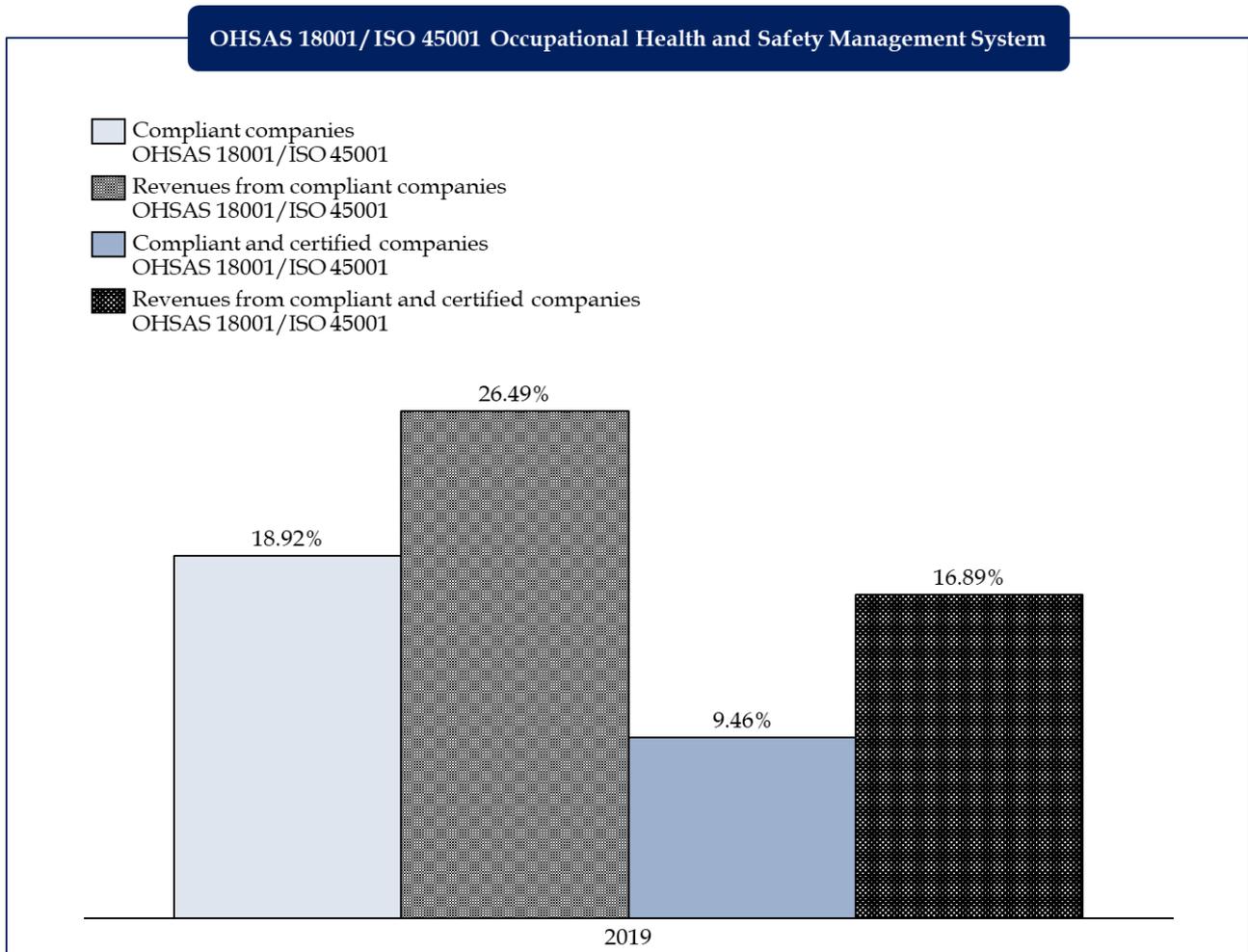
In order to ensure the quality of the above activities, additional checks are carried out by such professionals as the medical officer or the HSO or other suitable personnel (as required by local regulations), who carry out periodic medical check-ups in the workplace during working hours.

In addition, where possible, Group companies strive to ensure employee participation and consultation with them regarding the development, implementation and assessment of the OHSMS; in certain cases, this process is facilitated by the formal participation, as required by local regulations, and involvement of the appointed workers' safety representatives. Where formal worker-management committees have been established, their principal activities include: health monitoring, risk assessment, investigation of incidents and promotion of corrective actions to improve the conditions of workers.

General training, which is essential for the prevention of health and safety risks, is provided by most Group companies. Depending on the specific duties of different categories of worker, specific modules may also be activated to address the risks involved in their activities, for example: physical, ergonomic and chemical hazards present in the workplace and working environments.

Additionally, in some cases when not already required by law, voluntary access to healthcare and medical services by workers is facilitated by the arrangement of supplementary health insurance or membership of supplementary healthcare plans.

Lastly, with regard to prevention and mitigation of the impact of OHS issues on commercial relations, vendors are requested to read and sign for acceptance the Code of Ethics adopted by the Group.



Employees suffered 152 injuries involving more than one day of absence during 2019 (-11.1% vs 2018). By contrast, there were more injuries involving absence of less than 24 hours (94 in 2019 compared with 25 in 2018).

**Overall, the total number of injuries was greater than in 2018, although this effect was mainly due to minor injuries, involving absence from work for less than 24 hours.**

The external growth policy and, in general, the greater attention paid to matters of safety in the workplace by an industrial group listed on the stock exchange, with respect to the average acquired company, can result in significant variations in the data between years, depending on the specific circumstances at each company.

Below we give the main injury data and rates<sup>13</sup> for the three-year reporting period, with an indication of the details for each type. This information is also provided for temporary workers; including them, the total number of injuries involving absence from work for more than 24 hours was 152 in 2019.

<sup>13</sup> Injury rate (IR) = (no. injuries / no. hours worked) \* 200,000

Occupational disease rate (ODR) = (no. occupational diseases / no. hours worked) \* 200,000

## GRI 403-9

Health and safety	2017	2018	2019
<b>A) Employees</b>			
Hours worked	10,584,383	11,892,124	12,378,272
<b>Total injuries</b>	<b>145</b>	<b>196</b>	<b>246</b>
<i>of which ≤ 1 day of absence</i>	N.A.	25	94
<i>of which &gt; 1 day of absence and without high-consequence</i>	145	169	150
<i>of which &gt; 1 day of absence and with high-consequence</i>	N.A.	2	2
<b>Total injury rate<sup>14</sup></b>	<b>2.74</b>	<b>3.30</b>	<b>3.97</b>
<i>of which ≤ 1 day of absence</i>	N.A.	0.42	1.52
<i>of which absence &gt; 1 day of absence</i>	2.74	2.88	2.46
<b>Injury rate (high-consequence incidents)</b>	<b>N.A.</b>	<b>0.03</b>	<b>0.03</b>
<b>B) Temporary workers</b>			
Hours worked	1,671,695	2,723,626	2,272,136
<b>Total injuries</b>	<b>6</b>	<b>11</b>	<b>21</b>
<i>of which ≤ 1 day of absence</i>	N.A.	-	6
<i>of which &gt; 1 day of absence and without high-consequence</i>	6	11	15
<i>of which &gt; 1 day of absence and with high-consequence</i>	N.A.	-	-
<b>Total injury rate</b>	<b>0.72</b>	<b>0.81</b>	<b>1.85</b>
<i>of which ≤ 1 day of absence</i>	N.A.	-	0.53
<i>of which &gt; 1 day of absence</i>	0.72	0.81	1.32
<b>Injury rate (high-consequence incidents)</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
<b>C) External firms</b>			
Hours worked	N.A.	47,757	61,583
<b>Total injuries</b>	<b>1</b>	<b>1</b>	<b>5</b>
<i>of which ≤ 1 day of absence</i>	N.A.	-	-
<i>of which &gt; 1 day of absence and without high-consequence</i>	1	1	5
<i>of which &gt; 1 day of absence and with high-consequence</i>	N.A.	-	-
<b>Total injury rate</b>	<b>N.A.</b>	<b>4.19</b>	<b>16.24</b>
<i>of which ≤ 1 day of absence</i>	N.A.	-	-
<i>of which &gt; 1 day of absence</i>	N.A.	4.19	16.24
<b>Injury rate (high-consequence incidents)</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
<b>A+B+C) Total workforce</b>			
Hours worked	12,256,078	14,663,508	14,711,992
<b>Total injuries</b>	<b>152</b>	<b>208</b>	<b>272</b>
<i>of which ≤ 1 day of absence</i>	N.A.	25	100
<i>of which &gt; 1 day of absence and without high-consequence</i>	152	181	170
<i>of which &gt; 1 day of absence and with high-consequence</i>	N.A.	2	2
<b>Total injury rate</b>	<b>N.A.</b>	<b>2.84</b>	<b>3.70</b>
<i>of which ≤ 1 day of absence</i>	N.A.	0.34	1.36
<i>of which &gt; 1 day of absence</i>	2.48	2.50	2.34
<b>Injury rate (high-consequence incidents)</b>	<b>N.A.</b>	<b>0.03</b>	<b>0.03</b>

<sup>14</sup> Note that the injury rate indicates the number of injuries per 100 employees, considering an annual workload of 200,000 hours (calculated as  $\text{number of injuries} * 200,000 / \text{hours actually worked}$ ).

Health and safety Focus on injuries with absence > 1 day		2017			2018			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	Injuries (no.)	128	17	145	155	16	171	133	19	152
	Injury rate	2.9	2.0	2.7	3.1	1.8	2.9	2.6	1.9	2.5
	Occupational diseases rate (ODR) <sup>15</sup>	-	-	-	-	-	-	-	0.1	0.0
	Lost days rate (LDR) <sup>16</sup>	59.7	40.5	56.5	78.3	61.9	75.6	45.6	60.8	48.1
	Average days lost per employee <sup>17</sup>	0.6	0.4	0.5	0.8	0.6	0.7	0.4	0.5	0.5
	Deaths from injury (no.)	-	-	-	1	-	1	-	-	-

The efforts made by the Group to reduce workplace risks is reflected in the decline (with respect to 2018) in the number of injuries involving absence from work for more than one day, as well as in the average length of absence (lost days rate - LDR), which was 36% lower than in 2018.

In terms of geographical area, the foregoing values can be broken down as follows:

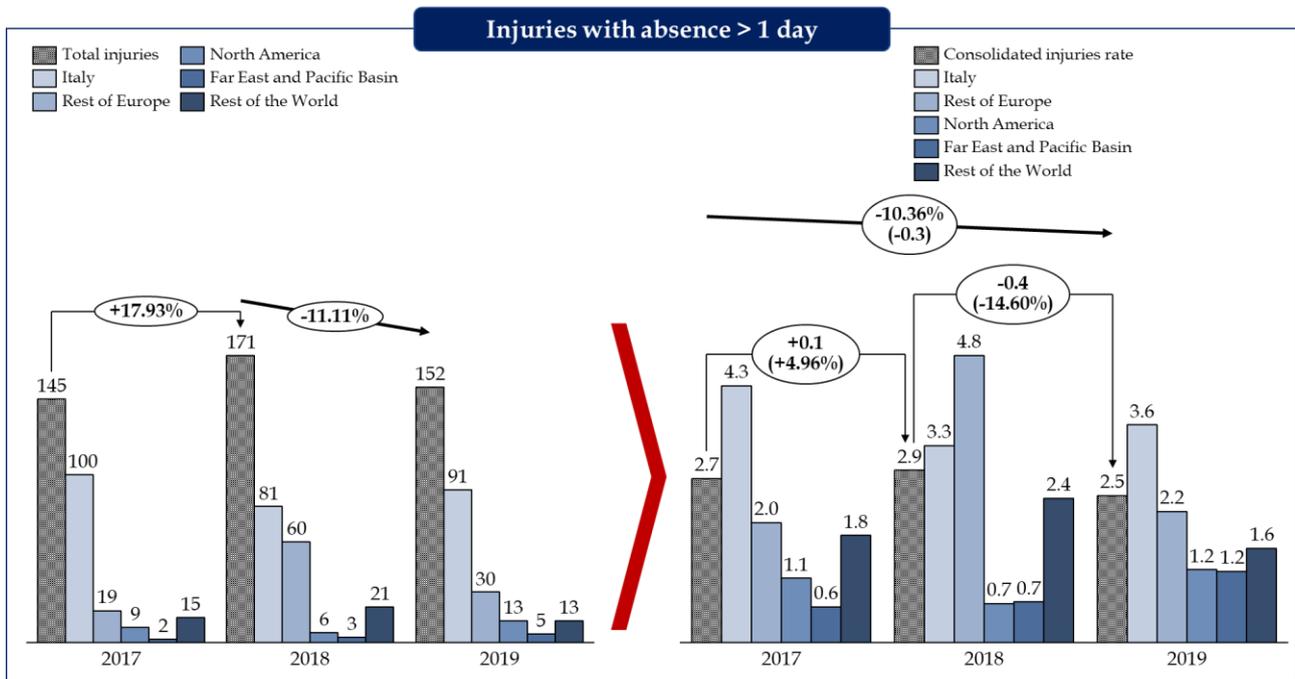
Health and safety Analysis by geographical area		2019 - Focus on injuries with absence > 1 day					Rest of the World
		Total	Italy	Rest of Europe	North America	Far East and Pacific Basin	
Employees	Injuries (no.)	152	91	30	13	5	13
	Injury rate	2.5	3.6	2.2	1.2	1.2	1.6
	Occupational diseases rate (ODR)	0.0	0.0	-	-	-	-
	Lost days rate (LDR)	48.1	84.2	39.2	9.8	14.8	10.2
	Average days lost per employee	0.46	0.76	0.35	0.10	0.15	0.12
	Deaths from injury (no.)	-	-	-	-	-	-

In addition, most workforce injuries involving absence for more than 24 hours (172 incidents) related to crushing (41%) and cuts (19%).

<sup>15</sup> Note that the occupational diseases rate (ODR) indicates the number of occupational diseases per 100 employees, considering an annual work load of 200,000 hours (calculated as *number of occupational diseases \* 200,000 / hours actually worked*).

<sup>16</sup> Note that the lost days rate (LDR) indicates the number of days lost due to injury per 100 employees, considering an annual work load of 200,000 hours.

<sup>17</sup> Calculated as the number days lost divided by the number of employees at 31/12.



GRI 403-9

Health and safety Temporary workers	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Injuries (no.)	6	-	6	9	2	11	13	2	15
Deaths from injury (no.)	-	-	-	-	-	-	-	-	-

The employee absentee rate<sup>18</sup> was 3.0% in 2019.

Employee absentee rate (AR)	2017	2018	2019
Men	2.9%	3.1%	3.0%
Women	3.4%	3.6%	3.3%
<b>Total</b>	<b>3.0%</b>	<b>3.2%</b>	<b>3.0%</b>

<sup>18</sup> Absentee rate (AR), expressed as a percentage: number of days of absence (days lost due to illness + unjustified absences) / number of working days

**Human capital**

GRI 102-8; GRI 103-2; GRI 103-3

The Interpump Group considers human capital to be a key resource underpinning the success and continuity of the business, and a distinctive factor in maintaining the global leadership consolidated by the Group in recent years.

The number of employees included within the scope of this NFS totals 6,856, up from 6,516 in 2018 (having excluded the Reggiana Riduttori Group from the scope of this report). About 50% of the increase of 340 was attributable to the acquisitions made during 2019.

Most employees are located in Italy and elsewhere in Europe (especially Germany, Spain and the UK).

The Interpump Group considers the ability to attract and retain young talents to be fundamental and a key strength of the business. The average age of employees falls in the 30-50 range (57.34%).

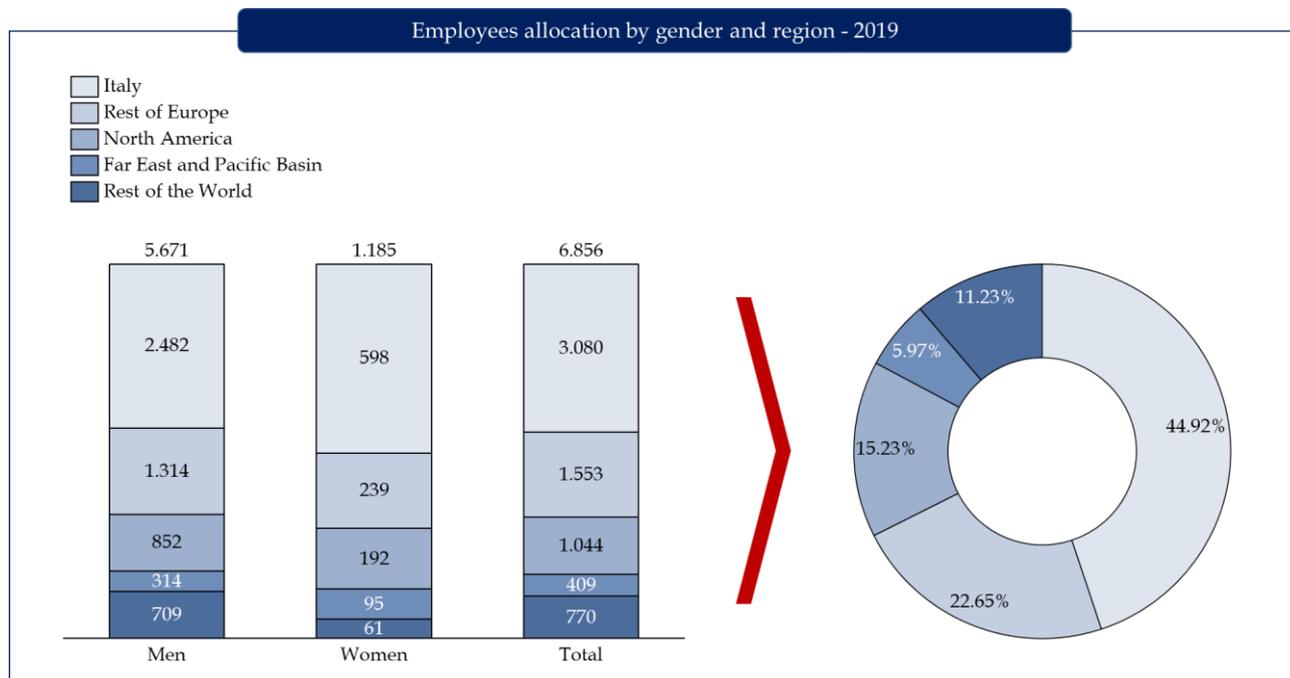
Female employees account for 17.28% of the total. The level of female employment is nonetheless significant, given that the sector is historically considered to be a male domain.

**Employment**

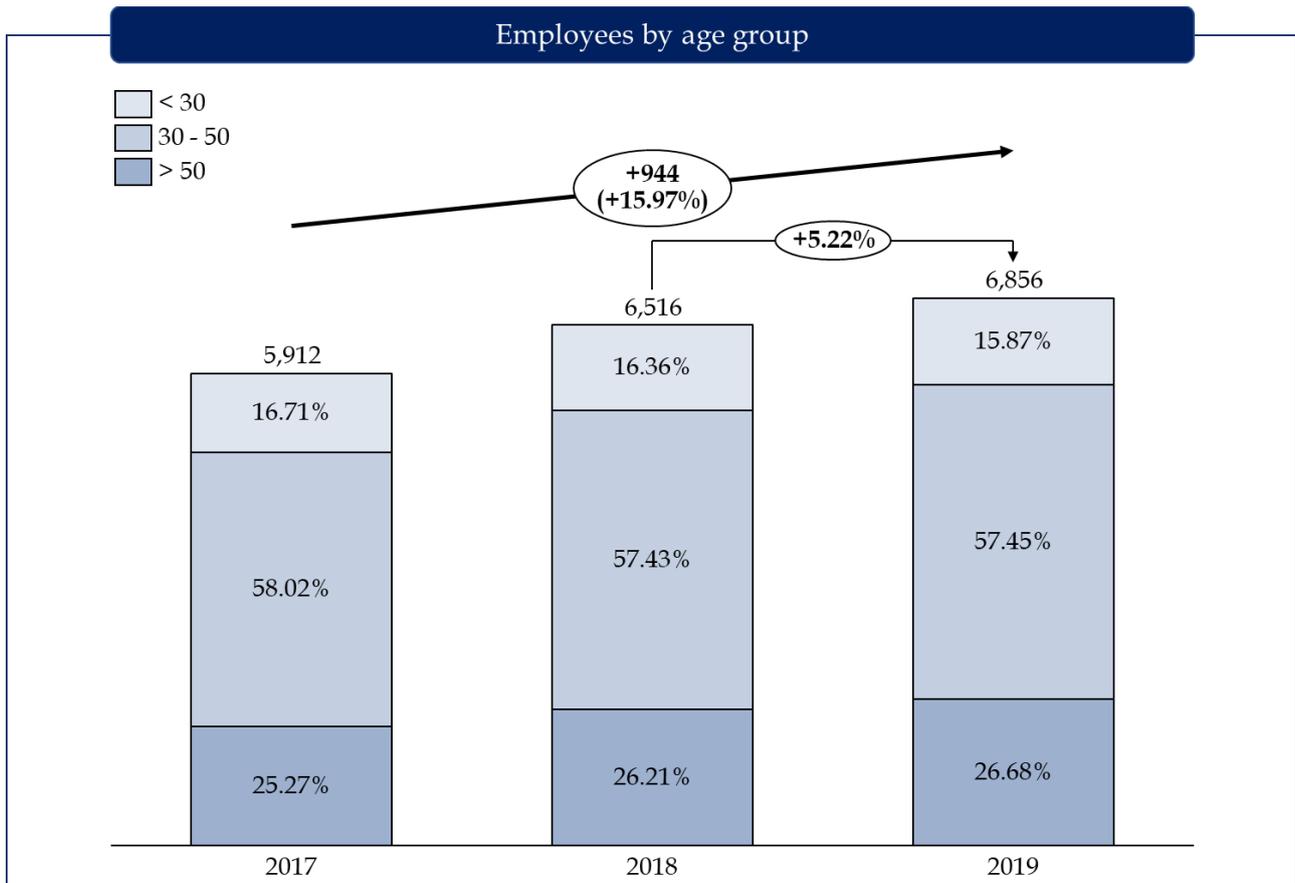
GRI 102-8-1; GRI 102-8-3; GRI 102-41; 103-2; GRI 103-3; GRI 405-1\_b

The Interpump Group workforce has grown steadily over the years, having more than doubling in the last decade (see the Report on operations in 2019 for more details). At 31<sup>st</sup> December 2019, the number of employees included within the scope of the NFS totaled 6,856, up by 5.22% compared with the prior year and by 15.97% since 2017 (+944 persons). The increase recorded in the year is due mainly to the change in the scope of reporting; in fact, net of this change the increase was 1.8%. Also due to the social perception of the mechanical engineering industry, a large proportion of the employees are men (83% in 2019).

Personnel employed in Italy account for 44.92% (3,080 persons) of the total workforce (6,856 persons). In particular, despite the international vocation of the Group, with a presence in more than 30 countries, no policies have ever been adopted to delocalize the activities traditionally carried out in Italy.



The breakdown of personnel by age shows a majority (57.34%) in the 30 to 50 age group; 26.68% are above the age of 50, while the remaining part (16%, or 1,096 individuals) are under 30.



GRI 102-8-1

Employees		2017				2018				2019			
		< 30	30 - 50	> 50	Total	< 30	30 - 50	> 50	Total	< 30	30 - 50	> 50	Total
Category	Blue collar	697	2,084	899	3,680	764	2,248	1,016	4,028	781	2,387	1,115	4,283
	White collar and managers	291	1,287	524	2,102	301	1,407	607	2,315	307	1,462	620	2,389
	Executives	-	59	71	130	1	87	85	173	-	90	94	184
<b>Total</b>		<b>988</b>	<b>3,430</b>	<b>1,494</b>	<b>5,912</b>	<b>1,066</b>	<b>3,742</b>	<b>1,708</b>	<b>6,516</b>	<b>1,088</b>	<b>3,939</b>	<b>1,829</b>	<b>6,856</b>

With regard to the composition of personnel, the situation was stable during the period 2017-2019. In 2019, 62.5% of employees are blue-collar workers, 34.8% are white-collar workers and managers and 2.7% are executives.

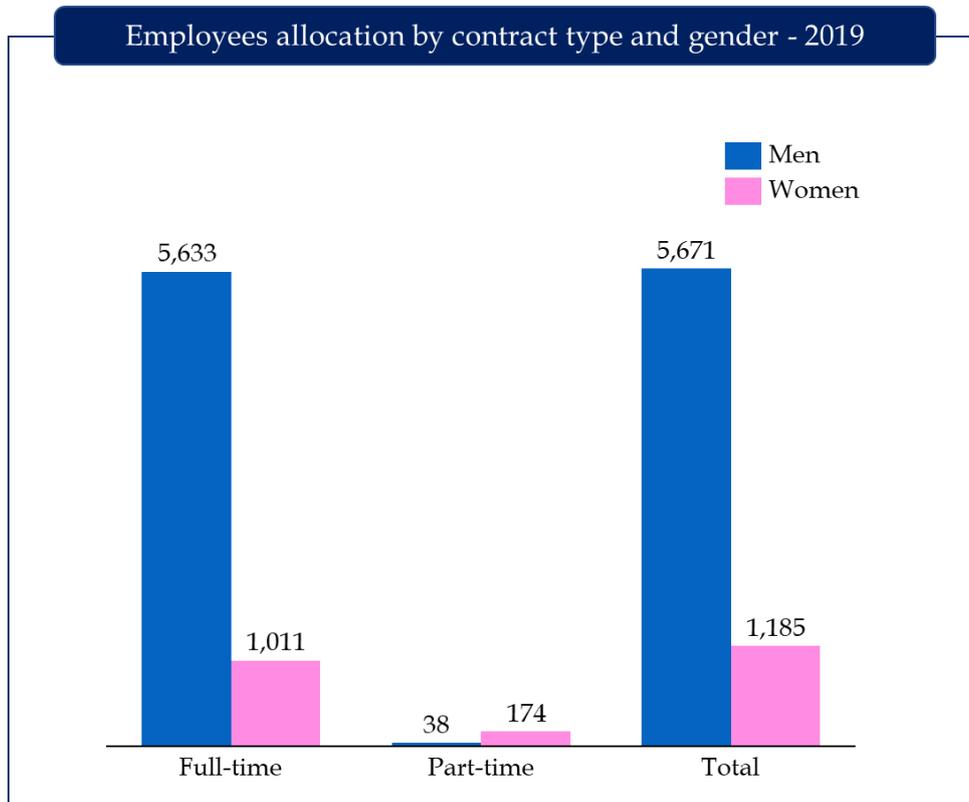
GRI 102-8

Employees		2017			2018			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Contract type	Full-time	4,863	853	5,716	5,342	964	6,306	5,633	1,011	6,644
	Part-time	41	155	196	44	166	210	38	174	212
Total		4,904	1,008	5,912	5,386	1,130	6,516	5,671	1,185	6,856

Most employees are on full-time (96.9%) contracts; part-time contracts (212 individuals in 2019) are mainly granted to women (82.07%).

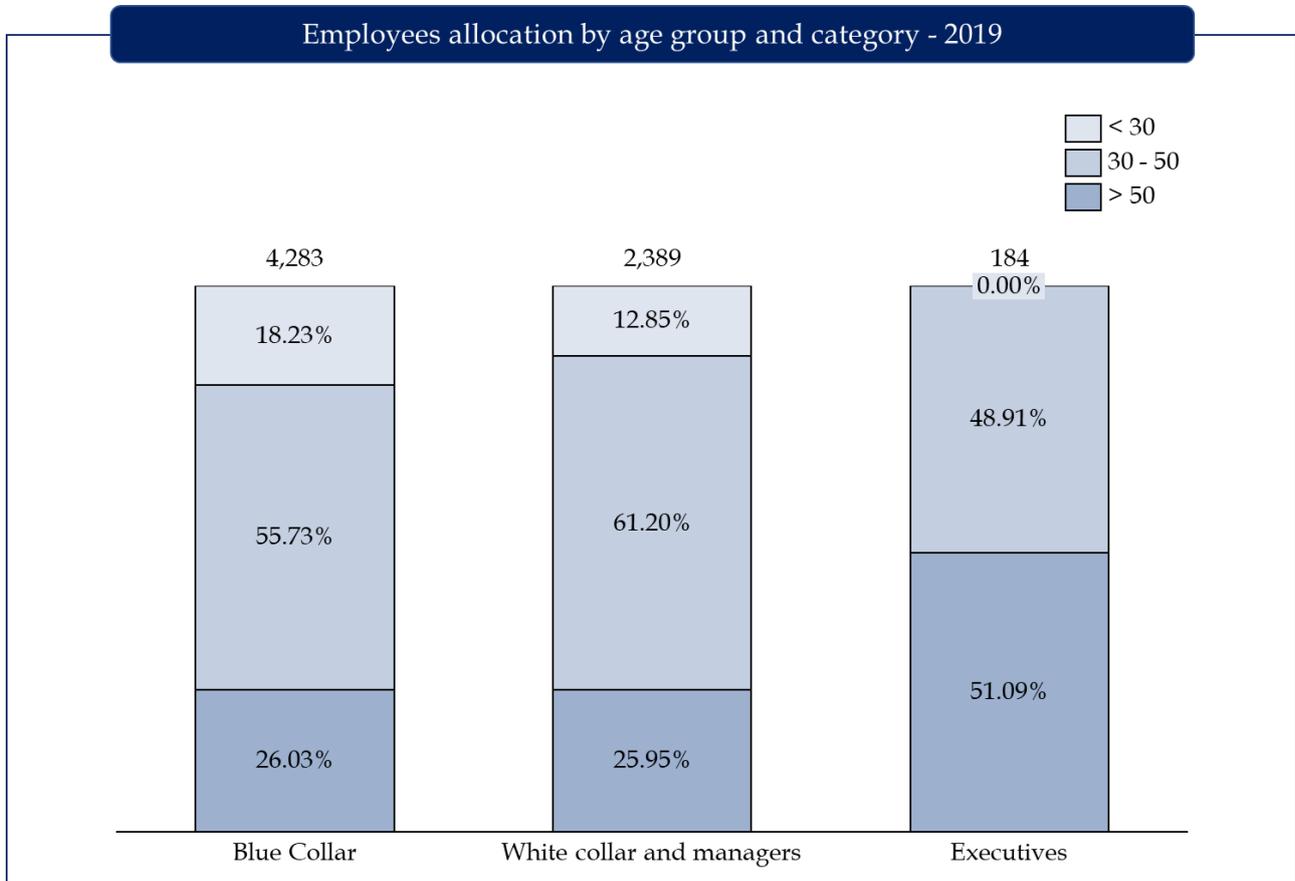
Employment is analyzed by gender and geographical area below.

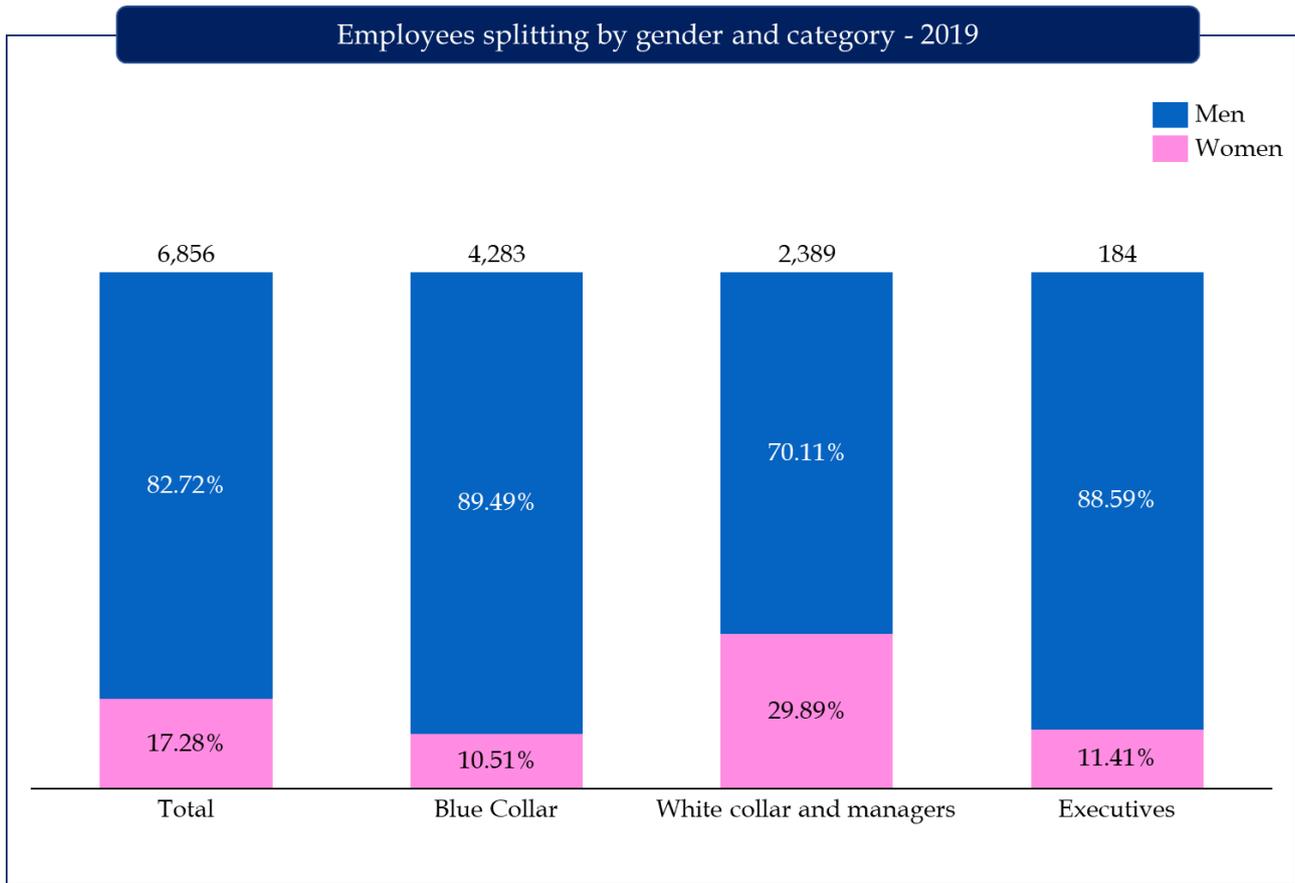
	Group total			Italy			Rest of Europe			North America			Far East and Pacific Basin			Rest of the World		
	Year	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018
<b>Blue collar</b>	3,680	4,028	4,283	1,990	2,097	2,179	684	849	897	448	488	618	154	199	186	404	395	403
Men	3,293	3,612	3,833	1,702	1,800	1,876	649	801	843	399	438	551	145	183	169	398	390	394
Women	387	416	450	288	297	303	35	48	54	49	50	67	9	16	17	6	5	9
<b>White collar</b>	2,102	2,315	2,389	805	843	850	449	569	603	350	372	393	150	195	198	348	336	345
Men	1,492	1,620	1,675	536	553	559	303	388	423	257	266	274	99	129	126	297	284	293
Women	610	695	714	269	290	291	146	181	180	93	106	119	51	66	72	51	52	52
<b>Executives</b>	130	173	184	52	50	51	21	51	53	23	26	33	13	25	25	21	21	22
Men	119	154	163	48	46	47	20	45	48	20	23	27	10	19	19	21	21	22
Women	11	19	21	4	4	4	1	6	5	3	3	6	3	6	6	-	-	-
<b>Total</b>	5,912	6,516	6,856	2,847	2,990	3,080	1,154	1,469	1,553	821	886	1,044	317	419	409	773	752	770
Men	4,904	5,386	5,671	2,286	2,399	2,482	972	1,234	1,314	676	727	852	254	331	314	716	695	709
Women	1,008	1,130	1,185	561	591	598	182	235	239	145	159	192	63	88	95	57	57	61



Executives are almost equally distributed in the 30-50 and over-50 age groups, while the categories of blue-collar workers and white-collar workers and managers comprise, respectively, the intermediate age group (55.73% and 61.20% respectively), over-50s (26.03% and 25.95% respectively), and under-30s (18.23% and 12.85% respectively).

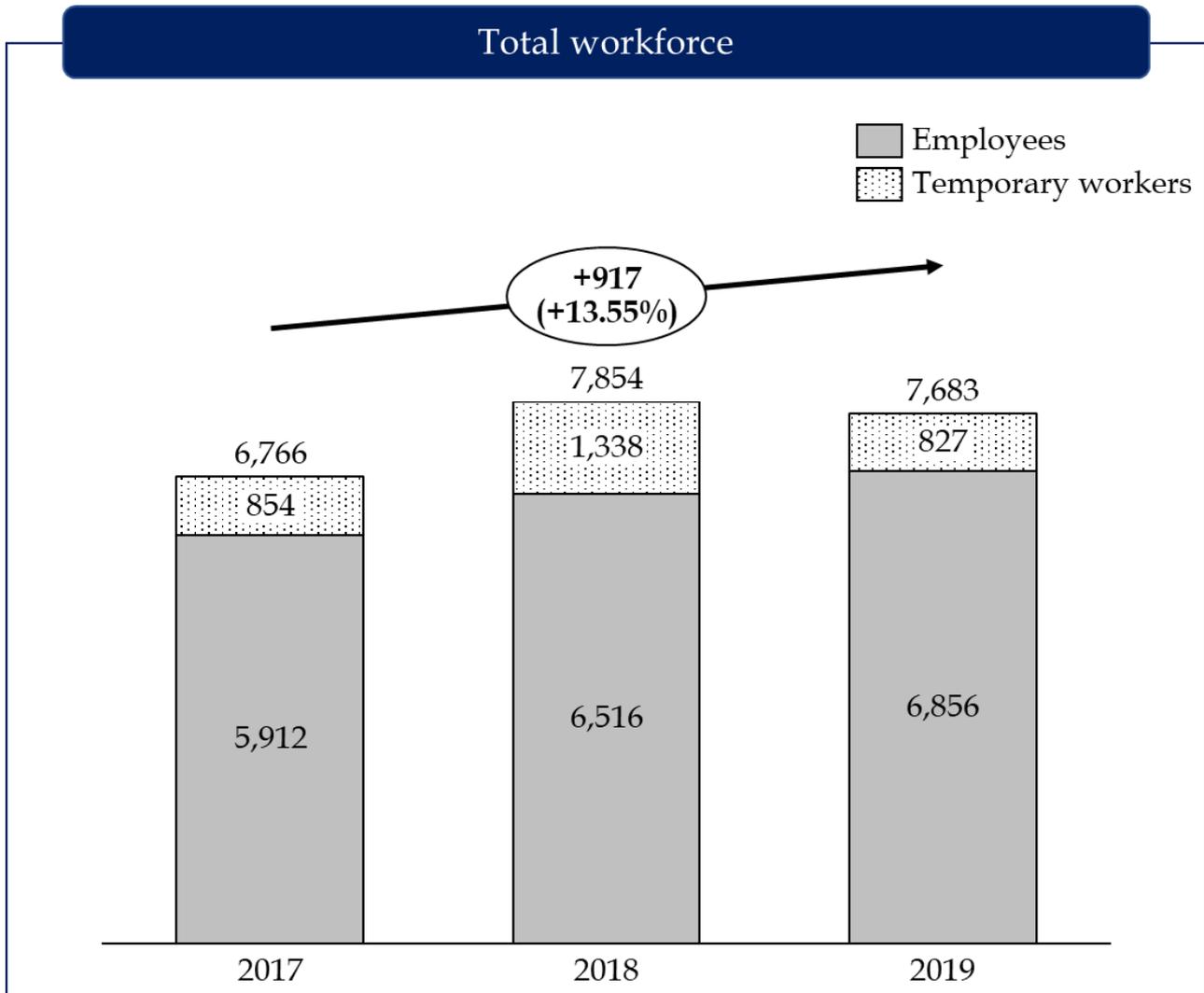
GRI 405-1\_b





In addition to employees (89.2%), the Interpump Group's workforce in 2019 also includes 827 temporary workers (10.76%).

During 2017-2019, the total workforce rose by 13.55% (+917 persons), although there was a slight reduction between 2018 and 2019, when the Group made less recourse to temporary workers (27 fewer than in 2017).



The large majority of temporary workers are blue-collar workers (about 96%), mostly men (92.7%), and are split almost equally between those under 30 and those between 30 and 50.

The total workforce is analyzed by geographical area below.

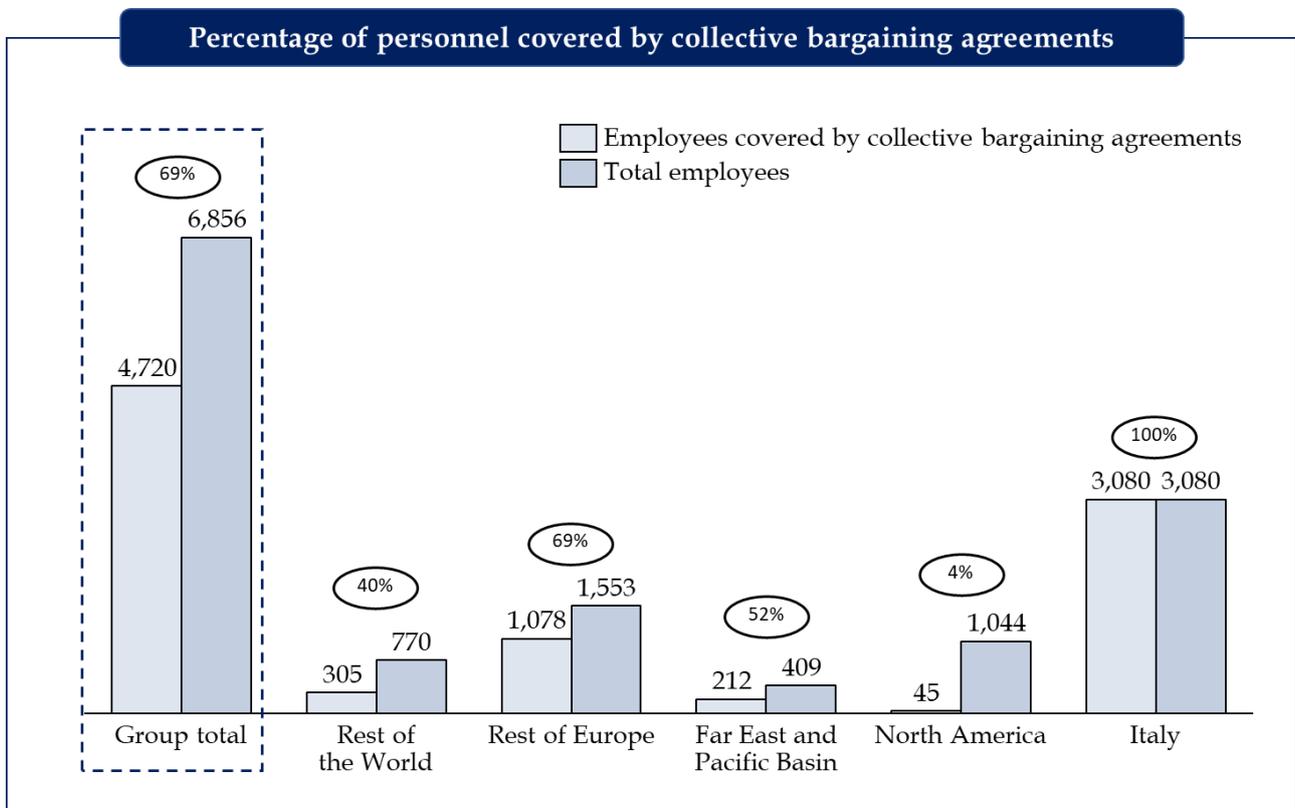
	<i>Group total</i>			<i>Italy</i>			<i>Rest of Europe</i>			<i>North America</i>			<i>Far East and Pacific Basin</i>			<i>Rest of the World</i>		
<i>Year</i>	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
<b>Workforce</b>	<b>6,766</b>	<b>7,854</b>	<b>7,683</b>	<b>3,146</b>	<b>3,458</b>	<b>3,322</b>	<b>1,179</b>	<b>1,533</b>	<b>1,608</b>	<b>851</b>	<b>954</b>	<b>1,091</b>	<b>317</b>	<b>420</b>	<b>427</b>	<b>1,273</b>	<b>1,489</b>	<b>1,235</b>
Employees	5,912	6,516	6,856	2,847	2,990	3,080	1,154	1,469	1,553	821	886	1,044	317	419	409	773	752	770
Temporary workers	854	1,338	827	299	468	242	25	64	55	30	68	47	-	1	18	500	737	465

The workforce is analyzed by gender and geographical area below, considering the type of contract used: permanent, fixed term or temporary.

	<i>Group total</i>			<i>Italy</i>			<i>Rest of Europe</i>			<i>North America</i>			<i>Far East and Pacific Basin</i>			<i>Rest of the World</i>		
<i>Year</i>	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
<b>Workforce - permanent contract</b>	<b>5,586</b>	<b>6,151</b>	<b>6,613</b>	<b>2,745</b>	<b>2,851</b>	<b>2,990</b>	<b>996</b>	<b>1,284</b>	<b>1,436</b>	<b>819</b>	<b>881</b>	<b>1,042</b>	<b>256</b>	<b>386</b>	<b>379</b>	<b>770</b>	<b>749</b>	<b>766</b>
Men	4,616	5,060	5,476	2,199	2,278	2,413	828	1,064	1,216	674	722	850	201	304	292	714	692	705
Women	970	1,091	1,137	546	573	577	168	220	220	145	159	192	55	82	87	56	57	61
<b>Workforce - fixed-term contract</b>	<b>326</b>	<b>365</b>	<b>243</b>	<b>102</b>	<b>139</b>	<b>90</b>	<b>158</b>	<b>185</b>	<b>117</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>61</b>	<b>33</b>	<b>30</b>	<b>3</b>	<b>3</b>	<b>4</b>
Men	288	326	195	87	121	69	144	170	98	2	5	2	53	27	22	2	3	4
Women	38	39	48	15	18	21	14	15	19	-	-	-	8	6	8	1	-	-
<b>External collaborators/ not formalized</b>	<b>854</b>	<b>1,338</b>	<b>827</b>	<b>299</b>	<b>468</b>	<b>242</b>	<b>25</b>	<b>64</b>	<b>55</b>	<b>30</b>	<b>68</b>	<b>47</b>	<b>-</b>	<b>1</b>	<b>18</b>	<b>500</b>	<b>737</b>	<b>465</b>
Men	788	1,257	767	248	416	202	17	58	52	28	56	37	-	-	18	495	727	458
Women	66	81	60	51	52	40	8	6	3	2	12	10	-	1	-	5	10	7
<b>Total workforce</b>	<b>6,766</b>	<b>7,854</b>	<b>7,683</b>	<b>3,146</b>	<b>3,458</b>	<b>3,322</b>	<b>1,179</b>	<b>1,533</b>	<b>1,608</b>	<b>851</b>	<b>954</b>	<b>1,091</b>	<b>317</b>	<b>420</b>	<b>427</b>	<b>1,273</b>	<b>1,489</b>	<b>1,235</b>
Men	5,692	6,643	6,438	2,534	2,815	2,684	989	1,292	1,366	704	783	889	254	331	332	1,211	1,422	1,167
Women	1,074	1,211	1,245	612	643	638	190	241	242	147	171	202	63	89	95	62	67	68

**Percentage of personnel covered by collective contracts**  
GRI 102-41

	Italy	North America	Far East and Pacific Basin	Rest of Europe	Rest of the World	Group total
Employees covered by collective bargaining agreements	3,080	45	212	1,078	305	4,720
Total employees	3,080	1,044	409	1,553	770	6,856
% personnel covered by collective bargaining agreements	100.0%	4.3%	51.8%	69.4%	39.6%	68.8%



The Group strives to maintain constructive dialog with the trade unions, in compliance with the regulations in force in each country of operations. At 31/12/2019, 69% of all Group employees are covered by collective bargaining agreements.

**Personnel: New hires and departures**

GRI 401-1

The number of new hires and terminations is strongly influenced by the turnover of fixed-term employees. In this regard, the GS Hydro Group (consolidated from 2018) produces piping systems for projects in the industrial, naval and energy fields. These systems are installed by work crews hired for the duration of the project. Almost 80% of terminations of fixed-term contracts is attributable to this characteristic of the GS Hydro Group.

The number of new hires in 2019 totaled 1,175, +3% compared with 2018.

New hires		2017		2018		2019	
		Number	Rate	Number	Rate	Number	Rate
Gender	Men	793	16%	998	19%	1,026	18%
	Women	104	10%	144	13%	149	13%
	<b>Total</b>	<b>897</b>	<b>15%</b>	<b>1,142</b>	<b>18%</b>	<b>1,175</b>	<b>17%</b>
Age	< 30	436	44%	413	39%	403	37%
	30 - 50	372	11%	613	16%	627	16%
	> 50	89	6%	116	7%	145	8%
	<b>Total</b>	<b>897</b>	<b>15%</b>	<b>1,142</b>	<b>18%</b>	<b>1,175</b>	<b>17%</b>

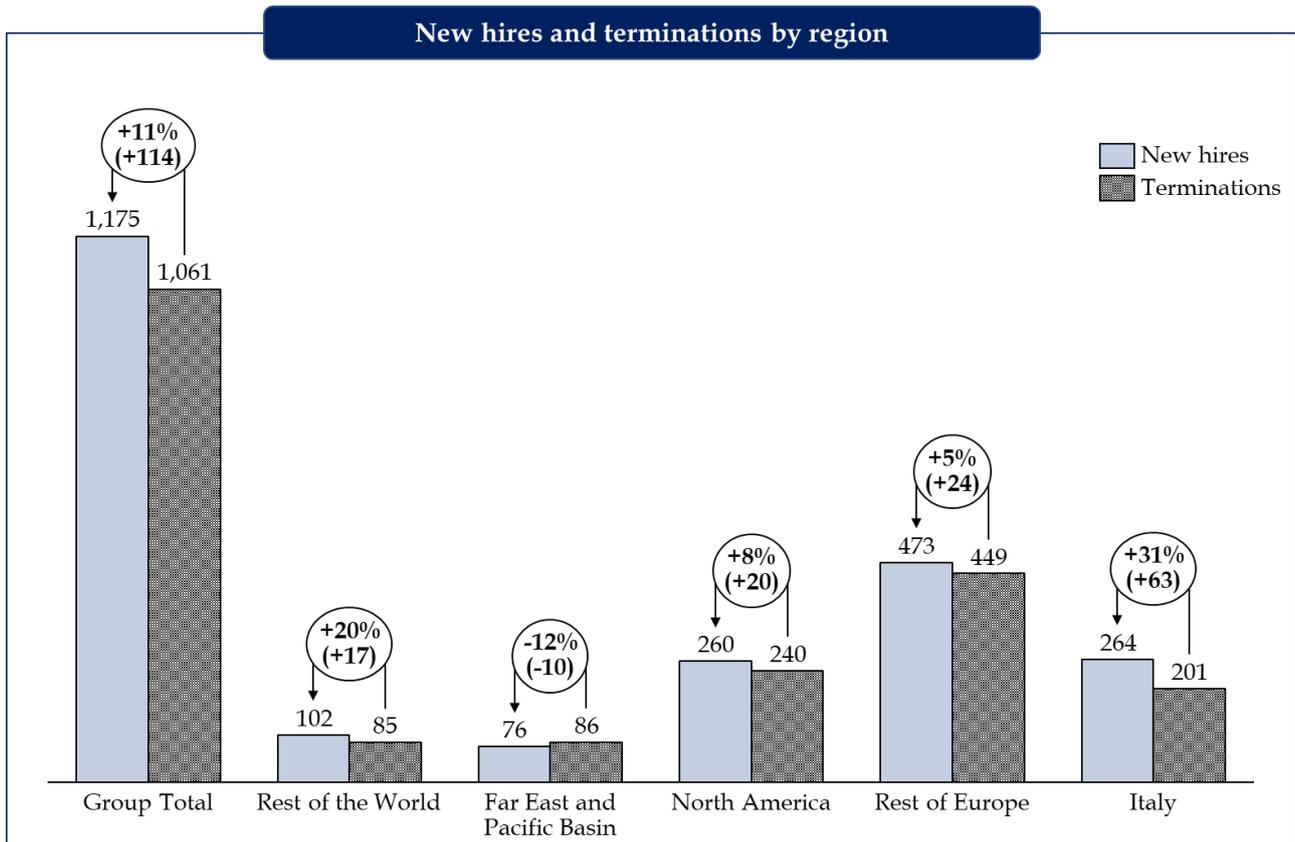
Terminations in 2019 totaled 1,061, up by 2% compared to 2018.

Terminations		2017		2018		2019	
		Number	Rate	Number	Rate	Number	Rate
Gender	Men	546	11%	952	18%	937	17%
	Women	102	10%	88	8%	124	10%
	<b>Total</b>	<b>648</b>	<b>11%</b>	<b>1,040</b>	<b>16%</b>	<b>1,061</b>	<b>15%</b>
Age	< 30	247	25%	252	24%	279	26%
	30 - 50	302	9%	607	16%	552	14%
	> 50	99	7%	181	11%	230	13%
	<b>Total</b>	<b>648</b>	<b>11%</b>	<b>1,040</b>	<b>16%</b>	<b>1,061</b>	<b>15%</b>

New hires and terminations during the reporting period are analyzed below together with the consequent incoming and outgoing turnover rates<sup>19</sup>; the new hires and terminations in 2019 are also analyzed by geographical area. At Group level, the turnover is positive by 11% (114 more arrivals than departures).

<i>Focus 2019</i>	<i>Group total</i>	<i>Italy</i>	<i>Rest of Europe</i>	<i>North America</i>	<i>Far East and Pacific Basin</i>	<i>Rest of the World</i>
<b>Total new hires by gender</b>	<b>1,175</b>	<b>264</b>	<b>473</b>	<b>260</b>	<b>76</b>	<b>102</b>
Men	1,026	229	441	207	58	91
Women	149	35	32	53	18	11
<b>Total new hires by age band</b>	<b>1,175</b>	<b>264</b>	<b>473</b>	<b>260</b>	<b>76</b>	<b>102</b>
< 30	403	125	96	97	41	44
30 - 50	627	122	289	128	32	56
> 50	145	17	88	35	3	2
<b>Total terminations by gender</b>	<b>1,061</b>	<b>201</b>	<b>449</b>	<b>240</b>	<b>86</b>	<b>85</b>
Men	936	169	414	201	75	77
Women	125	32	35	39	11	8
<b>Total terminations by age band</b>	<b>1,061</b>	<b>201</b>	<b>449</b>	<b>240</b>	<b>86</b>	<b>85</b>
< 30	279	49	67	97	42	24
30 - 50	552	85	293	84	35	55
> 50	230	67	89	59	9	6

<sup>19</sup> The incoming turnover rate is calculated as follows:  $(\text{number of hires} / \text{total employees}) \times 100$ ;  
Outgoing turnover rate calculated as follows:  $(\text{number of terminations} / \text{total employees}) \times 100$ .



**Development and qualification of the workforce**

GRI 404-1; GRI 205-2; GRI 405-1

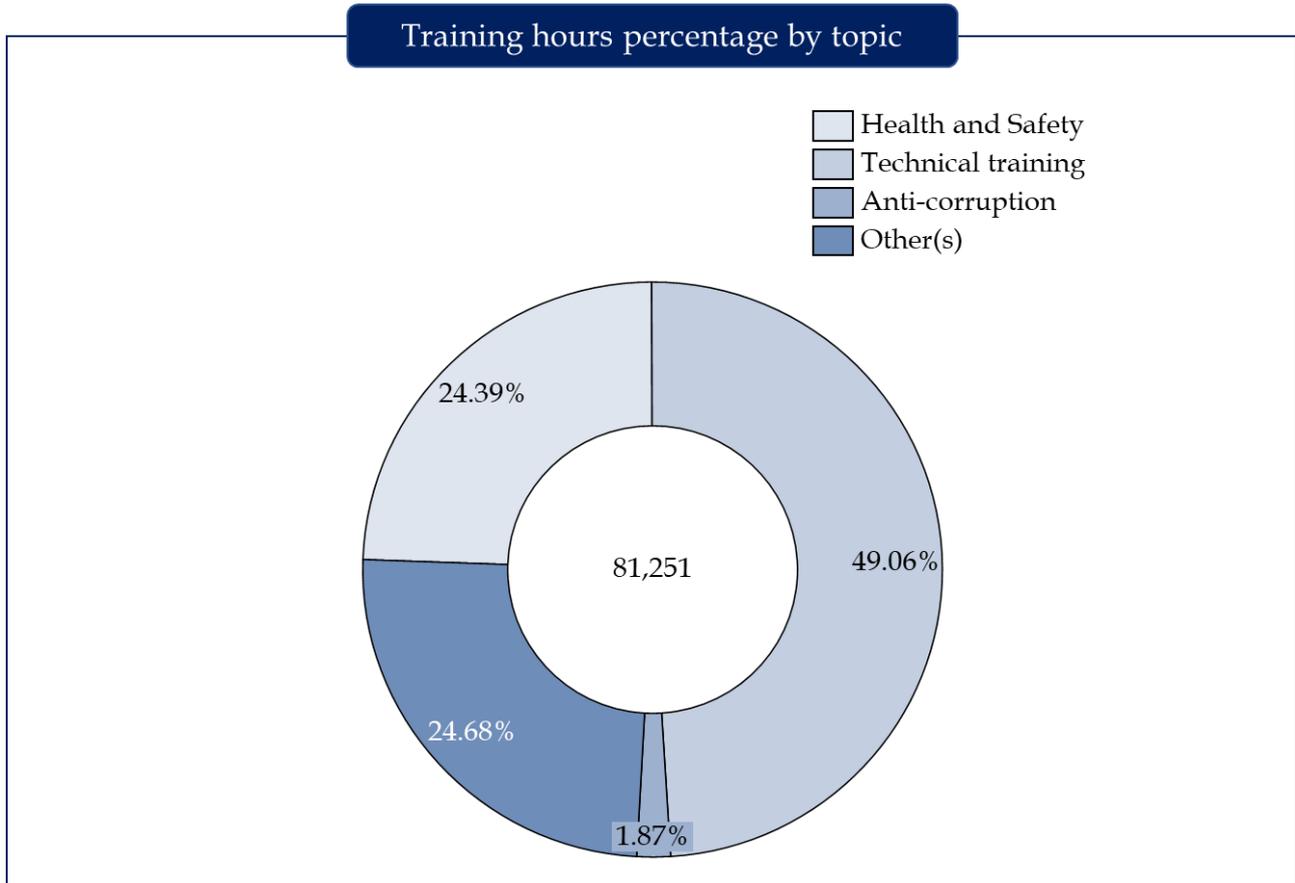
A significant aspect of personnel management is the attention paid to internal resources, which can take multiple forms; among these one of the main activities is the training of employees.

More than 81,251 training hours were delivered in 2019, up by 8.4% versus 2018 or by 5.2 % net of differences in the scope of reporting. Training hours in 2019 were 11.9 per capita, slightly higher than in 2018 (11.5 hours) and more than in 2017 (10 hours). The principal areas of training provided by Interpump comprise technical matters, occupational health and safety and topics relating to the fight against corruption.

Details concerning the per capita training hours delivered in the reporting period are shown below.

Training hours per capita		2017	2018	2019
		hrs/emp	hrs/emp	hrs/emp
Gender	Men	9.4	11.9	12.0
	Women	12.8	9.8	11.1
	<b>Total</b>	<b>10.0</b>	<b>11.5</b>	<b>11.9</b>
Category	Blue collar	7.8	11.0	11.7
	White collar and managers	13.5	12.3	11.9
	Executives	13.5	13.1	14.1
	<b>Total</b>	<b>10.0</b>	<b>11.5</b>	<b>11.9</b>

Training hours percentage by topic



Diversity of corporate bodies

GRI 405-1\_a

With regard to the diversity of the administrative bodies, the following information about the members of Group boards relates to their gender and age. In particular, in 2019 out of a total of 257 individuals (several of whom sitting on several administrative bodies), 94.6% were men (94.8% in 2018); 65% are over 50, while the remainder are in the 30 to 50 range.

Diversity on corporate bodies		2019	
		Number	Incidence %
Gender	Men	243	95%
	Women	14	5%
	<b>Total</b>	<b>257</b>	<b>100%</b>
Age	< 30	-	-%
	30 - 50	90	35%
	> 50	167	65%
	<b>Total</b>	<b>257</b>	<b>100%</b>

Episodes of discrimination and corrective actions taken

GRI 406-1

At Interpump Group level, no instances of discrimination were reported during the three-year period under review.

## 7) Area related to respect for human rights

### Material topics

Based on the analysis of materiality (see chapter 3.2 Analysis of materiality for further details), the material topics for IPG relating to respect for human rights are:

- Human rights assessment

### Risks

The main risks identified in with reference to the respect of human rights, such that can become of significance in relation to the pursuit of the company strategy in the medium/long-term, concern:

- operational risks, linked to inefficient management of any issues related to the abuse of human rights, whether real or presumed.
- *legal and compliance* risks, in the case of management of any lawsuits associated with violations (real or presumed) of universally recognized human rights, such as child labor or slave labor, whether linked to the direct or indirect workforce (chain of supply) or to the local communities in which the Group operates, especially in higher risk geographical areas.

### Risk management

Risk type	Policies	Risk management	Model
Compliance and legal  Operational	<i>Code of Ethics</i> - with special reference to the assurance of equal employment opportunities in the recruitment of personnel (avoiding discrimination on the basis of race, color, gender, creed, nationality, and age), to the undertaking to protect the moral integrity of its workers, guaranteeing the right to working conditions that are respectful of personal dignity and the intolerance of any form of illegal labor practices. Moreover, the Group guarantees respect of equal opportunities also in management of the employment relationship and in the maintenance of discrimination-free workplaces.	<ul style="list-style-type: none"> <li>• <i>Special Section of the Organization and Management Model</i> - concerning Italy-based companies for which this is deemed appropriate in view of the activities performed and the level of risk.</li> <li>• <i>Global Compliance Program</i> (see section 3.4 for further details) - concerning all Group companies without an Organization, Management and Control Model</li> </ul>	

### Performance indicators

GRI 412-3

#### Significant contracts that include human rights clauses

Contracts with vendors follow different approval procedures based on their significance and, hence, the more important the contract the more it is subject to a stringent hierarchy of checks and approval steps. At Interpump Group level, 15, 15 and 13 significant contracts<sup>20</sup> were signed in 2019, 2018 and 2017 respectively. Of these, two signed in 2019 (13% of the total) and one signed in 2018 include specific human rights clauses.

<sup>20</sup> For the purposes of this report, purchase orders or contracts having overall value greater than 500,000 euro (per single order or contract) are classified as significant.

## 8) Area concerning anti-corruption activities (active and passive)

### Material topics

Based on the analysis of materiality (see chapter 3.2 Analysis of materiality for further details), the material topics for IPG relating the fight against corruption are: Fight against corruption.

### Risks

In the context of anti-corruption activities, the main risks that can become significant in the context of pursuit of the medium/long-term corporate strategy are related to the commission of acts of corruption from/toward the public administration and from/toward members of the public.

In particular, these risks can comprise:

- operational risks
- compliance risks and consequent exposure of the organization to criminal charges in countries with anti-corruption legislation. Corruption-related risks can affect multiple company processes, from selection of contractual counterparties to the management of gifts, donations and entertainment expenses, the recruitment of personnel or lack of transparency in company reporting, management of cash flows, and so forth.

### Risk management

Risk type	Policies	Risk management Model
Compliance and legal  Operational	Code of Ethics - with special reference to the Anti-Corruption Program ("ACP") that defines the position of the Group with respect to anti-corruption activities and defines the aspects on which attention must be focused to remove the risk of cases of noncompliance in this area.  Moreover, the Group is resolute in its condemnation of any form of public and/or private corruption, requiring each Group Company to implement all the necessary actions aimed at preventing the commission of offenses of corruption of any whatsoever type. The Group prohibits any conduct, irrespective of the party concerned, involving direct or indirect promises or offers of cash or other benefits to private parties, public officials and/or local or foreign public servants, such that could result in an undue or illicit interest or advantage. The foregoing types of conduct are not permitted either if adopted directly by the one of the Group companies, by its corporate bodies or by its employees, or if adopted by persons acting on behalf of the Group and/or on behalf of any of the Group Companies.	<ul style="list-style-type: none"> <li>• Special Section of the Organization and Management Model - concerning Italy-based companies for which this is deemed appropriate in view of the activities performed and the level of risk.</li> <li>• Global Compliance Program (see section 3.4 for further details) - concerning all Group companies without an Organization, Management and Control Model.</li> </ul>

### Performance indicators

GRI 103-2; GRI 103-3; GRI 205-3; GRI 415-1; GRI 419-1

At the Interpump Group level, no cases of corruption or payments to political parties were identified or reported during the three-year reporting period.

During the three-year reference period the number and value of fines levied for non-compliance with laws and/or regulations in the economic and social area were not significant.

## 9) GRI Content Index

GRI Standard	Name of standard	Chapter - page / Description	Omission
<b>General Aspects</b>			
102-1	Name of the organization	Par. 1) – page 4;	
102-2	Activities, brands, products, and services	Par. 1) – pages 5-6;	
102-3	Location of headquarters	Par. 1) – page 4;	
102-4	Location of operations	Par. 1) – page 4; par. 1.1) – pages 7-8;	
102-5	Ownership and legal form	Par. 1) – page 4; par. 1.1) – page 7; par. 2.3) – page 13 -14; par. 5) – page 33;	
102-6	Markets served	Par. 1) – page 4; par. 1.1) – pages 7-8;	
102-7	Scale of the organization	Par. 1) – page 4; par. 1.1) – pages 7-8; par. 5) – page 33;	
102-8	Information on employees and other workers	Par. 6) – pages 43; 45-46;	
102-9	Supply chain	Par. 1.2) – page 8-10;	
102-10	Significant changes to the organization and its supply chain	Par. 2.1) – page 11;	
102-11	Precautionary principle or approach	Par. 3.3) – pages 20-21;	
102-12	External initiative	Par. 2.1) – page 11; Par. 3.1) – page 16; Par. 3.4) – pag. 21	
102-13	Membership of association	Par. 3.1) – page 16;	
102-14	Statement from senior decision-maker	Letter to Stakeholders – page 2)	
102-16	Values, principles, standards, and norms of behavior 2016	Par. 1) – page 4	
102-18	Governance structure 2016	Par. 2.3) – page 13-14;	
102-40	List of stakeholder groups	Par. 3.1) – page 16;	
102-41	Collective bargaining agreements	Par. 6) – page 47	
102-42	Identifying and selecting stakeholder	Par. 3.1) – page 16;	
102-43	Approach to stakeholder engagement	Par. 3.1) – page 17;	
102-44	Key topic and concern raised	Par. 3.2) – page 17;	
102-45	Entities included in the consolidated financial statements 2016	Par. 1.1) – page 7; par. 2) – page 11;	
102-46	Defining report content and topic Boundaries 2016	Par. 2) – page 11; par. 3.2) – pages 17-19	
102-47	List of material topics 2016	Par. 3.2) – page 18;	
102-48	Restatements of information	Par. 2) – page 11	
102-49	Changes in reporting	Par. 2) – page 11; par. 3.2) – page 19	
102-50	Reporting period	Par. 2) – page 11	
102-51	Date and most recent report	March 2019	
102-52	Reporting cycle	Par. 2) – page 11	
102-53	Contact point for questions regarding the report	Write to <a href="mailto:csr@interpumpgroup.it">csr@interpumpgroup.it</a> for more information about this NFS.	

<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	Par. 2) – page 11	
<b>102-55</b>	GRI content index	GRI Content Index - pages 55-60	
<b>102-56</b>	External assurance	Audit report - pages 61-63	
<b>Economic aspects</b>			
<b>GRI 201</b>	<b>Economic performance 2016</b>		
<i>103-1</i>	Explanation of the material topic and its Boundary	Par. 3.2) – pages 18-19; par. 5) – pages 32-34	
<i>103-2</i>	The management approach and its components	Par. 5) – pages 32-34	
<i>103-3</i>	Evaluation of the management approach	Par. 5) – pages 32-34	
<i>201-1</i>	Direct economic value generated and distributed	Par. 5) – page 34	
<b>GRI 205</b>	<b>Anti-corruption 2016</b>		
<i>103-1</i>	Explanation of the material topic and its Boundary	Par. 3.2) – pages 18-19; par. 8) – page 53	
<i>103-2</i>	The management approach and its components	Par. 3.4) – pages 20-21; par. 8) – page 53	
<i>103-3</i>	Evaluation of the management approach	Par. 3.4) – pages 20-21; par. 8) – pages 53-54	
<i>205-3</i>	Confirmed incidents of corruption and actions taken	Par. 8) – page 54	
<b>GRI 206</b>	<b>Anti-competitive behavior 2016</b>		
<i>103-1</i>	Explanation of the material topic and its Boundary	Par. 3.2) – pages 18-19; par. 5) – pages 32-34	
<i>103-2</i>	The management approach and its components	Par. 5) – pages 32-34	
<i>103-3</i>	Evaluation of the management approach	Par. 5) – pages 32-34	
<i>206-1</i>	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Par. 5) – page 34	

<b>Environmental Aspects</b>			
<b>GRI 302</b>	<b>Energy 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 4) - pages 23-24	
103-2	The management approach and its components	Par. 4) - pages 23-24	
103-3	Evaluation of the management approach	Par. 4) - pages 23-24	
302-1	Energy consumption within the organization	Par. 4) - page 25	
302-3	Energy intensity	Par. 4) - page 25	
<b>GRI 303</b>	<b>Water 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 4) - pages 26-27	
103-2	The management approach and its components	Par. 4) - pages 23; 26-27	
103-3	Evaluation of the management approach	Par. 4) - pages 23; 26-27	
303-1	Water withdrawal by source	Par. 4) - page 26	
<b>GRI 305</b>	<b>Emissions 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 4) - pages 28-29	
103-2	The management approach and its components	Par. 4) - pages 23; 28-29	
103-3	Evaluation of the management approach	Par. 4) - pages 23; 28-29	
305-1	Direct (Scope 1) GHG emissions	Par. 4) - page 28	
305-2	Energy indirect (Scope 2) GHG emissions	Par. 4) - page 28	
305-4	GHG emissions intensity	Par. 4) - page 29	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Par. 4) - page 29	
<b>GRI 306</b>	<b>Effluents and waste 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - page 18-19; par. 4) - pages 26-27; 30	
103-2	The management approach and its components	Par. 4) - page 23; par. 4) - pages 26-27; 30	
103-3	Evaluation of the management approach	Par. 4) - pages 23; 26-27; 30	
306-1	Water discharge by quality and destination	Par. 4) - page 27;	
306-2	Waste by type and disposal method	Par. 4) - pages 30-31;	
<b>GRI 307</b>	<b>Environmental compliance 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; 31	
103-2	The management approach and its components	Par. 4) - pages 23; 31	
103-3	Evaluation of the management approach	Par. 4) - pages 23; 31	
307-1	Non-compliance with environmental laws and regulations	Par. 4) - page 31	

<b>Social aspects</b>			
<b>GRI 401</b>	<b>Employment 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19;	
103-2	The management approach and its components	Par. 6) - pages 35; 48-50	
103-3	Evaluation of the management approach	Par. 6) - pages 48-50	
401-1	New employee hires and employee turnover	Par. 6) - pages 48-50	
<b>GRI 403</b>	<b>Occupational health and safety 2018</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 6) - page 36	
103-2	The management approach and its components	Par. 6) - page 35; par. 6) - pages 36-37	
103-3	Evaluation of the management approach	Par. 6) - pages 36-39	
403-1	Occupational health and safety management system	Par. 6) - pages 36-37	
403-2	Hazard identification, risk assessment, and incident investigation	Par. 6) - pages 36-37	
403-3	Occupational health services	Par. 6) - pages 36-37	
403-4	Worker participation, consultation, and communication on occupational health and safety	Par. 6) - pages 36-37	
403-5	Worker training on occupational health and safety	Par. 6) - pages 36-37	
403-6	Promotion of worker health	Par. 6) - pages 36-37	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Par. 6) - pages 36-37	
403-9	Work-related injuries	Par. 6) - pages 38-39	
<b>GRI 404</b>	<b>Training and education 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19;	
103-2	The management approach and its components	Par. 6) - pages 35; 50-51	
103-3	Evaluation of the management approach	Par. 6) - pages 50-51	
404-1	Average hours of training per year per employee	Par. 6) - pages 50-51	
<b>GRI 405</b>	<b>Diversity and equal opportunity 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 6) - page	

103-2	The management approach and its components	Par. 6) – pages 35; 44; 51	
103-3	Evaluation of the management approach	Par. 6) – pages 35; 44; 51	
405-1	Diversity of governance bodies and employees	Par. 6) – pages 44; 51	
<b>GRI 406</b>	<b>Non-discrimination 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 6) – pages 35; 41	
103-2	The management approach and its components	Par 1) – pages 4-5; par. 6) – pages 35; 41	
103-3	Evaluation of the management approach	Par 1) – pages 4-5; par. 6) – pages 35; 41	
406-1	Incidents of discrimination and corrective actions taken	Par. 6) – page 51	
<b>GRI 412</b>	<b>Human Rights Assessment 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 7) – page 52	
103-2	The management approach and its components	Par. 3.3) – pages 20-21; par. 7) – page 52	
103-3	Evaluation of the management approach	Par. 3.3) – pages 20-21; par. 7) – page 52	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Par. 7) – page 52	
<b>GRI 415</b>	<b>Public policy 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 8) – pages 53-54	
103-2	The management approach and its components	Par. 8) – pages 53-54	
103-3	Evaluation of the management approach	Par. 8) – pages 53-54	
415-1	Political contributions	Par. 8) – page 54	
<b>GRI 416</b>	<b>Customer Health and Safety 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19; par. 5) – pages 32; 34	
103-2	The management approach and its components	Par 3.4) – pages 20-21; par. 5) – pages 32; 34	
103-3	Evaluation of the management approach	Par 3.4) – pages 20-21; par. 5) – pages 32; 34	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Par. 5) - pages 34	
<b>GRI 419</b>	<b>Socio-economic compliance 2016</b>		
103-1	Explanation of the material topic and its Boundary	Par. 3.2) - pages 18-19	
103-2	The management approach and its components	Par. 3.4) – pages 20-21; par. 8) – pages 53-54	

103-3	Evaluation of the management approach	Par. 3.4) - pages 20-21; par. 8) - pages 53-54	
419-1	Non-compliance with laws and regulations in the social and economic area	Par. 8) - page 54.	

## Independent auditors' report



EY S.p.A.  
Via Massimo D'Azeglio, 34  
40123 Bologna

Tel: +39 051 278311  
Fax: +39 051 236666  
ey.com

### Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of Consob Regulation adopted with Resolution n. 20267 of 18<sup>th</sup> January 2018

(Translation from the original Italian text)

To the Board of Directors of  
Interpump Group S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of Consob Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Interpump Group S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31<sup>st</sup> December 2019 in accordance with article 4 of the Decree approved by the Board of Directors on 16<sup>th</sup> March 2020 (hereinafter "DNF").

#### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

#### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence,

EY S.p.A.  
Sede Legale: Via Lombardia, 31 - 00187 Roma  
Capitale Sociale Euro 2.525.000,00 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904  
P.IVA 00891231003  
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998  
Iscritta all'Albo Speciale delle società di revisione

Consob al progressivo n. 2 delibera n.10831 del 16/7/1997



confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Interpump Group's consolidated financial statements;
4. understanding of the following aspects:
  - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
  - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
  - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.



In particular, we have conducted interviews and discussions with the management of Interpump Group S.p.A. and with the personnel of Interpump Hydraulics India Private Ltd, Walvoil Fluid Power Korea Llc e Walvoil Fluid Power (India) Pvt. Ltd and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at group level
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For the sites of Hosur (India) of Interpump Hydraulics India Private Ltd, Pyeongtaek (South Korea) of Walvoil Fluid Power Korea Llc and Bangalore (India) of Walvoil Fluid Power (India) Pvt. Ltd, that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Interpump Group for the year ended on 31<sup>st</sup> December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Bologna, 20<sup>th</sup> March 2020

EY S.p.A.  
Signed by: Marco Mignani  
(Statutory Auditor)

This report has been translated into the English language solely for the convenience of international readers.