



**“Guidance of the Board of Directors
concerning the qualitative and quantitative
composition of the Board of Directors for the
three-year period 2023-2025”**

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INTRODUCTION

In compliance with the prescriptions of the Corporate Governance Code (the “Code”), the Board of Directors (the “Board of Directors” or the “Board”) of Interpump Group S.p.A. (“Interpump”), whose mandate expires with approval of the 2022 annual financial statements by the Shareholders’ Meeting scheduled for 28 April 2023, following a favorable ruling of the Appointments Committee and taking account of the results of the self-assessment performed by the Board, has prepared its guidance on the future size and composition of the Board of Directors and on the criteria for formation of the slates of candidate directors to be submitted to the shareholders in view of the Shareholders’ Meeting convened to approve, inter alia, the renewal of the Board of Directors for 2023-2025.

The Code prescribes that: “In companies other than those with concentrated ownership: the board of directors sets forth guidelines on board composition deemed optimal before its renewal, considering the outcome of the board evaluation; requires anyone submitting a slate with a number of candidates that is higher than half the number of members to be elected to provide adequate information on compliance of the slate with the board guidelines mentioned above and with the board diversity criteria set forth in principle VII and recommendation 8” (Recommendation 23).

The Code also prescribes that “The board of directors ensures, within its competence, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board according to the principles set forth in Article 2.” (Principle XIII)

Further to all the above, the Board of Directors, in view of the renewal of the Administrative Body for the three-year period 2023-2025, having considered:

- the current governance of Interpump Group S.p.A. and its development in the context of achieving the Company's strategic objectives;
- the guidance on the size of the new Board of Directors, and its professional roles whose presence is deemed optimal in the composition of the next Administrative Body, taking account of the results of the self-assessment process for 2022 and for prior years marking the end of the three-year mandates;

intends to submit the following guidance to the Shareholders.

ELEMENTS OF THE CURRENT GOVERNANCE OF INTERPUMP

In relation to the renewal of the Interpump Board of Directors for the three-year period 2023-2025, the Board, in expressing its rulings, has considered:



- the recommendations contained in the Code and best practice in relation to transparency of the process, the balance of board membership, requirements regarding professionalism, competence, independence and reputation, gender representation, tenure and the accumulation of offices;
- the results of the self-assessment process referred to 2022 and for prior years marking the end of the three-year mandates, conducted with the support of the Appointments Committee, with reference to the specific section of the questionnaire regarding guidance on the quantitative and qualitative composition of the Board in relation to new appointments;
- the activities of the next Board of Directors, whose mandate will be of great importance for development of the Company's sustainability strategy and roadmap;
- the experience gained in the three-year period that has just ended, which takes account of the methods of operation of the Board and of the Board committees and the related commitment and activities required;
- the favorable ruling expressed by the Appointments Committee in the meeting of 13 February 2023 which, in compliance with its regulations, performed support and preparatory activities in drafting the self-assessment questionnaire containing a specific "looking forward" section, and in preparing the guidance ruling;
- the opportunity of expressing a form of governance capable of assisting constant development of the company in terms of size and expansion of the horizon of operations, also in order to pursue a sustainable path of development aimed at building value for the community;
- with regard to the professional skills and experience of its new members, the presence of persons with managerial experience accumulated within the Group;
- continuity with the previous mandate and, consistently with the organization's public company status, to confirm the significant presence of Independent, non-Executive Directors.

EVALUATION OF THE OPTIMAL QUALITATIVE COMPOSITION OF THE BOARD OF DIRECTORS

Interpump Bylaws Article 14 states that the Company is administrated by a Board of Directors comprising a minimum of three up to a maximum of thirteen members.

Within this interval the correct size of the administrative body is established also in accordance with the number and composition of the Committees set up by the Board of Directors in compliance with



the provisions of the Code, the regulatory standards in force and the Regulations of the Board of Directors approved by the Company. Note that, as at the date of this document, there are four board committees in existence, mainly composed of independent directors: Control, Risks and Sustainability Committee, Remuneration Committee, Appointments Committee, and Related Parties Committee (composed exclusively of independent directors in compliance with Consob Regulation no. 17221/2010, as amended), all of which composed of 3 members.

International best practice does not indicate an ideal number of members on the Boards of Directors of listed issuers, in fact stating that it should be simply appropriate in relation to the size of the issuer and the characteristics of the activities it is required to perform.

In view of the renewal, bearing in mind the company's constant development, the size of the Boards adopted by the main comparable companies listed in the same stock exchange index, the commitment in temporal and technical terms required for operation of the Board and of its committees and their minimum composition, the Board of Directors deems it appropriate to confirm the indication of a total of ten Board members.

EVALUATION OF THE OPTIMAL QUALITATIVE COMPOSITION OF THE BOARD OF DIRECTORS

The Code requires that the Board be composed of various components (executive members, non-executive members, independent members) all with adequate professionalism and competence, considering also the benefits that may derive from the application of diversity criteria, including gender diversity (Principle VII). Moreover, the Code states that "In other large companies (other than those with concentrated ownership) independent directors account for at least half of the board" (Recommendation 5).

It is further prescribed that the number, competence and time availability of the non-executive directors be such as to ensure that their opinions carry significant weight when adopting board resolutions.

With regard to the general and personal characteristics of board members, the Board of Directors of Interpump is confident that the Shareholders will take account of the following requirements when making slates for appointment of the Board of Directors:

- ensure a balanced combination of profiles, aptitudes and experience accumulated primarily in the industrial sectors in which Interpump operates, having particular regard to persons with



managerial and/or entrepreneurial skills in those areas, while maintaining the profiles and experience in the Legal, Finance and Administration, M&A, Risk Management, and ESG areas, in line with the previous mandate;

- award due consideration to the accumulation of offices and the availability of time that the candidates for the office of Director can dedicate to the directorship, considering these matters to be key components for the effective execution of the role;
- assure distribution of director seniority, considering age diversity to be a value added factor.

In addition to professional skills, also the existence of certain aptitudinal characteristics should be given appropriate consideration, namely:

- independent thinking combined with rationality and good judgment, with an ability to encourage attitudes that drive growth and assist business decisions;
- availability and commitment in execution of the role;
- capability of accepting new challenges, innovating and favoring change;
- capability of integrating the themes of sustainability in the business vision;
- openness to reciprocal discussions and willingness to collaborate.

It must be remembered that the current Board has a strong managerial and entrepreneurial focus while also guaranteeing the presence of members active in economic sectors and experts in the areas of economics, finance, law, M&A, Risk Management and ESG. Accordingly, the level of entrepreneurial and professional experience contributed by current Board members appears adequate in relation to the business objectives and strategic vision of the Company and the Group. Therefore, the Board of Directors, based on its experience in the past three year period, makes the proposal to replicate the configuration and distribution of skills in the current Board of Directors also in the Board to be appointed.

INDEPENDENCE

In accordance with best practice, the presence of independent directors on the Board is considered to be an appropriate solution to ensure that the interests of all majority and minority Shareholders are represented.

Interpump Bylaws Art. 14.1 states that “a number of directors identified in compliance with legal and regulatory provisions and the code of conduct of Borsa Italiana adopted by the Company time by time, must be in possession of the independence attributes required therein”, thus referencing the provisions of the Code.



In defining the correct articulation of the Board of Directors, the Code recommends that said body be composed of executive and non-executive directors (Principle V) and that a significant number of directors be independent (Principle VI).

A significant presence of independent members on the Board would allow the selection of board committee members from a larger number of directors, enabling those considered most suitable for each committee to be chosen with reference to their individual skills and not just their fulfillment of the independence criterion. In this context, note that in compliance with the matters established by the Code, by the Board of Directors Regulations, by the regulatory legislation in force and by the operating rules of the committees previously set up within the Board of Directors, said committees are composed of three Non-executive directors, the majority of whom independent - with the exception of the Related Party Transactions Committee, which is composed exclusively of independent directors in compliance with Consob Related Parties Regulation no. 17221/2010, as amended -, and the chair of the committee is appointed from among the independent directors.

The Code identifies the portion of independent directors deemed to be adequate in relation to the needs of the business, operation of the administrative body and constitution of the related board committees. The Code identifies the thresholds based on the proportionality criterion: in large companies without concentrated ownership the number of directors should be composed so that at least half are independent directors (Recommendation 5).

Notwithstanding, the composition of the Board is deemed appropriate for the above purposes if the presence is guaranteed of Independent directors of a number at least equal to half of the members, without prejudice to the considerations expressed in relation to the executive directors, whose presence guarantees continuity and specialist knowledge of the business and the market in which the Group operates.

The Board of Directors would therefore seek to ensure that the slates include a suitable number of candidates in possession of the necessary requisites to be qualified as independent pursuant to the Code and the Italian Financial Services Act; the candidates must also declare the inexistence of any possible circumstance that could impact the independence of the director (Recommendation 6), without prejudice to the fact that it will be the responsibility of the Board of Directors, based on the substance over form criterion, to assess said independence for its members.

For evaluation of the significance of commercial, financial, and professional relationships and the additional remuneration mentioned by the Code (Recommendation 7 letters c) and d)), the Board has established that such relationships and remuneration could detract from the director's independence:



- a) if they occur continuously throughout the office in question;
- b) if they produce an annual payment equal to at least 100% of the fixed remuneration received annually by the Director as a member of the Board of Directors and from any seats on Board committees.

GENDER QUOTAS

Interpump Bylaws Art. 14.1 letter (ii) states that “gender balance must be assured in compliance with the provisions of the law, the regulations, and the code of conduct of Borsa Italiana adopted by the company time by time”. This principle was enshrined in the Bylaws in order to implement art. 147-ter of the Italian Financial Services Act, which states that the less represented gender must account for at least 2/5 of the elected directors”. Moreover, Code Recommendation 8 states that the less represented gender must constitute at least one third of the members of the Board of Directors. The Regulations of the Board of Directors reference both the rule of the Financial Services Act and the provisions set down in the Code.

In this regard, note that art. 14.5 of the Interpump Bylaws requires that slates of at least 3 candidates must contain candidates of different gender, in accordance with the contents of the convocation of the Shareholders’ Meeting in order to ensure compliance with statutory legislation concerning gender balance”.

In order to comply with the aforementioned provisions of the Bylaws and thus with the articles of law and the Code, the indications concerning slates of candidates for renewal of the Board of Directors submitted by those entitled must, if they are composed of three or more candidates, include candidates of both genders, such that the less represented gender comprises two-fifths (as rounded up to the nearest integer) of the candidates.

TENURE

Regardless of the experience accumulated during other directorships already held, a new director needs time to gain an appropriate understanding of the context in which the Interpump Group operates, in order to make a significant contribution to the work of the Board and any board committees on which that Director serves.



The average seniority of Board members must therefore facilitate the development of all directors, including those with less experience, while also ensuring the ability to tackle any challenges that might arise from the start of the mandate with fitting levels of experience and skill.

The experience contributed by directors who have held high level and prestigious directorships for long periods should be recognized as a value added to be retained, not least because it is beneficial to the development of directors with less accumulated experience. Interpump also recognizes the value of age diversity among the directors in office.

ACCUMULATION OF OFFICES

The availability of the time needed to carry out their duties is a fundamental requirement that directors must satisfy, having regard for any duties as members of Board committees on which they may be called to serve.

Hereunder, the Board of Directors provides information on the presumed number of meetings planned for the forthcoming three-year period, in which the members of the Board of Directors and the Board committees will be called to serve, to allow assessment of the time required to hold the office. Specifically:

- 6/8 meetings of the Board of Directors;
- 6/8 meetings of the Control, Risks Committee;
- 6/8 meetings of the Sustainability Committee;
- 2/4 meetings of the Appointments Committee;
- 2/4 meetings of the Remuneration Committee;
- 2 meetings of the Related Party Transactions Committee;
- 1/2 yearly meetings of the Independent Directors.

although the above indicated number may change in accordance with requirements and the topics to be discussed.

In addition to the time required for the meetings, the time required for analysis of the documentation and preparation of the meetings must also be considered and, for the role of the Chair of the Committee concerned, for organization and coordination of the meetings.

Candidate directors and, once appointed, serving directors must assess the adequacy of the time that they are able to dedicate to their appointment, having regard for the time already dedicated to other working and professional activities, as well as their roles in other companies.



With regard to the obligation for candidate directors to indicate, in their résumés, the offices of non-executive director or statutory auditor already held in certain types of significant companies and offices of Executive director in any company, the Board of directors has already expressed its rulings in relation to the accumulation of offices of administration or control in other listed companies or companies of significant size, that can be considered compatible with effective execution of the duties of director of the Company, taking account of the commitment deriving from the position held, implementing the indications of the Code, as shown below: “- the Board recommends that the Shareholders’ Meeting appoint

- a) Directors of the Company destined to hold executive roles, when they do not already hold executive appointments in one or more other companies, including companies not classified as "significant companies", with the exception solely of (i) those that “merely hold” real estate, equity investments or other assets and for companies with annual sales of not more than 50 million euro, or (ii) companies directly or indirectly controlled by the Group; or Non-executive directors in four or more other “significant companies”;
- b) Company Directors destined to assume non-executive, independent or non-independent offices, when they are not already Executive directors in two or more other "significant companies", or Non-executive directors, or that have offices on the Board of statutory auditors in ten or more other "significant companies".

If reappointed, the Board will assign executive offices to the Company Directors appointed by the Shareholders' Meeting, and will allow the assignment of executive offices in Interpump group companies only if compatible with the above indicated limits, except for cases in which the Board, with a motivated resolution, rules that reasonable, objective grounds exist for either temporarily or permanently departing from these limits.