



# Tax Strategy of Interpump Group S.p.A.

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## Introduction - The adoption of a Tax Control Framework by Interpump Group S.p.A.

Interpump Group S.p.A. (hereinafter referred to as “Interpump” or the “Company”) adopts a system to detect, measure and control the tax risk (so-called Tax Control Framework, “TCF”). This in order to:

- encourage the spread of a tax culture and implement values such as honesty, legality and transparency;
- promote sustainable development and guarantee the company asset integrity over time, so as to protect the community and its stakeholders;
- meet the need for certainty and stability in applying tax regulations, also at international level, and prevent litigation;
- minimise any impact in terms of tax and reputational risk.

### 1. The Tax Strategy in the context of the internal control model (Tax Risk Management Model)

This document, known as Tax Strategy, is an integral part of the corporate TCF and constitutes an essential part of it, structurally embedded within the general framework of the corporate *Enterprise Risk Management*.

It outlines the goals of top management in relation to the tax variable and the set of values pursued by the Company and by the Group in carrying out its business activities, as well as the behaviours adopted in order to position Interpump at the chosen risk level.

The Tax Strategy is inspired by the principles set out in the Code of Ethics.

### 2. Strategic goals in taxation management

With the aim of pursuing the sustainable growth of the corporate assets, protecting the reputation of the Company and of the Group, as well as promoting sustainable development and creating long-term value for the benefit of its stakeholders and the community around it, Interpump, as the parent company, defines the strategic guidelines in managing tax compliance.

The Tax Strategy pursues the goals described below.

#### *Tax obligations*

The Company ensures that tax obligations are met in an accurate and timely manner, and that the correct tax burden is fulfilled, not necessarily the most onerous, on the assumption that:

- as a taxpayer, Interpump has an obligation towards the State and the community to pay the taxes due by law;
- as a company, Interpump has an obligation towards its shareholders not to pay more tax than is legally due, taking into account the pursuit of legitimate tax savings and the achievement of undue tax advantages.

### *Tax risks*

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

## 3. Tax Strategy Principles

### ➤ *Values*

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

### ➤ *Legality*

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

### ➤ *Tone at the top*

The Board of Directors defines and approves the Company Tax Strategy and - through the Director in charge of supervising the TCF, assisted by the *Tax Risk Management* Function - assumes the role and responsibility of ensuring its implementation and of guiding the spread of a corporate culture marked by the values of honesty and integrity and by the principle of legality, according to the *tone at the top* principle.

Through the relevant function, the Board of Directors is involved in the most important and complex tax issues to ensure that it is fully aware of tax risk management.

➤ *Transparency*

Interpump adopts a cooperative attitude towards the tax authority:

- making available to it the information necessary to ensure an effective and fair application of tax regulations, responding in a timely and complete manner to requests for information and documentation that may be made during any audits;
- proposing and implementing as many preventive discussion operations as possible (including but not limited to: submitting appeals; adhering on an ongoing basis to incentive schemes such as transfer pricing documentation requirements).

➤ *Shareholder value*

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

#### 4. Guidelines to implement the Tax Strategy

In order to ensure the effective implementation of the general principles set out above, Interpump Tax Strategy is outlined in the following guidelines.

❖ *Correct application of tax regulations*

In implementing the principle of legality, Interpump undertakes to adopt tax behaviours that respect tax regulations and that interpret them in accordance with their wording, spirit and purpose, avoiding, in any case, exploitation of their literal wording.

In cases where tax regulations are not sufficiently clear and unambiguous in the meaning attributable to them, the taxpayer undertakes to pursue a reasonable interpretation thereof, inspired by the criteria of legality and fairness, seeking, if necessary, the assistance of qualified external tax advisers and, if margins of uncertainty persist, setting up, in full transparency, the appropriate forms of communication with the tax authorities.

❖ *Exercising the right to dissent (agree to disagree)*

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

❖ *Full cooperation with tax authorities*

Of fundamental importance to Interpump is its relationship with the institutions and public administration it deals with, also including tax authorities. With this in mind, for the pursuit of its goals of containing and preventing tax risk, Interpump considers it essential that its relations with the tax authorities are inspired by the principles of transparency, cooperation, fairness and good faith, professionalism, honesty and compliance with the applicable regulations.

The relations with the tax authorities are managed by the competent corporate functions, in compliance with the Code of Ethics, the specific internal corporate procedures, as well as in accordance with the procedures referring to the TCF.

In the event of controls and audits of a tax nature, the Management acts with transparency, fairness and professionalism in all dealings with the competent tax authorities, responding promptly to their questions and requests. Upon request, Interpump provides the tax authorities with timely, clear and accurate information and complete and truthful documentation.

Convinced that tax compliance is an important value to pursue, the Company actively seeks opportunities for preventive discussion and sharing with Italian and international tax authorities. In this sense, Interpump promotes, proposes and implements as many preventive discussion operations with the tax authorities as possible.

In order to consolidate transparency towards the tax authorities, Interpump adheres to the transfer pricing provisions in accordance with the OECD guidelines.

❖ *Prevention of aggressive tax planning behaviours*

Interpump does not pursue an aggressive tax approach by implementing actions aimed at exclusive tax savings, without fulfilling corporate logic, nor does it make use of fictitious corporate structures devoid of economic substance or commercial purpose.

The Company does not engage in behaviours and transactions, whether domestic or transnational, which produce tax consequences that it is reasonably able to understand and which: i) are likely to generate tax effects contrary to the purpose of the provisions invoked, also as a result of asymmetries between the tax systems of the tax jurisdictions involved, if any; ii) generate phenomena of double deduction, deduction/non-inclusion or double non-taxation; iii) result in purely artificial constructions, which do not reflect economic reality, and from which undue tax advantages can reasonably be expected.

Interpump does not carry out transactions or investments in Countries or territories classified as tax havens, with privileged taxation or in any case in those considered non-cooperative with the tax authorities with the exclusive or prevalent purpose of relocating income or otherwise obtaining a tax advantage.

Any presence of group entities in such Countries is motivated exclusively by business reasons, which are genuine and supported by sound economic reasons.

Interpump undertakes to do whatever is necessary to prevent the organisation from being involved in tax fraud cases, also as a consequence of behaviours by third parties, such as natural persons, companies or entities of any kind, other than the taxpayer, even if they are linked to the latter by relationships of employment, participation, collaboration, commercial or other nature.

❖ *Incentives and tax breaks*

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

❖ *Taxation management*

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

In more detail, the TCF adopted by Interpump ensures:

- that, in the organisational set-up adopted, the roles and responsibilities in the area of tax risk management are clearly assigned, in accordance with the principles of segregation of duties, integration with business processes, expertise and experience;
- the adoption of effective procedures to detect, measure, manage and control the tax risks, the compliance with which is ensured at all corporate levels;
- the establishment of effective procedures to remedy any deficiencies found in its operation and the activation of the necessary corrective actions;
- the preparation of a tax risk map relating to corporate processes, and its constant updating.

Interpump ensures that the corporate functions involved in managing the TCF and related control activities have the authority, resources (human, material and financial) and technical-professional expertise necessary to perform their tasks.

The functions responsible for managing tax issues act in compliance with the Code of Ethics, the Organisation, Management and Control Model adopted pursuant to Legislative Decree no. 231/2001 and the administrative/accounting procedures prepared in accordance with Law 262/2005, as well as with the procedures relating to the TCF.

A report is addressed to Interpump Board of Directors, through the relevant function, on an annual basis, containing the outcomes of the monitoring of the internal control system for tax risk and the status of tax risk management, for the tax period in question.

#### ❖ *Intercompany transactions*

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

#### ❖ *Soft controls*

Interpump encourages the spread of a tax culture and of values such as honesty, legality and transparency regarding taxes. This is achieved also by organising training courses aimed at all personnel, including those not employed in tax functions, in order to spread the culture of tax *compliance*, raise employees' awareness of the relevance of tax issues also with a view to widespread tax control (so-called *soft controls*).

Interpump provides appropriate technical training to its employees involved in the management of tax-related obligations and activities.

Interpump does not provide for incentive mechanisms for its top management, nor for the persons in charge of managing tax issues, which include goals linked to reducing the tax burden, if these are, in the awareness of the Management, contrary to specifically applicable legislative provisions. In no way and for no corporate function does Interpump provide incentive mechanisms that induce personnel to make unethical tax choices or choices that conflict with laws and regulations.

#### ❖ *Tax risk control system*

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



### ❖ *Code of Ethics*

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

The Code of Ethics also includes the Tax Strategy and, therefore, the principles and provisions contained therein are appropriate to ensure the effectiveness of the Tax Strategy.

### ❖ *Organisation, Management and Control Model*

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

### ❖ *Whistleblowing*

The corporate whistleblowing channels can also be used to report possible criminal tax violations. Reports must be made by filling in a specific form, or by recording a voice message, using the Whistleblowing Management Portal, which can be accessed via the following link: <https://interpumpgroup.integrityline.com/>.

Alternatively, a Report can be made through the following channels:

- using the ordinary mail address: Interpump Group S.p.A., c.a. Incaricati alla Gestione delle Segnalazioni, via E. Fermi, 25 - 42049 S. Ilario d'Enza (RE) – Italy; in order to guarantee confidentiality, the report must be placed in two sealed envelopes, the first with the identification data of the Whistleblower and the second with the Report, and both must be placed in a third sealed envelope with the wording "confidential" on the outside for the Incaricati alla Gestione delle Segnalazioni of Interpump Group S.p.A.;
- calling the following telephone number +39 0522 904 311 (Mon-Fri | 9 a.m.-5 p.m.).

Interpump undertakes to guarantee the confidentiality of the subjects and facts reported, as well as the identity of the whistleblower, and to handle reports in accordance with the Whistleblowing Management procedure, to which reference is made, published on the Company website at: <https://www.interpumpgroup.it/it/governance/whistleblowing>.

## 5. The relationship with stakeholders

Interpump aims to maintain and develop the relationship of trust with stakeholders whose input is required to fulfil its mission. The relations that Interpump develops with stakeholders are inspired by the respect for the values of professionalism, concreteness, honesty, ethicality, legality and transparency and by the pursuit of practices of inclusion, sharing, participation and correct information.

Interpump is committed to analysing, through the corporate functions in charge of tax compliance, any tax-related requests or reports that may be received from its stakeholders.

## 6. Scope

This Tax Strategy must be considered valid for all corporate functions and consequently binding for the behaviours of all the persons working and collaborating with the Company and, to the extent applicable, also for third parties.

## 7. Adoption, application, publication and validity

The Tax Strategy is prepared by Interpump and approved by its Board of Directors.

The Tax Strategy comes into force on the first day following the date on which it is approved by the Board of Directors.

Interpump promotes towards Group companies the sharing and dissemination of the principles and values contained in this Fiscal Strategy, while also promoting towards them the dissemination at all levels of the company of a culture aimed at tax compliance and raising awareness of all personnel in relation to tax risk.

## 8. Communication methods

The Tax Strategy and its updates are published on the Interpump website at <https://www.interpumpgroup.it/en/governance/corporate-documents>.

This communication method is equivalent to posting the Tax Strategy on the corporate notice board.