

REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

In compliance with art. 123-*(bis)* TUF

Interpump Group S.p.A.
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GLOSSARY

Code/Corporate Governance Code: the Code of Corporate Governance of listed companies approved in December 2011 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

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

Board: The Issuer's Board of Directors.

Issuer: Interpump Group S.p.A.

Year: 2012.

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

Consob Markets Regulation: the Regulation published by CONSOB with resolution no. 16191 of 2007 (as amended) on markets.

Consob Regulation on Related Party Transactions: the Regulation published by CONSOB with resolution no. 17221 of 12 March 2010 (as amended) governing transactions with related parties.

Report: the report on the corporate governance and ownership structure that companies are required to draft in compliance with the prescriptions of art. 123-(2) TUF.

TUF: Leg. Decree no. 58 of 24 February 1998, (Consolidated Finance Act).

1. ISSUERS' PROFILE

The expression Corporate Governance denotes the set of rules and procedures that constitutes the management and control system of stock companies. The importance of Corporate Governance has increased significantly in recent years due to the development of stock markets and the increasingly sharp focus directed at rules governing relations between shareholders and directors. For this purpose, it is necessary to establish the roles of management and execution of business strategies in an unequivocal manner, identifying the relative powers and responsibilities and the forms of control and disclosure of the activities performed.

In the framework of initiatives designed to maximize value for shareholders and assure the utmost transparency of the actions of company management, Interpump Group has defined an articulated and coherent system of rules of conduct concerning both its own organizational structure and relations with stakeholders, in particular with its shareholders, such rules being in compliance with the highest standards of Corporate Governance.

We remind you that Interpump Group has been listed on the STAR segment of the Italian Stock Exchange since the high standard mid-capital index was launched on 1 April 2001, reflecting its compliance with the relative transparency and Corporate Governance requirements.

The corporate bodies of the company are the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors. At the date of preparation of this report the powers and duties of the corporate bodies are as listed below.

Shareholders' Meeting

The ordinary Shareholders' Meeting approves the financial statements, appoints and cancels the directors, appoints the statutory auditors and the Chairman of the Board of Statutory Auditors, determines the remuneration of directors and statutory auditors, passes resolutions on the responsibility of directors and statutory auditors, passes resolutions in relation to the other matters assigned by law to the competence of the Shareholders' Meeting, approving also the regulations governing the procedures of Shareholders' Meeting. The Extraordinary Shareholders' Meeting passes resolutions on amendments to the Bylaws, on operations on the company capital, on mergers, transformations, and demergers (except for the cases wherein, in compliance with art. 2365 of the Italian Civil Code, the Bylaws permit merger and demerger operations be resolved by the Board of Directors) and on any other matter expressly attributed by the law to the competence of the extraordinary Shareholders' Meeting.

Board of Directors

The company is administrated by a Board of Directors composed of a minimum of three up to a maximum of thirteen members, including non-shareholders, appointed by the Shareholders' Meeting, following determination of the number. The directors can remain in office for up to a maximum of three years, and can also be re-elected. The appointment of directors is carried out on the basis of lists submitted by the shareholders.

The Board of Directors is vested with the broadest possible powers for the ordinary and extraordinary management of the affairs of the company, without any limitation, with the exception of the powers reserved by law for the competence of the Shareholders' Meeting.

The Remuneration Committee and the Control and Risks Committee in compliance with the Code of Corporate Governance (as defined more fully below) have been composed form within the Board of Directors; said Committees perform their specific functions on an ongoing basis as explained more fully below.

Board of Statutory Auditors

The Board of Statutory Auditors is composed of three statutory auditors and two assistant auditors appointed by the Shareholders' Meeting. The auditors can remain in office for three years, after which they are eligible for re-election.

At least one statutory auditor and one assistant auditor must be chosen from among the names in the register of financial auditors held by the Ministry of Justice. The remaining members, if they are not entered in this register, must be chosen from among the members of the professional associations identified by the Ministry of Justice or from among regular university professors in economic or legal fields. The spouse or relatives of directors of the company, of subsidiary companies, of the parent company and of companies that are subject to joint control cannot be elected to serve as Statutory Auditors. Persons that are linked to the company and to the company's subsidiaries or to the parent company, or to companies subject to joint control, by a relationship of employment or a continuous relationship of consultancy or the provision of services against payment, or by relations of an economic nature that impair the level of independence, are not eligible to serve as statutory auditors.

In addition to the duties ascribed by art. 2406 c.c., in compliance with the implementation decree of the so-called Transparency directive of the European Council, the Board of Statutory Auditors is also the Audit Committee and the External Audit Committee. The Board of Statutory Auditors supervises over: a) the process of financial reporting; b) the efficacy of the systems for internal control, for internal auditing and for risk management; c) legal auditing of the annual accounts and the consolidated accounts; d) the independence of the legal independent auditors, notably with regard to the provision of services other than auditing to the entity subject to legal auditing of its accounts. In addition, the Board of Statutory Auditors supervises over compliance with the law and the Bylaws, on compliance with the principles of correct administration, on the adequacy of the instructions issued by the company to its subsidiaries, on the adequacy of the company's organizational structure for the aspects of its competence, and it checks the methods of tangible implementation of the rules of governance set down in the Code of Corporate Governance. The Board of Statutory Auditors makes its motivated proposal to the Shareholders' Meeting on the award of the assignment for auditing of the accounts to the independent auditing company.

Legal auditing of the accounts is performed by an independent auditing company chosen from among the companies registered in the specific CONSOB roll. Legal auditing of the accounts consists in checking, during the course of the year, that the company books have been kept correctly and that the business operations are correctly reflected in the accounting entries, in checking of the annual financial statements and of the consolidated financial statements.

2. INFORMATION on OWNERSHIP STRUCTURES (ex art. 123-(bis) subsection 1, TUF)

At 19/03/2013

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

The capital stands at € 56,617,232.88. The share capital is represented by ordinary shares having all the voting rights and obligations in compliance with the law. The ordinary shares, which are registered, endow voting rights in the company's ordinary and extraordinary shareholders' meetings in compliance with the articles of law and the Bylaws, and assign the administrative and capital entitlements awarded by the law for shares with voting rights.

The stock option plans do not involve capital increases but rather the use of treasury stock or, with regard to the latest plan, at the discretion of the Board of Directors, the payment of a differential equivalent to the possible increase in the market value of the company's ordinary shares (consult the Board of Directors' Report submitted with the annual Financial Report at 31 December 2012 and the Remuneration report prepared in compliance with art. 84-(quater) of the Issuers' Code).

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

There are no restrictions governing the transfer of securities, such as, for example, limitations concerning the ownership of securities or the need to obtain the approval of the Issuer or other holders of securities.

c) Significant investments in the capital (ex art. 123-(2), subsection 1 letter c) TUF)

From the entries in the shareholders register, from the notifications received in compliance with the law, and from the other information available at today's date, it emerges that the shareholders who hold stakes in excess of 2% of the voting capital are as shown in table 1 annexed below.

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

No securities have been issued such that impart special controlling rights.

e) Employee equity interest (ex art. 123-(bis), subsection 1 letter e) TUF)

There is no system of equity interests for employees.

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

There are no restrictions to the voting right.

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

A Shareholders' Agreement was entered into on 7 November 2012 between Sergio Erede, Gruppo Ferrero S.p.A., MAIS S.p.A., Fulvio Montipò, Laura Montipò, Leila Montipò and TIP, concerning Gruppo IPG Holding and, with regard to several provisions, Interpump Group S.p.A. The foregoing agreement amends, integrates and replaces the shareholders' agreement entered into between the participants on 10 March 2010, subsequently amended on 25 March 2011, and it will expire on 7 November 2015. The amendments that came into force on the date of the agreement are designed to take account i) of the sale by Giovanni Maria Cavallini and his spouse Beryle Lassaussois of their entire shareholding and ii) the lapsing of the Interpump Group S.p.A. 2009-2012 Warrants.

At 31/12/2012, Gruppo IPG Holding S.r.l. held 26.988% of the share capital. The shareholders agreement can be consulted on the company's website.

h) Change of control clauses (ex art. 123-bis, comma 1 letter h) TUF) and statutory provisions concerning IPOs (ex articles 104, subsection 1-(ter), and 104-(bis), subsection 1)

A loan contract was signed on 5 June 2012 between Interpump Group S.p.A. and Mediobanca for the total amount of €30 million, with an obligatory early repayment clause in the event of a change of control; the lender can choose to waive the early repayment clause at its sole discretion and in full independence. A loan contract was signed on 31 July 2012 between Interpump Group S.p.A. and Banca Nazionale del Lavoro for the total amount of €30 million, with an obligatory early repayment clause in the event of a change of control; the lender can choose to waive the early repayment clause at its sole discretion and in full independence.

There are no change of control clauses in the case of subsidiaries, but in certain cases the Parent Company has undertaken to inform the counterparty in advance if it plans to dispose of the relative investment.

With regards to IPOs we draw your attention to the fact that the Bylaws do not depart from the provisions of the passivity rule as at art. 104, subsections 1 and 2 of the Consolidated Finance Act (TUF) nor do they provide for the application of the neutralization regulations set down in art. 140-(bis), subsections 2 and 3, TUF.

i) Mandates to increase the share capital and authorizations for the purchase of treasury stock (ex art. 123-(bis), subsection 1 letter i) TUF)

The Shareholders' Meeting of 24 April 2012 authorized, pursuant to the provisions of art. 2357 and art. 2357-(ter) of the Civil Code, the purchase of treasury shares and their possible sale, for the period of 18 months from the date of the above-mentioned Shareholders' Meeting. The purchase can take place at a unit price of between a minimum of 0.52 euro and a maximum of 10.00 euro. For the same period and at the same prices, the Shareholders' Meeting has authorized the Board of Directors to divest treasury stock held in the portfolio at a minimum of 0.52 euro and a maximum of 12.00 euro per share. The divestment of shares

can occur also by means of a public offering, sale of treasury shares to employees, directors and collaborators of the company and/or of the group in execution of incentive plans approved beforehand by the shareholders' meeting, placed at the service of warrants or deposit certificates representing shares or similar securities, exchange for the purchase of equity investments or assets of interest to the company and in the framework of the possible stipulation of agreements with strategic partners.

At 31 December 2012 the company held 7,349,239 treasury shares in the portfolio at an average unit book value of €4.9626, corresponding to 6.75% of the share capital.

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

The company is not subject to any other management or coordination. The Board of Directors has performed an assessment in this context, considering the presumption pursuant to art. 2497-(sexies) of the Civil Code to be complied with, because the parent company Gruppo IPG Holding S.r.l. – although it is the holding company and consequently obliged to consolidate Interpump Group S.p.A. – performs the functions of a holding of investees and in operational and industrial terms there is no unitary business orientation between Interpump Group S.p.A. and parent company Gruppo IPG Holding S.r.l.

* * *

Information required by art. 123-(bis), subsection 1, letter i) (“*agreements between the company and the directors..... envisaging indemnity of the directors in case of resignation, dismissal without just cause or lapsing of the office further to a takeover bid*”) is illustrated in the remuneration report published pursuant to the requirements of art. 123-(ter), TUF.

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

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

Interpump Group has fully adapted its procedures to comply with the provisions of the Code of Corporate Governance issued under the patronage of Borsa Italiana S.p.A. starting from the resolution of the board of 28 June 2000, and with a resolution of 14 February 2007, it has implemented the most recent amendments made to the Code in March 2006 and with a resolution of 7 November 2012 the amendments made to the Code in December 2011. The following text describes the methods of adaptation to the above-mentioned Code.

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

4. BOARD OF DIRECTORS

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

The statutory provisions concerning the appointment of directors by slate vote are as follows.

“ Art. 14.2. The appointment of directors will be carried out on the basis of lists submitted by the shareholders, according to the following provisions, except for the cases wherein this article 14 establishes that the appointment must be made using ordinary methods and majorities and those in which appointment by slate vote is not permitted or is not possible.

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

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

5. Any shareholder intending to propose (or join in proposing) candidates for the post of director must file (or join in filing) at the company's registered office at least twenty-five days before the date set for the first call of the shareholders' meeting that is to pass a resolution on the appointment: a) a list of candidates,

numbering no less than 3 (three) and no more than 13 (thirteen), each candidate associated with a sequential number; at least the candidate shown in the list under the first number must comply with the independence requirements established by art. 147-(ter), subsection 4, of decree no. 58 of 24 February 1998 as amended, and must be in possession of the requirements to be qualified as independent in accordance with the terms of the Code of Corporate Governance prepared by the Committee for Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A.; and b) curriculum vitae containing full information on the personal and professional characteristics of each candidate, with an indication, if applicable, of the possession of the requirements of independence established by art. 147(ter), subsection 4, of decree D.Lgs. no. 58 of 24 February 1998 as amended, and of the suitability to be qualified as independent in accordance with the terms of the Code of Corporate Governance prepared by the Committee for Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A., with an indication: (i) of the offices of non-executive members of the board of directors or members of the board of statutory auditors covered in listed companies on regulated stock markets (including foreign stock markets), in banking enterprises, insurance companies, or companies of significant size, these latter being construed as companies whose financial statements for the previous year showed assets or sales in excess of 500,000,000.00 euro (five hundred million); (ii) the offices of executive members of the board of directors in any company, including companies not covered by the categories specified in the previous point (i), with the sole exception for companies engaged in the "mere utilization" of property, shareholdings or other assets, and companies that in the previous year recorded sales of up to 50,000,000.00 euro (fifty million); (iii) of the offices ex art. 2390, subsection 1, of the Italian Civil Code that call for authorization of the shareholders' meeting to depart from the legal obligation of competition, with the specification that it is not necessary to disclose offices held in companies directly or indirectly controlled by the company, the assumption of which must be construed as authorized by the company on a general or preliminary level. For all companies in which offices are held, the relative denomination, headquarters, enrolment number in the Business Register or equivalent, and the nature of the position held (also in relation to the position of executive director, non-executive director, or independent director); and c) the declarations of each candidate whereby they express their willingness to assume the relative office in the event of election and attesting, under their personal responsibility, to the absence of any causes for ineligibility or incompatibility, the possession, if relevant, of the requirements of independence and the suitability, if necessary, to be qualified as independent in accordance with the terms of the Code of Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A., and an indication of the existence of any additional requirements prescribed for the office either in law or in the Company Bylaws; d) a list of the shareholders submitting the list of candidates, with their name, company name or denomination, headquarters, enrolment number in the Business Register or equivalent, and the percentage of the capital they hold overall, accompanied by a certificate that shows the ownership of said equity investment and a declaration as required by art. 144-(sexies), subsection 4, letter b) of CONSOB Regulation no.11971 dated 14/5/1999 as amended, attesting to the absence of relations of association ex art. 144-(quinquies) of the same CONSOB Regulation. Those submitting a list are obliged to include a sufficient number of candidates in the list and also the minimum number of candidates complying with the independence criteria and the other requirements specified by law.

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

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

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

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

10. The Board of Directors will be appointed as outlined below: a) on the basis of the sequential order in which the candidates appear in the sections of the list, all the directors except one are taken from the list that obtained the highest number of votes cast by the shareholders; b) the remaining director is taken from the

list that obtained the second highest number of votes in the Shareholders' Meeting, who will be the one indicated with the first sequential number in the list; c) in the case of a tied vote (i.e., if two lists both receive the highest number of votes, or the second highest number of votes) the Shareholders' Meeting will repeat the ballot, with a slate vote, to appoint the entire Board of Directors; d) the candidates from the lists will be elected in compliance with the criteria indicated in the foregoing letters a), b) and c), without prejudice to the provisions set down under the following letters e), f) and g); e) if a single list is duly submitted, all the directors to be appointed will be taken from said list, on the basis of the sequential order with which the candidates appear in the list; f) if the list that received the second highest number of votes fails to reach a percentage of the votes equivalent at least to half of those necessary for submission of the lists envisaged in the previous paragraph 3, all the directors to be appointed will be taken from the list that receives the highest number of votes, on the basis of the sequential number with which the candidates appear in the list; g) if the list that received the second highest number of votes has received the vote cast by one or more shareholders considered to be associated - in accordance with the foregoing subsection 9 - with one or more of the shareholders that submitted (or joined in submitting) the list that received the highest number of votes, said votes shall not be counted. Consequently, if without considering such votes another list emerges as the second most voted list, the remaining director will be the candidate with the first sequential number appearing in said other list.

11. The directors' term of office will proceed for a maximum of three years in accordance with the determinations of the Shareholders' Meeting at the time of the appointment; the directors shall be eligible for re-election.

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

13. If, during the financial year, one or more directors taken from the list that received the highest number of votes or elected with the ordinary methods and majorities, should cease to be available for any whatsoever reason, and if said unavailability is not such as to result in the loss of the majority of the directors appointed by the Shareholders' Meeting, the Board of Directors will replace the unavailable director or directors by means of cooptation, in compliance with the provisions of art. 2386 of the Italian Civil Code. The thus coopted director will remain in office until the next Shareholders' Meeting, which will either confirm the appointment or make a replacement utilizing ordinary methods and majorities rather than a slate vote.

14. If, during the financial year, the director taken from the list that received the second highest number of votes should cease to be available for any whatsoever reason, and if said unavailability is not such as to result in the loss of the majority of the directors appointed by the Shareholders' Meeting, the Board of Directors will replace the unavailable director by means of cooptation of the candidate appearing with the second sequential number in said list, provided said candidate is still eligible and willing to accept the office, or otherwise, by cooptation of the candidate appearing with the third sequential number in the same list, and so forth, until all the candidates appearing in the list have been exhausted. If it proves impossible to obtain a candidate to coopt from this latter list, then the candidate appearing with the first sequential number in the list that received the third highest number of votes will be coopted, providing said list has received the minimum quorum indicated under the previous paragraph 10, letter f), assuming said candidate is still eligible and willing to accept the office, or otherwise, by cooptation of the candidate appearing with the second sequential number in the same list, and so forth, until all the candidates appearing in the lists that have reached the minimum quorum indicated under the previous paragraph 10, letter f) have been exhausted. If it should prove impossible to cooptation a director from the lists indicated above, the Board of Directors will coopt a director of its own choosing.

15. Also in departure from the provisions of the above paragraphs 13 and 14, if the unavailable director is an independent director, said director must be replaced, also by means of cooptation, with another independent director, and if the unavailable director must also be fit for qualification as independent in accordance with the terms of the Code of Corporate Governance prepared by the Committee for Corporate Governance of Listed Companies promoted by Borsa Italiana S.p.A., said director must be replaced, also by means of cooptation, by another director with equivalent qualifications.

16. If the majority of directors appointed by the Shareholders Meeting should be lost, instead of replacing the unavailable director or directors by means of cooptation, the entire Board of Directors will be considered to have lapsed and it must call a Shareholders' Meeting without delay so that the Board can be reconstituted by means of slate voting."

The mechanism to ensure that the distribution of directors to elect be such as to ensure gender balance, in accordance with the requirements of art. 147-(ter), subsection 1-(ter), TUF, will be the subject of a resolution of the shareholders' meeting convened for 30 April 2013.

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

Succession plans

The Board of Directors' meeting of 7 November 2012 passed a resolution to prepare a plan for the succession of executive directors of the Parent company and the key positions in the Group within 30 June 2013, entrusting the relative analytical activities to the current Deputy Chairman and Chief Executive Officer and the Current Chief Executive Officer.

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

The Board of Directors is currently composed as follows:

Names	Position
Giovanni Cavallini	Chairman (1)
Fulvio Montipò	Deputy Chairman and Chief Executive Officer (1) (2)
Paolo Marinsek	Chief Executive Officer (2)
Salvatore Bragantini	Independent Director
Franco Cattaneo	Independent Director
Sergio Erede	Non-executive Director
Giuseppe Ferrero	Non-executive Director
Giancarlo Mocchi	Non-executive Director
Marco Reboa	Independent Director
Giovanni Tamburi	Non-executive Director

(1) authority to act for the company as per clause 17 of the Bylaws

(2) powers relative to ordinary business with a limitation of the amount beyond which the decision must be referred to the Board of Directors.

The current Board of Directors was appointed by the Shareholders' Meeting of 28 April 2011, on the proposal of shareholder Gruppo IPG Holding S.r.l., confirming, de facto, the outgoing Board of Directors. No alternative lists were submitted. The term of office of the Board of Directors is established as three years, or until the date of approval of the 2013 annual financial statements, however, in the session of the Board of Directors held on 7 November 2012, Interpump Group S.p.A. agreed with the Chairman Giovanni Cavallini in relation to the termination of his role in the group as from 30 April 2013. On that date the office of Chairman will be assumed by the current Deputy Chairman – Chief Executive Officer Fulvio Montipò.

The proposals for appointment and the relative curriculum vitae were filed at the company's registered office at least twenty-five days prior to the Shareholders' Meeting (this term was in force at the time of filing).

A concise curriculum vitae of each director in office is given below.

Giovanni Maria Cavallini

Born in Milan on 28 December 1950. Graduated in Civil Engineering at Milan Polytechnic (1969 - 1974). Master in Business Administration at the Harvard Business School, Boston, USA (1976-1978). Occupied the post of deputy Chairman of The Boston Consulting Group (1984-1987), world leader in the consultancy sector on enterprise strategy. Co-founder and CEO of S.I.C. Società Iniziative Commerciali (1988-1994) (DIY centres). Co-founder and Administrative Director of S.S.C. – Società Sviluppo Commerciale (hypermarkets). Chairman of OBI Italia (Gruppo Tengelmann, Germany) (1994-1996), the most important German group of DIY centres and one of the world leaders in the sector. Chief Executive Officer of Interpump Group S.p.A. (1996-2005), and Chairman of the Board of Directors from 2005.

Fulvio Montipò

Born in Baiso (RE) on 22 October 1944. Graduated in Sociology in 1972 at the University of Trento. Personnel Manager - Organizational Director with Bertolini Macchine Agricole (1967-1972). General Director of Bertolini Idromeccanica (1972-1977). Founder of Interpump Group S.p.A., in which he has been the Chief Executive Officer with special mandates without interruption from the date of incorporation. Currently Deputy Chairman and Chief Executive Officer, a role he has occupied since 1996.

Paolo Marinsek

Born in Trieste on 13 November 1950. Graduated in Aeronautical Engineering in 1975 at the Turin Institute of Technology. Employed in the FIAT Group from 1976 to 2004 in roles of increasing responsibility: Technology Manager, Mirafiori Meccanica plant (1979-1981); Manager of Technical Services and Maintenance at Mirafiori Meccanica (1981-1985); Production Manager at Termoli plant to launch the production of the "FIRE" engine type (1985-1986); Plant manager of Termoli plant (1986-1989); Manager of all Fiat Auto mechanical production plants (1989-1990); Head of Fiat Auto Total Quality Plan (1990-1992); CEO of Fiat Auto Poland (1992-1996); CEO of Comau S.p.A. and Head of vehicles and production systems sector of Fiat S.p.A. (1996-1998); Chief Executive Officer and General Manager of Ferrari S.p.A. and, simultaneously, of Maserati S.p.A. (1998-2000); CEO and General Manager of Fiat Engineering S.p.A. (2000-2004). Appointed Chief Executive Officer of Interpump in April 2005, having been the General Manager of the company since November 2004.

Salvatore Bragantini

Born in Imola (BO) on 17 September 1943. Graduated with honours in Economics and Business Studies in 1967 from La Sapienza University, Rome. Worked with Arthur Andersen & Co. assisting with auditing activities (1967-1970). In the following four years, analyst at ISAP S.p.A., a company belonging to the IRI group, on acquisition of minority shareholdings and at IMI, on medium/long-term financing requests. Analyst for the acquisition of investments in risk capital at Finanziaria Meridionale - FIME S.p.A. (1975-1982). At the time of his resignation he was manager for development and acquisitions. Deputy General Manager of So.Fi.Pa. S.p.A. (from 1982 to 1987), General Manager of Arca Merchant S.p.A. (1987-1996), CEO of Arca Impresa Gestioni S.p.A. (from 1994 to 1996), CONSOB commissioner (1996 - 2001), and CEO of Centrobanca S.p.A. and Director of Centrobanca Sviluppo Impresa S.G.R. (from 2001 to 2004). From 2005 Chairman of the Board of Directors of "I 2 Capital Partners" S.G.R., management company of the "I 2 capital partners" closed-end fund. Finally, he has occupied executive and non-executive posts in several banks and industrial corporations.

Member of "NED Community", the community of non-executive directors. Appointed by Consob to represent Italy in the "Market Participants Consultative Panel" which assists the CESR - Committee of European Securities Regulators in determining how to implement EU directives. Columnist for Corriere della Sera since 1994. Director of Interpump Group S.p.A. since 2005.

Giancarlo Mocchi

Born in Pavia on 3 January 1940. Graduated in Economics and Business Studies at Bocconi University in Milan in 1964. Enrolled in the Register of Legal Auditors. Budgeting, EDP, and Auditing functions with CGE Group - General Electric (1965-1969). In the Ciba-Geigy group in various sectors and rising levels of responsibility until reaching the position of co-director of the Pharmaceuticals Division, with direct responsibility for Planning / Control / Information Systems / Distribution / Materials management (1970-1998). Occupied or occupies the role of director of Finance, Administration, Control, Systems in the in the Novartis group (1996-1999). Director in several companies such as G.D S.p.A., Mais S.r.l., Mais Partecipazioni Stabili S.p.A., B Group S.p.A., Isco S.r.l., Simisa S.r.l., TIP S.p.A., Limoni S.p.A., Irbm S.p.A. and Ergon Sutramed S.p.A. Was Chairman of Consorzio Dafne since its incorporation (1991 to 1997), and a member of the Managing Council of the Assinde association. Has filled the role of chairman or member of the board of statutory auditors in several companies from 1971, including: Fervet S.p.A.; Aqua Viva S.p.A.; Irga S.p.A.; Geigy S.p.A.; Ilford S.p.A.; Chimosa S.p.A.; Airwick S.p.A.; Gretag S.p.A.; Titmus S.p.A.; Viba S.p.A.; Istituto Vaccinogeno Pozzi S.p.A.; Chiron S.p.A.; Ciba Vision S.r.l. Director of Interpump Group S.p.A. since 2008.

Giovanni Tamburi

Born in Rome on 21 April 1954. Graduated with honours in Economics and Business Studies from La Sapienza University, Rome. In the past he was a member of the Commission for Law 35/92 set up by the Budget Ministry (Commission for privatizations) and a member of the advisory board of the Milan Municipal Authorities. Has worked with S.O.M.E.A. S.p.A. (February 1975-July 1977) and for the Bastogi Group (September 1977-September 1980). From 1980 to 1991 occupied important positions in Euromobiliare (Gruppo Midland Bank), becoming a director of Euromobiliare S.p.A., General Manager of Euromobiliare Montagu S.p.A, investment banking of the group. Founding partner and Chairman of Tamburi & Associati S.p.A., a specialist firm in company finance operations (M&A, IPO, Advisory in general) and of Tamburi Investment Partners S.p.A. Author of numerous books, specialized publications and articles. Director of Interpump Group S.p.A. since 2005.

Giuseppe Ferrero

Born in Turin on 14 November 1946. Graduated in Law at Turin University in 1972. After graduating he continued to work alongside his father. Gradually he was awarded various offices and responsibilities until he rose to the position of Chairman and CEO in various Ferrero Group companies. Since 2007 he has been at the helm of the Ferrero Group. Currently, outside the context of the Ferrero Group, he occupies the following offices: Director of Unione Industriale of Turin, Director of Banca del Piemonte S.p.A. of Turin, Director of TIP S.p.A. Director of Interpump Group S.p.A. since 2003.

Sergio Erede

Born in Florence on 14 August 1940. Founding partner of the associated legal office Bonelli Erede Pappalardo. In addition to his professional activity as an attorney at law, Sergio Erede sits on the board of several companies, most of which are listed on the stock exchange. He worked with Hale & Door in Boston from 1963 to -1964, and subsequently with Sullivan & Cromwell in New York. From 1965 to 1969 he directed the legal department of IBM Italia. Sergio Erede graduated with honours from Università Statale of Milan in 1962 and obtained a Master of Law at Harvard Law School in 1964. Director of Interpump Group S.p.A. since 1995.

Franco Giuseppe Cattaneo

Born in Trieste on 11 July 1939. Graduated in Mechanical Engineering in 1963 from Milan Institute of Technology then took completed the Program for Management Development at Harvard Business School (US) (1970). After-sales service manager of printing machinery manufacturer Nebiolo S.p.A. (Italy) (1964-1968). Deputy General Manager at Riva Calzoni S.p.A. (Italy) and General Manager of Divisione Calzoni, a manufacturer of hydraulic turbines, pumps, sluice gates and valves, power steering for industrial vehicles, hydraulic motors and marine systems (1968/1976). Chief Executive Officer of Jucker (Italy), group of manufacturers of industrial components, instrumentation, components for heating, ventilation and air-conditioning (1977-1986). Senior Deputy Chairman of Morgan Pomini Company (U.S.A.), a joint venture between Morgan Construction and Pomini S.p.A. (1986 – 1992); Chairman of Giustina International S.p.A. (Italy), fully owned by Pomini S.p.A. (1986-1992) and Chief Executive Officer and General Manager of

Pomini S.p.A. a leading manufacturer of machinery and equipment for the steel, aluminium, rubber and plastic industries (1986-1992). Chairman of Ing. Leone Tagliaferri & C. S.p.A. (Italy), manufacturer of electric arc furnaces for the steel industry (1990-1993). CEO of Cotonificio Roberto Ferrari S.p.A. (March 1994 - July 1996) and Deputy Chairman of ACIMIT, Italian association of textile industry machinery manufacturers (May 1996 - October 1998) and Executive President of Savio Macchine Tessili S.p.A. (June 1995 - June 1998). Chairman of Deta S.p.A. (December 1999 - May 2004). Director of Interpump Group S.p.A. since 2005.

Marco Reboa

Born in Milan on 21 April 1955. Graduated in Business Economics at the Bocconi University of Milan (1977-1978). Enrolled in the Order of Chartered Accountants from 14 July 1982 and appointed Legal Auditor by decree of 12 April 1995 published in the Official Journal of the Italian Republic issue 31-(bis) of 21 April 1995. After working with a primary business bank in London, Marco Reboa started working with the Bocconi University Institute of Business Economics in 1980. Currently he is associate professor at Libero Istituto Universitario Carlo Cattaneo of Castellanza in the Faculty of Law. In recent years he has published several books and articles concerning accountancy practice, economic appraisals and *corporate governance*. He is the director of the specialist accountancy publication *Rivista dei Dottori Commercialisti*. He works in offices in Milan and focuses primarily on providing assistance in the area of extraordinary financial operations, while also holding offices in several companies. Director of Interpump Group S.p.A. since 1999.

Cumulative limits of offices held in other companies

Directors may accept office when they are sure of being able to dedicate the time required to carry out any positions assigned to them in a diligent manner, bearing in mind the overall number of directorships or offices as auditor they hold (Application Criterion 1.C.2). In particular, as regards the maximum number of offices a director may hold (Application Criterion 1.C.3), the Board of Directors established that:

- for the purposes of the regulations set forth hereafter regarding the total number of offices held by company directors: (i) other "directorships" are any offices of sole director held or memberships of Management Committees or Boards of Directors (in one-tier systems, only members appointed by top management), whilst other offices of "auditor" are any posts held such as appointments to the Board of Statutory Auditors, the Supervisory Committee, and the Audit Committee set up within the context of the Board of Directors in one-tier systems; (ii) exclusively directorships or offices as auditor in other companies listed on regulated markets (foreign markets included), in banks, insurance companies or large organizations, meaning those with annual revenues in excess of €500 million (hereinafter referred to as **Significant Companies**) shall be considered; (iii) offices held in more than one Significant Company belonging to the same group, the Interpump Group included, shall be considered a single office, the priority office being the one requiring the greatest professional commitment (executive role for example);
- to recommend that the Shareholders' Meeting not appoint company directors to executive offices when they already hold executive offices in one or more other companies (including companies not classified as "Significant Companies", but excluding for this purpose any purely holding companies (shareholdings, entitlements to dividends or other assets) and companies generating annual revenues of no more than €50 million, or non-executive directors in four or more other Significant Companies;
- to recommend that the Shareholders' Meeting not appoint company directors to non-executive, independent or non-independent offices when they are already executive directors in two or more Significant Companies, or non-executive directors or statutory auditor in ten or more other Significant Companies;
- the Board can appoint to executive office company directors appointed by the Shareholders' Meeting, and can approve the assignment of executive offices in Interpump group companies only when not incompatible with the established limits, unless the Board unanimously rules that there exist reasonable, objective grounds for either temporarily or permanently departing from these limits.

Apart from their disclosure in this report, the aforementioned limits are also disclosed at any Shareholders' Meetings held to make such appointments.

The directorships or offices of auditor held by the Interpump Group directors in listed companies or in significant companies as defined by the Code of Corporate Governance are as follows: **Giovanni Cavallini**:

Listed companies: Director of Brembo S.p.A. (braking systems); Director of Ansaldo STS (railway signalling material), director of Migros Turk TSA (Turkey) (Mass Retail); **Fulvio Montipò**: Finance companies: Gruppo IPG Holding S.r.l. (Equity investment holding company); **Salvatore Bragantini**: Listed companies: Director of SABAF S.p.A. Finance companies and banks: Chairman of APEI SGR., Director of Etalia S.A., Director of PER MICRO S.p.A.; director of Extrabanca SpA; **Franco Cattaneo** Listed companies: Director of TXT resolutions S.p.A. (software for demand and supply chain management); **Sergio Erede**: Listed companies: Director of Luxottica Group S.p.A. (eyewear), Director of Gruppo Editoriale l'Espresso S.p.A. (publishing); Director of Fonciere des Regions (France) (Property holding company); Financial and insurance companies: Deputy Chairman of Banca Nazionale del Lavoro S.p.A., Director of Sintonia S.A. (Luxembourg); Chairman of Bolton Group International S.A., Director of Delfin Sarl, Gruppo IPG Holding S.r.l. (Equity investment holding company); Unlisted companies of significant size: Director of Manuli Rubber Industries S.p.A (rubber hoses and metal pipes and fittings), Director of Brioni S.p.A. (fashion), Chairman of AON Italia S.r.l. (insurance broker); **Giuseppe Ferrero**: Listed companies: Director of Tamburi Investment & Partners S.p.A. - Finance companies and banks: Director of Banca del Piemonte S.p.A., Gruppo IPG Holding S.r.l. (Equity investment holding company); **Giancarlo Mocchi**: Unlisted companies of significant dimensions: Director of G.D. S.p.A. (cigarette production and packaging machinery); Finance companies: Gruppo IPG Holding S.r.l. (Equity investment holding company), Chief Executive Officer of MAIS Partecipazioni Stabili S.r.l. (Equity investment holding company); **Marco Reboa**: Listed companies: Director of Parmalat S.p.A. (food products), Director of Luxottica Group S.p.A. (eyewear); Director of Made in Italy S.p.A. (Special Purpose Acquisition Company); Chairman of the Board of Auditors of Indesit Company S.p.A. (home appliances); Unlisted companies of significant size: Director of Carraro S.p.A. (vehicle components) **Giovanni Tamburi**: Listed companies: Chairman and CEO of Tamburi Investment & Partners S.p.A., Director of De Longhi S.p.A. (home appliances) – Director of Datalogic S.p.A. (barcode scanners, mobile computers for data collection and RFID technology systems), Director of Zignago Vetro S.p.A. (glass containers), Director of Prysmian S.p.A - Director of Dataholding 2007 S.r.l.(Equity investment holding company), Chairman of Clubtre S.r.l. (Equity investment holding company) Gruppo IPG Holding S.r.l. (Equity investment holding company). Initiatives aimed at raising awareness of the company situation and its dynamics are implemented in response to a simple request of the director (Application Criterion 2.C.2).

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

The Board of Directors meets on a regular basis and is organized appropriately to ensure it fulfills its functions in an effective manner, pursuing the primary goal of creating value for shareholders in accordance with the group directives and policies (see Principles 1.P.1 and 1.P.2). 8 meetings of the Board of Directors were held during 2012 with an average duration of 2 hours and 30 minutes. At least 7 meetings are programmed for 2017, 2 of which already held at the time of writing. The Directors receive the documents concerning items on the agenda usually a number of days deemed to be congruous prior to the date of the board meeting (Application Criterion 1.C.5.).

The Board Meetings will generally be attended also by the Manager responsible for drafting company accounting documents and the secretary of the Board of Directors. The Board of Directors passed a resolution establishing that each time it is requested in writing by two or more directors at least two working days prior to the appointed date of the board meeting, managers of the company along with executive directors and managers of the subsidiaries will attend board meetings to provide necessary background information to items on the agenda in their relative areas of expertise, on the understanding that their participation shall be limited to these issues only.

Article 14 of the current Company Bylaws envisages that the Board of Directors has sole competence for examining and approving the company's strategic, industrial and financial plans, and for defining the corporate structure of the group headed by the company and transactions for an amount above a predetermined limit and of a significant nature. In particular, all operations concerning indefeasible rights and mortgages, the incorporation of new subsidiaries, the assumption, acquisition and sale of investments in companies and divisions of companies, and the appointment of representatives to vote in the shareholders' meetings of direct subsidiaries with regard to resolutions concerning the appointment of directors and for

the resolutions of extraordinary shareholders' meetings, must be submitted to the Board of Directors for prior approval. Moreover, purchase, sale and part exchange operations and all other transactions involving the acquisition or disposal of goods, rights or services, and the undertaking of obligations, commitments and responsibilities of any kind for totals, individually or in association with other collateral transactions, in excess of €2 million require the prior approval of the Board of Directors. The Board of Directors also has sole powers to issue sureties, collateral security or personal guarantees of any kind for amounts in excess of €500 thousand for each individual transaction and, if such operations are in the interest of parties other than the company and its subsidiaries, for any amount. Also transactions with related parties that the company or its subsidiaries perform with related parties other than subsidiaries and other than transactions for minimal amounts and the appointment of general managers, authorizations for conferment of the relative instigating proxies and determination of the relative compensation.

Moreover, appointment of the manager responsible for drafting company accounting documents, further to obligatory consultation with the board of statutory auditors, and supervision over the assignment to said person of appropriate powers and resources, require the prior approval of the Board of Directors.

In accordance with the requirements of Application Criterion I.C.1.(c), on 14 February 2012 the Board of Directors assessed the adequacy of the organizational, administrative and accounting structure of Interpump Group S.p.A. and the subsidiaries of strategic significance, with particular reference to the internal control and risks management system, which is described in a document prepared by the competent departments and subjected to a preliminary examination by the Control and Risks Committee.

Strategic subsidiaries were identified as Muncie Power Products Inc; Interpump Hydraulics S.p.A.; NLB Corporation Inc.; Hammelmann Maschinenfabrik GmbH, Interpump Hydraulics International S.p.A., Contarini Leopoldo S.r.l., Oleodinamica Panni S.r.l. and HS Penta S.p.A. on the basis of dimensional criteria.

The Board of Directors assesses general performance, bearing in mind the information received from the executive bodies and periodically comparing results achieved with targets set with at least once every quarter (Application Criterion I.C.1.(e)).

As regards the assessment of the adequacy of the executive body and associated committees (under Application Criterion I.C.1.(g)), at the board meeting held on 14 February 2013, the Board of Directors decided to consider the following aspects:

- the adequacy of the number of directors, considering the ratio of independent directors and professional figures with specialist expertise in the various areas of interest;
- the composition of the Board, assessing whether it covers the various fields of expertise required and the overall number of members;
- the proper functioning of the Board and its associated committees (in particular, the number of meetings held, member attendance at meetings, with the exception of justified absences that do not interfere with the proper functioning of the board), and the inexistence of any anomalous differences of opinion on the part of individual members at the time of voting.

The assessment was conducted by means of a questionnaire distributed to the directors. The results were summarized in anonymous form in a document that was distributed to the directors prior to the board of directors meeting.

On the basis of the above, the Board of Directors considers the size, composition and functioning of the Board of Directors and its associated committees to be appropriate, and hence does not deem it necessary to make any changes.

The Shareholders' Meeting has not authorized derogations in respect to the non-competition prescription contained in art. 2390 of the Italian Civil Code.

4.4 DELEGATED BODIES

Chief Executive Officers

The Board of Directors assigns and revokes the powers vested in the chief executive officers. The powers conferred on the two chief executive officers Fulvio Montipò and Paolo Marinsek refer to operations other than those described above which are specifically assigned to the Board of Directors. In particular, sole signing authority assigned to the Chief Executive Officers refer to, amongst other things, keeping record of and signing company correspondence, the purchase and sale of goods and other unregistered movable assets, and in general signing agreements worth up to €2 million, and buying and selling motor vehicles of a value of up to €75 thousand. Finally, Chief Executive Officers can delegate all or a part of their powers to any whatsoever other director or other party. The joint signatures of the executive directors or one executive director with another member of the Board of Directors is required to purchase motor vehicles for amounts in excess of €75 thousand, sign cheques for amounts in excess of €5 thousand, and hire and dismiss managers whose gross annual salary is between €75 thousand and €120 thousand. In relation to the option offered in the Code of Corporate Conduct, the Interpump Group decided not to form an Executive Committee.

Chairman of the Board of Directors

The Board of Directors has resolved that, as from the meeting held on 7 November 2012 and until 30 April 2013, the powers and management functions conferred on the Chairman of Interpump Group S.p.A. with a resolution of 28 April 2011, be limited to the coordination of the activity of investor relator.

After the foregoing date the office of Chairman will be taken up by Fulvio Montipò, current Deputy Chairman and Chief Executive Officer.

Information to the Board of Directors

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

4.5 OTHER EXECUTIVE DIRECTORS

There are no other Directors to be considered to be executive directors inasmuch as they i) hold the office of CEO or executive chairman in a company that is a subsidiary of the Issuer having strategic significance and/or ii) the hold executive offices in the Issuer or in a subsidiary having strategic relevance or in the holding company and the office also concerns the Issuer, and/or iii) because they are members of the executive committees in the cases indicated by the Code (*Application criterion 2.C.1.*)

4.6 INDEPENDENT DIRECTORS

Pursuant to Principles 3.P.1 and 3.P.2 and Application Criterion 3.C.4 of the Code of Corporate Conduct, at their meeting of 14 February 2012, the Board of Directors:

- assessed the independence of non-executive directors, and having adopted, amongst other principles, the criterion of substance over form (Application Criteria 3.C.1. and 3.C.2), it also based its judgment on both the information provided by the directors concerned and also all information available to the company;
- the board thus confirmed the following as independent directors: Salvatore Brigantini, Franco Cattaneo and Marco Reboa. In relation to Marco Reboa, director of Interpump Group S.p.A. for more than twelve years, the Board of Directors assessed the independence of the professional person focusing on substance rather than the form;
- considered the participation of independent directors at Board Meetings to be appropriate, both in quantitative (the ratio of independent directors to the overall size of the Board and need for internal committees) and qualitative terms (authority and professional expertise) (Application Criterion 3.C.3).

In accordance with the provisions of Application Criterion 3.C.5., the Board of Statutory Auditors confirmed to the Board of Directors during the session held on 14 February 2012 that it had overseen the correct application of the auditing criteria and procedures to assess the independence of its members.

The independent directors have stated that they assembled on 28 November 2012 in the absence of the other directors (Application Criterion 3.C.6).

The Board of Directors' meeting held after appointment of the independent directors by the Shareholders' meeting held on 28 April 2011 assessed the independence, pursuant to art. 148, subsection 3, TUF (applicable to directors ex art. 147-(3), subsection 4, TUF) and the Code of Corporate Governance, of directors Salvatore Bragantini, Franco Cattaneo and Marco Reboa. The Board of Statutory Auditors, in turn, assessed correct application of the criteria adopted by the Board of Directors.

4.7 LEAD INDEPENDENT DIRECTOR

In its meeting of 14 February 2007, the Board of Directors took account of the following:

- it is not necessary to appoint an independent director as the lead independent director in that the conditions required by the Code (Principle 2.P.4., Application criterion 2.C.3.); there are no non-executive directors of the company who cover offices that can be considered to be executive in strategic subsidiaries, in which case they would have to be considered to be executive in compliance with Application Criterion 2.C.1.

With regard to Principle 2.P.5. concerning operating powers granted to the Chairman of the Board of Directors, the relative offices and powers conferred, which have been described in full in previous pages, are not deemed to classify the Chairman as the main person responsible for running the company.

When the Office of Chairman is taken over by the current Deputy Chairman and Chief Executive Officer, Fulvio Montipò, on 30 April 2013, as stated above, the Board of Directors will assess the need to appoint a lead independent director.

5. HANDLING OF COMPANY INFORMATION

The Interpump Group S.p.A. Board of Directors approved the "Procedure for market disclosure of inside information and documents relative to Interpump Group S.p.A. and all the financial instruments it has issued" at its meeting of 14 March 2006.

The Procedure defines the terms and methods of:

- Interpump Group S.p.A.'s market disclosure of privileged information concerning Interpump Group S.p.A. and its subsidiaries in compliance with article 93 of the Finance Act;
- disclosure of information that the subsidiaries supply to Interpump Group S.p.A. for the purpose of compliance with the instructions relative to the matters regulated by the Procedure.

The Procedure is associated with the "Method of keeping and updating the Register of persons having access to privileged information" procedure and "Identification of significant parties and the methods and terms of disclosure of the transactions executed by them in relation to shares issued by Interpump Group S.p.A. or other financial instruments connected to them" (Internal Dealing procedure).

The above-mentioned procedures, which took effect from 1 April 2006, can be consulted on the company website (Application Criterion 1.C.1. letter j)

The "Procedure for market disclosure of privileged information and documents relative to Interpump Group S.p.A. and the issued financial instruments" is applicable to Directors, Statutory Auditors, employees and external consultants of Interpump Group S.p.A. and its subsidiaries pursuant to the provisions of TUF art. 93, who, by virtue of their role or activities/projects have access to and/or manage inside information (hereinafter the "Recipients of the Procedure").

The investor relator supervises the management of confidential information and the disclosure of significant information, ensuring it is managed correctly.

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

The Board of Directors has appointed the Remuneration Committee and the Control and Risks Management Committee (see Principle 4.P.1). None of the functions of one or more committees prescribed in the Code were reserved for the competence of the entire Board of Directors (Application criterion 4.C.2.).

7. APPOINTMENTS COMMITTEE

In its meeting of 7 November 2012 the Board of Directors resolved not to proceed with the constitution of an appointments committee in that was deemed preferable to leave the duties assigned to it by the Code of Corporate Governance to the Board in its entirety.

In the meetings held on 14 February 2012 and 14 February 2013 the Board of Directors declared it considered the size, composition and operation and the Board and its committees to be adequate.

8. REMUNERATION COMMITTEE

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

The Remuneration Committee is composed of Franco Cattaneo, Marco Reboa and Giovanni Tamburi. The committee is composed of all the non-executive directors, the majority of whom are independent directors (see Principle 6.P.3) and the Chairman is selected from among independent directors. The Committee met twice in 2012 and the meetings were attended by all members of the committee. There are 2 meetings planned for 2013.

In the session of 14 February 2013, the Board of Directors assessed the experience, in terms of accounting and financial matters, of Marco Reboa, a member of the Remuneration Committee (see Principle 6.P.3).

The compensation to be paid to directors in the Remuneration Committee are established by the Board of Directors, with the abstention of the directly interested parties (Application Criteria 6.C.6.).

Functions of the Remuneration Committee

For information concerning the functions ascribed to the Remuneration Committee we invite you to refer to Chapter 1 "Procedures utilized for the adoption and implementation remuneration policy" of the Interpump Group S.p.A. "Remuneration Policy", Section I. The policy was set down by the Board of Directors in its meeting of 19 March 2013.

Discussions during the first meeting held in 2012 addressed the following:

- the general policy for remuneration of executive directors, of other directors vested with special offices and of Managers with Strategic Responsibilities;
- the proposals of the Board of Directors concerning compensation for the office of director and the global maximum remuneration due to directors vested with special offices in relation to 2012 and to the period from 1 January 2013 until the date of approval of the 2012 financial statements;
- approval of the draft of the illustrative report of the Board of Directors to the Shareholders' Meeting to be submitted to the Board itself.

During the second meeting:

- a discussion proceeded into the remuneration to attribute to the individual directors vested with special offices in relation to 2012 and the period from 1 January 2013 until the date of approval of the 2012 financial statements;
- the 2011 bonuses were discussed, to be assigned to the three top managers of the Group on the basis of the accomplishment of the objectives established by the Board of Directors;
- the 2012 bonuses were set, to be assigned to the three top managers of the Group on the basis of the accomplishment of the objectives established by the Board of Directors and determination of the objectives connected to the 2012 bonuses and
- the methods of assignment were defined of the number of options to be attributed to the beneficiaries in relation to the 2011 Tranche of the "Interpump 2010/2012 Incentive Plan".

The members of the board of statutory auditors did not participate in the works of the remuneration committee.

In the execution of its functions the remuneration committee is entitled to access the necessary information and corporate functions and to make use of external consultants as necessary, according to the terms established by the Board of Directors (Application criterion 4.C.1., letter e). The Board of Directors assigned a €25 thousand budget to the remuneration committee for its activities.

9. DIRECTORS' REMUNERATION

For information concerning the general policy for remuneration and the remuneration plans based on shares, refer to Chapter 2 "Aims and principles of the remuneration policy" and Chapter 3 "Remuneration components" of Section I of the Interpump Group S.p.A. "Remuneration Policy". The policy was set down by the Board of Directors in its meeting of 19 March 2013.

With regard to the remuneration of executive directors and non-executive directors, refer to chapter 4 "Directors' Remuneration" of **Section I of the Interpump Group S.p.A. "Remuneration Policy"**.

In its meeting held on 19 March 2013, pursuant to the provisions of Annex 1 to the CONSOB Regulation on Related Party Transactions no. 17221 of 12 March 2010, the Board of Directors did not identify other Managers with Strategic Responsibilities, in addition to the Deputy Chairman and Chief Executive Officer and the Chief Executive Officer. This decision is the consequence of the fact that, due to the way the group is structured, there are no managerial figures with group responsibilities but rather roles assigned with responsibilities limited to a single company or to a group function.

The Manager responsible for drafting company accounting documents is the recipient of stock options that are granted on the basis of the achievement of personal quality objectives.

Directors' compensation for 2012 is shown in the tables of Section II of the Interpump Group Remuneration Policy referenced above.

Indemnity of directors in the case of resignation, dismissal or termination of office further to a takeover bid (ex art. 123-(2), subsection 1, letter i), TUF)

On the basis of the agreement of 7 November 2012, the Chairman Giovanni Cavallini was awarded a one-off indemnity amount of 960 thousand euro for the concession of the powers and mandates conferred upon him over time.

10. CONTROL AND RISKS COMMITTEE

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

The Interpump Control and Risks Committee (hereinafter "Committee") is composed of Messrs. Marco Reboa, who coordinates the works in the role of resident, Franco Cattaneo and Giancarlo Mocchi. The first two are independent directors, while Giancarlo Mocchi is a non-executive director.

On 14 February 2013 the Board of Directors judged the experience in relation to accounting and financial matters of the Committee to be adequate, with reference in particular to the Committee chairman, Marco Reboa (see Principle 7.P.4).

5 meetings of the Committee were held in 2012, with an average duration of 2 hours. 5 meetings are planned for 2013, 2 of which already held at the time of writing.

The meetings of the Committee were always attended, on the invitation of the Committee, by the Board of Statutory Auditors, in the person of its Chairman and/or the other members, the Executive Director responsible for supervising over the operation of the internal control system, and the Manager responsible for drafting company accounting documents. The meetings were also attended, on the invitation of the Committee and restricted to the individual points of the Agenda, by the representatives of the independent auditing company (see Application Criterion 4.C.1. letter f) and the Chairman of the Regulatory Body of Interpump S.p.A. When deemed appropriate, the meetings were held jointly with the Board of Statutory Auditors.

Functions attributed to the Control and Risks Committee

With a board of directors resolution of 1 August 2012 the new text was approved of the Code of the Control and Risks Committee (hereinafter the "Committee") (see Application Criterion 7.C.1), making the Committee responsible of providing the Board of directors with preliminary opinions on the following topics:

- a) definition of guidelines for the internal control and risks management system in such a way that the main risks concerning the issuer and its subsidiaries are accurately identified and adequately measured, managed and monitored and also defining the degree of compatibility of such risks with management of the business that is consistent with the strategic objectives identified;
- b) assessment, at least on an annual basis, of the adequacy of the internal control and risks management system with respect to the characteristics of the business and the risk profile assumed, and its effectiveness and a description, in the report on Corporate Governance, of the main characteristics of the internal control and risks management system and its adequacy;
- c) approval, on an annual basis, of the working plan prepared by the manager of the Internal Audit function - having heard the opinion also of the Board of Statutory Auditors and the Executive Director responsible for supervising over the operation of the internal control system -;
- d) assessment of the results presented by the legal auditor in the letter of recommendations concerning the fundamental matters that emerged at the time of legal auditing - having heard the opinion also of the Board of Statutory Auditors - and
- e) appointment and revocation of the manager in charge of the Internal Auditing function and assessment of the adequacy of the available resources and the consistency of the level of remuneration - on a proposal of the Executive Director responsible for supervising over the operation of the internal control system and having consulted the Board of Statutory Auditors -.

In assisting the Board of Directors in the execution of the duties indicated above, the Committee:

- f) assesses, together with the manager responsible for drafting company accounting documents and after consulting the legal auditor and the board of statutory auditors, the correct use of the accounting principles and, in the case of groups, their compatibility for the purposes of drafting the consolidated financial statements;
- g) examines the semi-annual reports prepared by the internal audit function, concerning the assessment of the suitability of the internal control and risks management system, and the reports of particular significance that are the subject of discussion during the periodic meetings;

- h) examines the qualified remarks in the reports of the Regulatory Body and the investigations and examinations conducted by third parties;
- i) performs the additional tasks attributed to it by the Board of Directors and, in particular, with regard to the transactions with related parties that are expressly indicated by the Board of Directors - with the exception of those examined by the committee composed of three independent and non-related directors envisaged by the procedure prepared in compliance with the CONSOB Regulation, expresses a grounded but non-binding opinion concerning the interest of the company in performing the transaction and the validity and substantial correctness of the conditions envisaged in relation to the types of transactions; □
- j) reports to the Board of Directors on a six-monthly basis on the activities performed and on the adequacy of the internal control system and
- k) expresses opinions on specific aspects concerning the identification of the main company risks.

In overview, in 2012 the Committee dealt with the following topics: i) approval of the document that defines the criteria to be utilized for preparation of the Impairment Test at 31/12/2011, subsequently submitted to the Board of Directors for approval; ii) degree of completion at 31/12/2011 of the 2010-2012 three-yearly work plan prepared by the manager of Internal Auditing function. The Committee expressed a favourable opinion for the document to be submitted to the Board of Directors for approval; iii) examination of the semi-annual reports of the Regulatory Body and the Internal Auditing function in relation to the 2011 second half and the 2012 first half and sharing of the matters that emerged from the documents in question, which were subsequently submitted to the attention of the Board of Directors and the Board of Statutory Auditors; iv) examination of the "Report on the Organizational, Administrative and Accounting Structure" and approval of the "Description of the essential elements of the internal control system and assessment of the overall adequacy of the same", which constitute an integral part of the "Report on Corporate Governance and ownership structures" relative to 2011; the committee also examined, together with the "Manager responsible for drafting company accounting documents" the report on the adequacy of the internal control system concerning company reporting, utilized for drafting Annex 1 of the "Report on corporate governance and ownership structures"; v) meeting with the Manager responsible for drafting company accounting documents, the Board of Statutory Auditors and the partner of the independent auditing company PwC to assess the correct utilization of the accounting principles and their uniformity for the purposes of drafting the 2011 financial statements and the 2012 semi-annual report; vi) acknowledgment of the report drafted by the independent auditors pursuant to art. 19 of decree D.Lgs. n. 39/2010, in the context of the auditing activity of Interpump Group SpA at 31/12/2011, from which no significant deficiencies of the internal control system emerged; vii) assessment of compliance with the requirements of independence of the Internal Auditing function Manager and the consistency of the remuneration with the company policies viii) expression of a favourable opinion concerning the summary document prepared by the Chief Executive Officer concerning the self-assessment of the main company risks by the most significant group companies and identifying the appropriate corrective actions to limit such risks; ix) examination of the results of the Internal Auditing operations performed; x) highlighting of the possibility, introduced by the recently promulgated legislation, to attribute the functions of the Regulatory Body (hereinafter ODV) to the Board of Statutory Auditors; xi) approval of the document "Guidelines for internal audit activities", prepared in accordance with best practices, which defines the role and responsibilities of the Interpump Group Internal Audit function and the scope of verification and methods of execution of the activities, which was submitted before the Board of Directors for approval; xii) execution of recommendation and advisory functions in relation to the aspects of the greatest interest introduced by the 2011 edition of the Code of Corporate Governance; xiii) approval of the new regulation of the Control and Risks Committee, which regulates its constitution, duties and operation in compliance with the prescriptions of the Code of Corporate Governance of Listed Companies (2011 edition). The new regulation was subsequently submitted to the Board of Directors for approval; xiv) expression of favourable opinion in relation to the new version of the Interpump Group S.p.A. Model 231, which reflects the introduction of environmental offences in the perimeter of decree D.Lgs. 231/2001; xv) recommendation, in agreement with the Board of Statutory Auditors, concerning the formalization of a policy that defines the guidelines concerning management of the fluctuation of interest rates and exchange ranges and the information to be supplied to the Board of Directors concerning deviation from said guidelines; xvi) examination of the summary prepared by the

Chief Executive Officer for monitoring of the commitments undertaken by management in relation to the findings of Internal Auditing activities; xvii) expression of a favourable opinion, in agreement with the Board of Statutory Auditors, in relation to the findings of the insurance due diligence performed on the Interpump Group by the current brokers; xviii) expression of a favourable opinion concerning the new organization of the Internal Auditing activity; xix) favourable opinion concerning the need to proceed with another update of the MOG in relation to the offences recently introduced in D.Lgs. 231/2001 or the employment of illegal workers and the offences of undue incitement to give or promise utilities and of bribery among private parties.

Minutes were duly drafted for each Committee meeting (Application Criterion 4.C.1.(d)).

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

The Board of Directors assigned a budget of €40 thousand to the Committee for the execution of its activities.

11. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEM

The internal control and risks management system is constituted by the collection of rules, procedures and organizational structures designed to allow the main risks to be identified, measured and monitored.

An effective system of internal control and risks management contributes to running of the business in a manner that is consistent with the corporate objectives defined by the Board of Directors, assisting the assumption of decisions on a knowledgeable basis. The system concurs in safeguarding company assets, the efficiency and efficacy of company processes, the reliability of financial information, and compliance with laws and regulations and the company bylaws and internal procedures.

The internal control and risks management system is composed of the following aspects, which are reciprocally coordinated and interdependent: the control environment, which constitutes the set of controls of a general nature; the information system and control procedures, which constitute the specific controls; the process of identification and assessment of the main risks to support targeted planning of the control system; monitoring for constant assessment and review of the adequacy and efficacy of the implemented system.

Indications on the efficacy and effective operation of the Internal Control and Risks Management System

The Interpump Group Board of Directors has deemed the policies of the internal control and risks management system to be consistent with the characteristics of the business and the risk profile assumed (Application Criterion 7.C.1 letter a).

This translates into control of company risks by:

- 1) "High-level" rules;
- 2) Governance structures;
- 3) Internal control and risks management system players;
- 4) Policies and procedures;
- 5) Risk management;
- 6) Suitable information relative to non-EU subsidiaries.

1) "High-level" rules

The Code of Ethics lays down the ethical obligations and responsibilities in the business operations and activities of Interpump Group's personnel, whether directors or employees of any kind, and of all individuals engaging, in both official and unofficial capacities, in representation, administration, management or control functions for the company or its subsidiaries.

The Organizational and Management Model adopted by Interpump Group S.p.A., as prescribed by decree D.Lgs. 231/01 ("hereinafter MOG"), constitutes, together with the Code of Ethics and beyond the prescriptions of the law, an additional valid instrument for promoting awareness among all the employees and all those who collaborate for various reasons with the company, in order to ensure the adherence, in the

execution of the activities of each, with correct and transparent forms of conduct in line with the ethical-social values on which the pursuit of the corporate aim is based and such, in any event, as to prevent the risk of commission of the offences contemplated by the Decree. The Interpump Group S.p.A. MOG was updated on 1 August 2012 in relation to Environmental Offences and it is being updated in relation to the current offences envisaged by decree D.Lgs. 231/2001. In the context of the group, all the companies have adopted the Code of Ethics of Interpump Group S.p.A. Finally, it should be noted that in the framework of group uniformity, Interpump Group Spa utilized the same method to assess the degree of risk of the commission of the offences indicated above by the other group companies and it has implemented where it is considered to be of greater importance.

The internal control and risks management system was further strengthened by the protocols/procedures adopted further to the introduction of Law 262/2005 as amended, in order to protect the connection between operative aspects and their representation in the accounts and to maintain an adequate and efficacious internal control system in relation to Financial Reporting.

2) Governance structures

The organizational charts and the system of powers and mandates are drawn up with the specific aim of clearly defining all roles and responsibilities in the context of the management and control processes.

The division of duties is integrated in the decision-making processes assigned for procurement and representation of the company, based on a detailed identification of each activity assigned and clearly defined limits for mandates that can be exercised in accordance with specific regulations (sole or joint signature).

3) Internal control and Risks Management System Players – Roles and Responsibilities

The internal control and risks management system involves, each for his specific competences: the Board of Directors (C.d.A), which is responsible for defining the policies of the control system, in line with the issuer's risk profile as determined by the Board. The Board is also responsible for assessing the adequacy of the control system and examining the periodic financial reports.

The Board of Directors makes use of the support, by way of adequate enquiries, of the Control and Risks Committee both with regard to the assessments and decisions concerning the internal control and risks management system and in relation to the approval of the periodic financial reports.

Finally, the Board of Directors identifies a Chief Executive Officer responsible for setting up and maintaining an effective internal control and risks management system.

One of the main company functions involved in managing the control system is Internal Auditing, which is vested with level III control activities. The Internal Auditing function, which is hierarchically under the Board of Directors and which reports functionally to the Control and Risks Committee, is responsible for checking the operation and suitability of the internal control and risks management system through the preparation and implementation of the audit plan based on a process of analysis and prioritization of the main risks.

At a different hierarchical level is the Manager responsible for drafting company accounting documents, who is entrusted with the execution of level II controls, which are aimed at monitoring and managing the financial risk. In particular, the Manager supervises over the process of management and control of risks relative to the financial disclosure process, ensuring consistency with the corporate objectives and complying with criteria for organizational segregation in order to permit efficacious monitoring.

Finally, note that the operative manager/process owner of each Group company is responsible for "first level controls" in relation to the intrinsic risks of the process in question; this kind of ongoing monitoring is an integral part of all corporate processes.

The group of control system agents is completed by the Board of Statutory Auditors, which stands at the apex of an issuer's supervisory system. The Board of Statutory Auditors ("Committee for internal control and external audit" pursuant to the provisions of article 19 of decree D. Lgs. 39/2010) monitors the adequacy of the internal control system, in accordance with and pursuant to the provisions of art. 149 of D.Lgs. 58/98 (TUF). Specifically, the Board of Statutory Auditors monitors the adequacy of the company's organizational structure for the matters of its competence, the internal control system, the administrative and accounting system and the reliability of the latter in ensuring true and faithful representation of business operations.

The Board of Statutory Auditors also monitors the methods of tangible implementation of the rules of governance set down in the Code of Corporate Governance observed by the company.

The Regulatory Body (OdV) is the internal authority with independent powers of control and operation, responsible for monitoring the functioning, effectiveness and compliance with the Model ex decree D.Lgs. 231/01 (Model) as well as keeping it constantly and promptly updated. In particular, the Regulatory Body checks the adequacy of the Model to prevent the commission of the offences under the aforementioned decree, submitting proposals to the Board of Directors regarding any updates or amendments required, also subsequent to any violations identified. The Regulatory Body, acting through the Control and Risks Committee, draws up an advisory report for the Board of Directors, listing all checks carried out and the results thereof; a copy of the report is also sent to the Board of Statutory Auditors.

4) Policies and procedures

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

The operational policies and procedures include:

- Accounting manual for preparation of the annual financial report in accordance with IAS/IFRS standards;
- Accounting manual for the preparation of the interim reports in accordance with IAS/IFRS standards;
- Administrative and accounting procedures for preparation of the annual financial report, the semi-annual report, and all other financial reports by the Manager responsible for drafting company accounting documents pursuant to Law 262/2005;
- Financial policy for currency exchange and interest rate hedging.

The compliance policies and procedures include:

- Market disclosure of inside information (Interpump Group S.p.A. only);
- Internal dealing procedure;
- Organization and Control Model ex decree D.Lgs. 231/2001;
- Related party transactions procedure (enforced as from 1 January 2011).

5) Risks management

Management of the company risk is a process implemented by the Board of Directors, by the managers, and by other operators of the company structure, designed to identify, measure and monitor potential events that may have a significant impact on the strategic objectives of the company. The risk assessment is performed on the basis of parameters of probability of occurrence and impact considering factors that are external and internal to the organization, within the limits of the "acceptable risk".

In this regard the Board of Directors of Interpump Group has implemented a process designed to identify, evaluate and manage, periodically, the main company risks according to the Control Risk Self Assessment method. In particular, top management of the main companies of the group are required to provide a risk assessment included in a "catalogue" prepared ad hoc and to integrate said catalogue whenever necessary. The risk assessment is of the "qualitative-quantitative" type, both on the inherent level, through the predominance of the probability and impact of the analyzed risk, and on a residual level, taking account of the indications of any actions deemed to be suitable to limit the highlighted risk. Finally, the Board of Directors assesses whether the residual risk is compatible with management of the company in compliance with the strategic objectives and undertakes any corrective actions aimed at restricting any possible harmful impacts (Application Criterion 1.C.1, letter b)).

With regard to the activity of monitoring of the foregoing risks, the following considerations are applicable. Internal risks are the result of the possible inadequacy or dysfunction of internal procedures, human resources and systems. In consideration of their nature, said risks are monitored in compliance with the supervision and updating of the policy and procedures as at the previous points.

By coordinating the various management structures, the holding function monitors external risks, taking into consideration the factors that can help to assure constant control over economic and market phenomena in each geographical area in which the Group operates. Given the nature of the Interpump Group's business, the main risks deriving from "external sources" include the following:

- the impact of economic instability in the countries in which the company conducts its business;
- the possibility that new competitors enter the market or that key competitors erode the group's market shares, also as an effect of technological innovations;

- the reputation risk, i.e. the possibility of the occurrence of events that impact negatively on the Company's corporate image;
- the risk of contraction of results because of appreciation of the value of the euro with respect to other currencies;
- the risk of erosion of margins due to a generalized increase in raw material prices;
- the risk of falling sales and consequently lower results due to the economic/financial crisis.

6) Information to non-EU subsidiaries (articles 36-39 Regulation of Markets)

The provision contained in art. 36 of the Market Regulation that awards to controlling companies incorporated and regulated in compliance with laws of non-EU countries and of significant relevance, the obligation of:

- making available to the public the internal accounting situation, at least the balance sheet and income statement, prepared for the purposes of the drafting of the consolidated financial statements;
- acquiring the bylaws and composition and powers of corporate bodies from the relative subsidiaries;
- checking that subsidiaries provide the auditor of the controlling company with the necessary information to conduct the annual and interim audits and that they have a suitable administrative-accounting situation to provide the management and auditor of the controlling company with the economic, equity and financial data required for preparation of the consolidated financial statements. The board of statutory auditors of the controlling company is responsible for prompt notification to Consob and to the market management company of any facts and circumstances resulting in the unsuitability of said system with respect to the afore-mentioned conditions.

In order to allow the Board of Statutory Auditors to perform its obligatory control activities, Interpump Group S.p.A. has adopted an internal procedure whereby said companies are required to self-certify, on a quarterly basis, the completeness of accounting information and the controls put in place and the commitment to provide the auditor with the necessary information. Monitoring tests are conducted in relation to the controls put in place, which vary in accordance with the size and complexity of the company in question.

The companies of significant importance as at 31 December 2012 are as follows: Muncie Power Products Inc, General Pump Inc., NLB Corporation Inc., Hammelmann Corporation Inc., Hammelmann Australia Pty and American Mobile Ltd in consideration of the entry into the 2012 audit plan.

The Board of Directors - in the meeting held on 19 March 2013 - examined the organizational, administrative and accounting structure of Interpump Group S.p.A. and the subsidiaries presented by the Chief Executive Officer, the essential elements of the internal control and risks management system and the 2012 Report of the Control and Risks Committee. On the basis of the matters described above, the Board of Directors evaluates the internal control and risks management system to be adequate overall with respect to the characteristics of the company and the risk profile assumed, and also to be effective.

11.1 DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEM

On 28 April 2011, the Board of Directors also ruled on the following functions assigned to the executive director responsible for supervising the operation of the internal control and risks management system Paolo Marinsek (see Application Criterion 7.C.3.(letter a)) and Application Criterion 7.C.4):

- a) supervising the identification of the main corporate risks, taking into consideration the nature of the business conducted by the issuer and its subsidiaries, and submitting them regularly before the Board of Directors for review;
- b) implementing the guidelines defined by the Board of Directors, handling the planning, creation and management of the internal control and risks management system and checking the overall adequacy, effectiveness and efficacy thereof on a regular basis;
- c) ensuring the system is suitable in relation to the dynamics of the operating conditions and the legislative and regulatory context.

Finally, the executive director charged with supervising over the operation of the internal control and risks management system has the authority to ask the internal audit functions to perform checks on specific

operating areas and on compliance with the internal rules and procedures in the execution of company operations, simultaneously notifying the Chairman of the Board of Directors, the chairman of the control and risks committee and the chairman of the board of statutory auditors (Application criterion 7.C.4., letter d).

In the meeting of the Board of Directors held on 9 May 2012, the director responsible for operation of the internal control and risks management system submitted to the examination of the Board of Directors the results of the activity of risk assessment performed to identify the main corporate risks of the most significant group companies and identify, where necessary, corrective actions able to limit the risk in question.

In 2012 the same director received the reports of the Internal Auditing function manager and the minutes of the control and risks committee, in which he also took part, in order to monitor the operation of the internal control system in relation to the level of risk considered to be appropriate in order to accomplish the established objectives.

11.2 INTERNAL AUDIT FUNCTION MANAGER

The Board of Directors appointed Francesca Manzotti as the head of the Internal Auditing function in its meeting held on 14 February 2007 and it approved the guidelines for the exercise of activities by the Internal Auditing function in the meeting of 1 August 2012.

Among other directives, the guidelines provide for the following procedures:

- that the board of directors, on a proposal of the manager in responsible for the internal control and risks management system and after consulting the control and risks committee and the Board of Statutory Auditors: appoint the head of the Internal Audit function as the person responsible for checking that the internal control and risks management system is operational and adequate (Application Criterion 7.C.1., second part) and
- defines the remuneration of the Internal Audit function manager in compliance with the company policies and has ensured that the manager is equipped with adequate resources for the execution of his responsibilities. (Application criterion 7.C.1., second part);
- that the Internal Auditing function manager is not responsible for any operating areas and reports hierarchically to the Board of Directors (Application criterion 7.C.5., letter b);
- that the manager of the Internal Audit function checks, both continuously and in relation to specific contingencies, the operation and suitability of the internal control and risks management system, by means of an audit plan approved by the Board of Directors, based on a structured process of analysis and prioritization of the main risks (Application criterion 7.C.5., letter a). The audit plan also includes checking the reliability of the information systems (Application criterion 7.C.5., letter g).

In 2012 the Internal Audit function prepared two semi-annual reports concerning the methods whereby risks management is conducted and the suitability of the internal control and risks management system (Application criterion 7.C.5., letter d). Said reports have been transmitted to the members of the control and risks committee, to the chairmen of the board of statutory auditors and the board of directors and to the director in charge of the internal control and risks management system (Application criterion 7.C.5., letter f).

The Board of Directors assigned a budget of €40 thousand to the Internal Audit function Manager for the execution of his activities.

The Internal Auditing function Manager has direct access to all the information needed to fulfil his duties (Application Criterion 7.C.5., letter c).

In 2012 the activities of the Internal Auditing function focused on the following areas, in line with the provisions of the three-year Audit Plan:

- update of self-assessment of the main company risks by top management of the most significant companies in accordance with the Control Risk Self Assessment method;
- for operational purposes, audits of the processes that the Risk Assessment model has identified with medium risk score and follow-up of the remediation plans agreed with the management of the companies;
- for compliance purposes (with focus D.lgs.231/01), audit of the procedures and protocols of the Organization and Control Models ex decree D.Lgs. 231/2001 (hereinafter MOG) implemented and updating of the same;
- for financial purposes, execution of the tests provided for by the Audit Plan for the purposes of compliance with Law 262/2005.

The Internal Auditing function was set up on 28 June 2000. In line with the requirements of Application Criterion 7.C.6, we draw your attention to the fact that the Internal Auditing function was not delegated to third parties either in its entirety or for specific segments of operations.

The current organization of the Internal Auditing function envisages, under the supervision of the Internal Auditing function Manager: *i.* a senior member of staff from the function of the Manager responsible for drafting company accounting document, who coordinates the activity of compliance with Law 262/05 (resource available part-time), *ii.* a senior Internal Auditor who coordinates the operational audit activities and those of compliance with decree D. Lgs. 231/2001 and *iii.* the use of a junior internal auditor junior in co-sourcing, who performs the testing activity required for compliance with law 262/2005 and to certain aspects of an operational nature.

11.3 ORGANIZATIONAL MODEL, ex decree D.Lgs. 231/2001

On 1 August 2012 the Board of Directors approved the new version of the Organizational Model ex decree D.Lgs. 231/2001 (the "Model") of Interpump Group S.p.A. designed to prevent the commission of following types of offences:

1. Crimes against the Public Administration and the Judicial Administration;
2. Violations of company law;
3. Market abuse offences;
4. Negligent manslaughter and serious or very serious negligent assault;
5. Offences of handling, recycling, and using cash, goods, or utilities of illicit origin;
6. Information technology crimes and illegal data processing;
7. Crimes against public faith;
8. Crimes against industry and commerce;
9. Offences concerning the infringement of copyright;
10. Offences of organized crime
11. Environmental offences

The Model is in process of being updated relative to the recent offences included in the review of decree D.Lgs. 231/2001, or the employment of illegal workers and bribery among private parties.

The Regulatory Body is composed of an external consultant, the Chairman of the Body, and the Internal Audit function manager of Interpump Group S.p.A.

The control and risks committee has issued its favourable opinion concerning the opportunity of attributing the functions of the Regulatory Body to the board of statutory auditors exclusively of subsidiaries.

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

We draw your attention to the fact that the Model has been extended to include the Italian strategic subsidiaries which, in consideration of their size and organizational complexity, are subject to a higher relative level of risk with respect to the offences contemplated by decree D.Lgs. 231/2001.

11.4 INDEPENDENT AUDITORS

The Shareholders' Meeting of 27 April 2005 appointed PriceWaterhouseCoopers S.p.A. as the independent auditing company for the consolidated financial statements and the annual financial statements of the company for the three year period 2005/2007. The Shareholders' Meeting of 18 April 2007, further to the change in regulations, extended the relative assignment up to the financial statements of 2013 on the proposal of the Board of Statutory Auditors.

11.5 MANAGER RESPONSIBLE FOR DRAFTING COMPANY ACCOUNTING DOCUMENTS AND OTHER COMPANY ROLES AND FUNCTIONS

The Bylaws define the method of appointing the manager responsible for drafting accounting documents ex art. 154 (bis) of the TUF, assigning the relative competence to the Board of Directors, further to consultation with the Board of Statutory Auditors. With regard to professional requirements, the manager responsible for drafting company accounting documents must possess the same attributes of integrity required of statutory auditors, an adequate level of theoretical training, and must have specific skills acquired through work experience, of adequate duration and significance, in the areas of "administration" and/or "finance" and/or "governance". The Board of Directors meeting of 7 August 2007 appointed Carlo Banci, Group CFO, as the Manager responsible for drafting company accounting documents (Designated Manager) until the time of any revocation of this office decided by the Board of Directors, assigning to him the following duties:

- attestation that the deeds and communications of the company disclosed to the market and concerning accounting information, including interim information, referred to the company, are in compliance with the contents of documents, the company books, and the accounting entries;
- preparation of adequate administrative and accounting procedures for drafting of annual accounts, consolidated financial statements and all other communications of a financial nature;
- attestation, jointly with the other delegated administrative bodies, of the adequacy and effective application of said procedures during the period to which the documents refer, and also of the correspondence of the documents with the contents of the company books and accounting entries and their suitability to provide a correct and truthful representation of the equity and financial situation of the company and of the other companies included in the scope of consolidation, and its compliance with international accounting standards (IFRS). The attestation will be released with a specific report annexed to the annual financial statements, to the semi-annual report, and to the consolidated financial statements, drafted in compliance with the model established by the relevant CONSOB regulation;
- attestation, jointly with the other delegated administrative bodies, that the Board of Directors' report and Half year Board of Directors' Report contain references to the key events that occurred in the year and their influence on the financial statements, consolidated financial statements and abbreviated semi-annual financial statements, together with a description of the main risks and uncertainties, and information on significant transactions conducted with related parties

The Responsible Manager has been vested with the following powers:

- unrestricted access to all relevant information in order to perform his duties, both in the context of the company and in the context of other group member companies;
- participation in the meetings of the Board of Directors convened to discuss the matters included among those for which duties are assigned to the Manager in Charge whenever such meetings are requested in writing by two or more directors at least two working days prior to the date scheduled for the board meeting, on the understanding that the participation of the Manager in Charge will be limited to the matters strictly of his competence;
- the entitlement to interview each delegated administrative body and controlling body of the company in relation to the matters falling within his specific areas of competence;
- the entitlement to participate in the approval, jointly with the other delegated administrative bodies, of the company's administrative and accountancy procedures concerning the formation of the annual financial statements, the interim report and the consolidated financial statements or the drafting of other

financial documents for which the Manager is responsible for drafting company accounting documents is required to issue, jointly with the competent delegated administrative bodies, the attestations envisaged by art. 154-(bis) TUF;

- the entitlement to perform checks on company administrative and accounting procedures, to propose structural changes to said procedures and the components of the internal control systems that are considered to be inadequate, and, in the case of failed implementation of the recommended changes, to inform the Board of Directors and ensure the relative countermeasures are adopted in the context of the directives received from the Board;
- participation in the structuring of the information systems and the relative procedures that can impact on the economic, equity and financial situation of the company and the Group member companies;
- adoption of procedures relative to the channeling of information flows in respect of the Designated Manager.

The following means have been attributed to the Designated Manager:

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

There are no other roles of company functions having specific duties in relation to internal control and risks management (*Principle 7.P.3., letter c*).

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

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

- a) the Board of Directors, which performs a role of direction and assessment of the adequacy of the system. The board has identified the following parties from among its members:
 - i. a director responsible for the constitution and maintenance of an effective internal control and risks management system (see previous chapter 11.1) and
 - ii. a control and risks committee (see previous chapter 10) with the task of supporting, with an adequate investigative activity, the assessments and decisions of the board of directors in relation to the internal control and risks management system, and those relative to the approval of the periodic financial reports;
- b) the manager of the internal audit function, charged with checking that the internal control and risks management system is functional and adequate (see previous chapter 11.2);
- c) the manager responsible for drafting company accounting documents (see previous chapter 11.5).

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

The company has provided for the following methods of coordination between the above listed parties in order to maximize the efficiency of the internal control and risks management system and reduce the duplication of activities:

- the current regulation of the control and risks committee envisages that the works of the Committee be assisted by the Chairman of the Board of Statutory Auditors or a statutory auditor designated by the latter;

however, also the other members of the controlling body can participate. Moreover, the Director responsible for the internal control and risks management system is invited to attend the meetings, and also parties who are not members can participate on the invitation of the Committee, namely the Responsible Manager;

- the semi-annual report on the activity of the control and risks committee is forwarded to the Board of Directors and the Board of Statutory Auditors
- the current mandate of the Internal Audit function envisages that semi-annual reports be prepared concerning the methods used to conduct risks management and the suitability of the internal control and risks management system or timely reports be issued in relation to contingent events of particular significance. Said reports are transmitted to the members of the control and risks committee, to the chairmen of the board of statutory auditors and the board of directors and to the director responsible for the internal control and risks management system (see guidelines for exercise of the activities by the Internal Auditing function approved by the Board of Directors in the meeting held on 1 August 2012);
- the semi-annual report on the activity of the Internal Audit function is forwarded to the Board of Directors and the Board of Statutory Auditors.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

In relation to the interests of directors and transactions with related parties, the Board of Directors resolved, in its meeting of 28 September 2010, to set up the Committee for the procedure of transactions with related parties further to approval of the CONSOB Regulation with resolution no. 17221 of 12/3/2010 in implementation of art. 2391-(bis) of the Civil Code. The foregoing Committee is composed of the three independent Directors Salvatore Bragantini, Franco Cattaneo and Marco Reboa. The Committee has examined the draft procedure of the Interpump Group, issuing its favourable opinion for its approval, which was granted by the Board of Directors on 10 November 2010 (cf. Principle 9.P.1 and Application Criteria 9.C.1 and 9.C.2), in application of the new rules in this matter.

The salient aspects of the new procedure (hereinafter the Procedure), which is available on the Interpump Group S.p.A. website: www.interpumpgroup.it/Investor Relations/Corporate Governance/Other Information, are described below.

Related Parties Transactions Regulation

Transactions with related parties are construed as any whatsoever transfer of resources, services or obligations between Related Parties, regardless of whether or not a payment for the transaction has been agreed. Such transactions anyway include: (a) mergers, demergers by incorporation or non-proportional demerger in the literal sense, where such an operation takes place with Related Parties; (b) all decisions relative to the allocation of remuneration and economic benefits, in any form, to the members of the administrative and controlling bodies and to Managers with Strategic Responsibilities.

A Related Party is construed as a party that:

- a) directly or indirectly, also via subsidiaries, trust companies or intermediaries:
 - (i) controls the company, is controlled by the company, or is subject to joint control with the company;
 - (ii) holds a stake in the company such as to exercise significant influence over it;
 - (iii) exercises joint control over the company;
- b) is an associate of the company;
- c) is a joint venture in which the company is a participant;
- d) is one of the managers with strategic responsibilities in the company or its controlling company;
- e) is a close relative of one of the parties as at the above letters a) and d);
- f) is an entity in which one of the parties as at the above letters d) or e) exercises control, joint control, or significant influence, or holds, directly or indirectly, a significant stake that is anyway equivalent to at least 20% of voting rights;
- g) is a supplementary, collective or individual, Italian or foreign pension fund established for the benefit of the employees of the company or of any other entity related to the Company.

Transactions with Related Parties are classified in accordance with the relative amount into **Transactions of Greater Importance**, **Transactions of Lesser Importance** and **Transactions of Minimal Value**:

Transactions of Greater Importance: transactions wherein at least one of the following importance indicators, defined by the CONSOB Regulation and shown in the Procedure available on the above indicated website and applicable depending on the specific transaction, is greater than the threshold of 5%:

(a) equivalent value relevance ratio: the ratio between the equivalent transaction and the net equity drawn from the latest published balance sheet (consolidated, if so prepared) by the company or, for listed companies, if greater, the capitalization of the acquired firm at the end of the last trading day included in the period covered by the latest accounting periodical published document (annual or semi-annual financial report or interim Board of Directors' report). Should the economic conditions of the transaction not be determined, the equivalent operation shall be:

- (i) for cash components, the amount paid by/to the contractual counterparty;
- (ii) for components comprising financial instruments, the fair value measured, at the date of the transaction, in compliance with the international accounting principles adopted with EC Regulation no. 1606/2002;
- (iii) for loan operations or granting of guarantees, the maximum disburseable amount.

If the economic conditions of the transactions depend entirely or partly on values that are not yet known, the equivalent value of the transaction is considered to be the maximum value receivable or payable in accordance with the terms of the agreement;

b) asset relevance ratio: the ratio between the total assets of the entity that is the subject of the transaction and the total assets of the Company. Data to be used shall be obtained from the most recently published balance sheet (consolidated, if so prepared) by the company; whenever possible, similar data should be used for determining the total assets of the entity involved in the transaction. For transactions involving the acquisition and sale of shares in companies that have an impact on the area of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital being available. For transactions of acquisition and divestment of holdings in companies that have no effect on the consolidation perimeter, the value of the numerator is:

- (i) in the case of acquisitions, the price of the transaction increased by any liabilities of the acquired company that are assumed by the buyer;
- (ii) in the case of disposals, the consideration paid for the divested asset.

For transactions of acquisition and disposal of other assets (other than the purchase of a stake), the value of the numerator is:

- (i) in the case of acquisitions, the higher of the consideration and the book value that will be ascribed to the asset;
- (ii) in the case of disposals, the book value of the asset;

c) liability relevance ratio: the ratio between the total liabilities of the entity that is the subject of the transaction and the total liabilities of the Company. Data to be used must be derived from the most recently published balance sheet (consolidated, if so prepared) by the company; whenever possible, similar data should be used for determining the total liabilities of the company or company branch acquired.

Transactions of Lesser Importance: Transactions with Related Parties other than Transactions of Greater Importance and Transactions for Smaller Amounts.

Transactions of Minimal Value are Transactions with Related Parties wherein the predictable maximum amount of the consideration or the maximum predictable value of the services to be provided by the Company does not exceed, for each transaction:

- a) €300,000 per year, with reference to the allocation of remuneration and economic benefits, in any whatsoever form, to a member of an administrative or controlling body or to a Manager with Strategic Responsibilities;
- b) in general, €300,000 per year for transactions with Related Parties of a different nature, also in the case of Transactions with Related Parties conducted with the same Related Party that are identical or that are conducted in execution of a single aim.

The procedure is as follows:

Transactions of Greater Importance

- a) The Board of Directors is exclusively responsible for approving Transactions of Greater Importance.
- b) The Chief Executive Officer ensures that a committee composed of at least three Independent and Non Related Directors is involved in the negotiations stage and in the inquiry stage, through the reception of complete and adequate information concerning the Transaction of Greater Importance. The committee can participate in the stage of negotiations and in the inquiry stage, requesting information and making observations to the delegated bodies and the parties appointed to conduct the negotiations or inquiry. The committee can delegate one or more of its members for this purpose.
- c) The Board of Directors deliberates on Transactions of Greater Importance: (i) further to the favourable opinion of the committee indicated in the prior point b) concerning the interest of the Company in performing the transaction and the convenience and substantive correctness of the relative conditions; or alternatively (ii) with a favourable vote of the majority of the Independent Directors (notwithstanding the majorities required for the assumption of board of directors' resolutions in compliance with the law and the Bylaws).
- d) Also in departure from the terms of the prior point c), the board of directors can approve a Transactions of Greater Importance, also in the presence of a contrary opinion of the majority of the Independent Directors, when: (i) if so permitted by the Company's Bylaws, the ordinary shareholders' meeting has authorized execution of the transaction; (ii) if the Non Related Shareholders taking part in the shareholders' meeting at the time of the ballot represent more than ten per cent of the portion of share capital with voting rights and the majority of these latter do not vote against the motion.

Transactions of Lesser Importance

- a) The Board of Directors and the delegated bodies approve Transactions of Lesser Importance further to a non-binding motivated opinion issued by a committee, also constituted specifically for the purpose, concerning the interest of the Company in performing the transaction and the convenience and substantive correctness of the relative terms.
- b) The committee as at the above paragraph (a) is composed of three Non Related Independent Directors.
- c) If any member of the committee as at the above letter (a) is the counterparty of the Transaction of Lesser Important that is the subject of the assessment or a Related Party of this latter, the other committee members will call another Non Related Independent Director to participate in the proceedings or, if no such person is available, one of the Non Related Statutory Auditors (other than the chairman of the board of auditors).
- d) If the Board of Directors do not include at least three Independent Directors or if it proves impossible to proceed as outlined in paragraph (c), the opinion required by the terms of the previous paragraph a) will be issued by an independent expert appointed by the chairman of the board of directors after having consulted with the chairman of the board of statutory auditors.
- e) The Chief Executive Officer ensures that the members of the committee receive, by e-mail or fax, prompt, complete and adequate information concerning the Transaction of Lesser Importance and, in the case of transactions whose conditions are defined to be equivalent to market or standard conditions, objective elements of confirmation of this fact. If the Transaction of Lesser Importance is the competence of the board of directors, the chairman or the Chief Executive Officer ensure that said information be promptly notified to the directors, by e-mail or fax, at least three days prior to the meeting of the board.
- f) Without prejudice to the above conditions, the Chief Executive Officer ensures that adequate information concerning Transactions of Lesser Importance of the competence of the board of directors be supplied to all the directors, in compliance with art. 2381 of the Civil Code, and to the board of statutory auditors.
- g) The committee must issue its findings prior to the final approval of the Transactions of Lesser Importance by the board of directors, if the transaction is of the competence of this latter. In the other cases, it must issue its findings before the Company enters into a commitment to perform the transaction.
- h) The committee can make use or one or more independent experts, at the expense of the Company but within the limits of the budget specified by the Board of Directors, for each individual transaction.

- i) The resolutions of the board of directors that approve a transaction of Lesser Importance must be adequately motivated, with regard to the interest of the Company in the execution of the transaction and the convenience and substantive correctness of the relative terms.
- j) The delegated bodies refer on at least a quarterly basis to the board of directors and the board of statutory auditors concerning the execution of Transactions of Lesser Importance.
- k) Without prejudice to the disclosure obligations provided for by art. 114, subsection 1, of the Consolidated Finance Act, within fifteen days from the end of each quarter of the year the Company places at the disposal of the public, at its registered office and with the methods specified in Title II, Chapter I of the Issuers' Code, and on its website, a document containing an indication of the counterparty, the subject and the consideration of the Transactions of Lesser Importance approved in the reference quarter in the presence of a negative opinion of the committee (or independent expert), and the reasons for which the Company chose not to act in accordance with such an opinion. The negative opinions of the committee are attached to the document.

The Procedure is not applicable to Transactions of Minimal Value (as defined above) or to Ordinary Transactions. The Company's Audit Committee, in relation to the types of transactions indicated by the Board of Directors, shall have the faculty to examine Transactions of Minimal Value and to express a motivated and non-binding opinion concerning the interest of the Company in performing the transaction and the convenience and substantive correctness of the relative terms.

The provisions of the Regulation and the Procedure **are not applicable**:

- a) to remuneration plans based on financial instruments approved by the shareholders' meeting ex art. 114-(bis) of the Consolidated Finance Act and the relative executive operations;
- b) to the resolutions of the Board of Directors other than the resolutions taken in compliance with art. 2389, subsection 3, of the Civil Code - concerning remuneration of directors with special offices and of Managers with Strategic Responsibilities, on the condition that:
 - (i) the Company has adopted a remuneration policy;
 - (ii) the definition of the remuneration policy was performed with the aid of a committee composed exclusively of non-executive directors, the majority of whom independent;
 - (iii) a report illustrating the remuneration policy has been submitted to the approval or advisory vote of the shareholders' meeting;
 - (iv) the remuneration assigned is in compliance with said policy;
- c) to Ordinary Transactions, without prejudice to the fact that the Company's Audit Committee, in relation to the types of transactions indicated by the Board of Directors, shall have the faculty to examine Ordinary Transactions and to express a motivated and non-binding opinion concerning the interest of the Company in performing the transaction and the convenience and substantive correctness of the relative terms;
- d) to Transactions with Related Parties or between Subsidiaries, also jointly, and those with Associated companies, provided there are no Significant Interests of Other of the Company's Related Parties in the Subsidiaries or Associated Companies that are the counterparties of the transaction. Significant Interest with respect to a company is construed as the possession, either directly or indirectly, of a stake of more than 5% in the share capital, or the sharing, between the company and the subsidiary or associated company with which the transaction is performed, of one or more managers with strategic responsibilities who are the beneficiaries of incentive plans based on financial instruments (or anyway of variable remuneration) depending to a significant extent on the results achieved by said subsidiary or associated company.

If a Transaction of Greater Importance constitutes an Ordinary Transaction for the effects of the Procedure:

- a) the Company will inform Consob, within the term of 7 days from the approval of the transaction, the counterparty, the subject, and the consideration for transactions that have benefited from the exclusion;
- b) the Company will specify in the interim board of directors report and in the board of directors report accompanying the annual financial statements, which of the transactions subject to the disclosure obligations indicated in this latter provision have been performed with recourse to the exclusion provided for by the terms of this article.

Where expressly permitted by the Company's Bylaws and if the Procedure is not applicable to Transactions with Related Parties that are not of the competence of the shareholders' meeting, nor must be authorized by the latter, and that are approved in conditions of urgency, on the condition that:

- a) if the Related Party Transaction to be performed is attributed to a managing director or the executive committee (if appointed), the chairman of the Board of Directors is informed of the reasons for urgency prior to execution of the Transaction with the Related Party;
- b) the foregoing transaction, without prejudice to its enforcement, is subsequently subject to a non-binding resolution of the first occurring ordinary shareholders' meeting;
- c) the Board of Directors prepares a report containing adequate motivation for the urgency;
- d) the board of statutory auditors refers its assessments with regard to the reasons for urgency to the shareholders' meeting;
- e) the report and appraisals as at the above points c) and (d) are made available to the general public at least twenty-one days prior to the date established for the shareholders' meeting at the company's registered office and with the methods specified in Title II, Chapter I, of the Issuers' Code;
- f) within the day after the date of the shareholders' meeting, the Company makes available to the general public, with the methods indicated in Title II, Chapter I, of the Issuers' Code, the information concerning the results of the ballot, with special concern to the number of overall votes cast by unrelated shareholders.

Framework resolutions

- a) The Board of Directors can approve, with a single resolution, a series of similar Transactions with Related Parties with the same Related Parties or with specific categories of Related Parties.
- b) in the case specified in the above point (a):
 - (i) the provisions relative to Transactions of Greater Importance and Transactions of Lesser Importance are applicable to the framework resolutions of the board of directors in accordance with the foreseeable maximum amount of Transactions with Related Parties in question, considered on a cumulative basis;
 - (ii) the provisions relative to Transactions of Greater Importance and Transactions of Lesser Importance are not applicable to individual Transactions with Related Parties concluded in execution of an framework resolution, on the condition that the resolution:
 1. is enforceable for no more than one year;
 2. refers to sufficiently determined Transactions with Related Parties;
 3. indicates the foreseeable maximum amount of transactions that, in the period of enforcement of the resolution, can be performed in implementation of the same;
 4. contains an adequate description of the conditions of the terms of the transactions;
 - (iii) on a quarterly basis the chairman or one of the chief executive officers inform the Board of Directors with regard to the implementation of framework resolutions.

Transactions with Related Parties performed by subsidiaries

The procedure is applicable also to Transactions with Related Parties wherein Subsidiaries are parties and which, in compliance with the Bylaws and/or the organizational regulations internal to the Interpump Group issued by the Company, must be examined or approved beforehand by the Board of Directors or by the Company's delegated bodies, without prejudice to the condition that the matters outlined be also applicable to the above-mentioned Transactions with Related Parties wherein Subsidiaries are parties.

For the implementation of the matters outlined above, the Subsidiaries shall promptly inform the Chief Executive Officer of the Company of the Transactions with Related Parties that they intend to approve, providing him with the necessary information and documentation to proceed with the matters envisaged by the Regulation and by the Procedure.

Communications

The Company's Related Parties promptly provide the Chief Executive Officer of the Company with the information required to allow the fulfillment of the obligations envisaged by the Regulation and by the Procedure.

The chairman of the Company's Board of Directors and the delegated bodies ensure that all Transactions with Related Parties approved in compliance with the Regulation and with the Procedure are promptly

communicated to the manager responsible for drafting company accounting documents to ensure compliance with the disclosure obligations as at art. 154-(2) of the Consolidated Finance Act.

Final provisions

The Board of Directors assesses, at least on a three-yearly basis, whether to revise the current procedure, taking account, among other aspects, of any changes that have occurred in the ownership structures and the effectiveness displayed by the procedure in practical application.

13. APPOINTMENT OF STATUTORY AUDITORS

Art. 19 of the Bylaws establishes that in order to ensure that minority parties are able to elect one statutory auditor and one assistant auditor, the Board of Auditors must be appointed on the basis of a list vote. For the presentation of a list the same minimum percentage of capital required for the appointment of directors is required, i.e. 2.5%, without prejudice to a possible different maximum percentage established by statutory legislation and the regulations in force time by time. The percentage is reduced by half if, in the ordinary term of fifteen days prior to the date of the shareholders' meeting convened to make the appointment, a single list has been presented, or exclusively lists presented by reciprocally connected shareholders; in this case lists can be submitted only up to the fifth day following said date. Any shareholder intending to propose candidates for the post of auditor must deposit at the company's registered office, at least fifteen days before the date set for the shareholders' meeting convened to deliberate the appointment, a series of documents including a) the curriculum vitae of each candidate containing: (i) full information about each candidate's personal and professional characteristics; and (ii) the list of the offices as member of the board of directors or the board of statutory auditors held by the candidate auditor in other companies or organizations, if significant in compliance with the statutory regulations concerning cumulative limits of offices held; b) the declarations of each candidate whereby they express their willingness to assume the relative office in the event of election and attesting, under their personal responsibility, to the absence of any causes for ineligibility or incompatibility, the possession of the requirements of integrity, professionalism and independence specified by statutory provisions, and the existence of any additional requirements prescribed for the office, either in law or in the Bylaws; c) a list of the shareholders submitting the list of candidates, with their name, company name or denomination, headquarters, number of enrolment in the Business Register or equivalent, and the overall percentage of the capital they hold, accompanied by a certificate that shows the ownership of said shareholding and a declaration in compliance with the declaration required by art. 144(sexies), subsection 4, letter b) of CONSOB Regulation no.11971 dated 14/5/1999 as amended, attesting to the absence of relations of association ex art. 144 (quinquies) of the same CONSOB Regulation.

The mechanism to ensure that the distribution of statutory auditors to elect be such as to ensure gender balance, in accordance with the requirements of art. 147-(ter), subsection 1-(ter), TUF, will be the subject of a resolution of the shareholders' meeting convened for 30 April 2013.

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

With regard to the election system, the same system as that adopted for directors is envisaged, except in this case one statutory auditor and one assistant auditor will be elected from the minority list that receives the highest number of votes, and the Chairman of the Board of Statutory Auditors will be elected from the minority list that receives the highest number of votes; as already indicated, the need for a minimum quorum of votes is not envisaged for the election of auditors.

In its meeting held on 8/03/2012 the board of statutory auditors checked the independence, and continued independence through the year, of the members of the Board of Statutory Auditors Enrico Cervellera (Chairman), Achille Delmonte (Statutory auditor), and Paolo Scarioni (Statutory auditor).

For the purpose of appraisal of independence, reference was made to the criteria envisaged by the Code for directors.

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

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

The Board of Statutory Auditors of the company is made up of Enrico Cervellera (Chairman), Achille Delmonte (Statutory auditor) and Paolo Scarioni (Statutory auditor).

The statutory auditors in office were appointed by the Shareholders' Meeting held on 28 April 2011 on the proposal of the shareholder Gruppo IPG Holding S.r.l. and they will remain in office until the date of approval of the 2013 financial statements. No auditors were appointed by minority shareholders because no alternative lists were presented.

During the year, the Board of Statutory Auditors met 8 times with the average participation of 92% of its members, with an average duration of 2 hours for each meeting. A total of 6 meetings are scheduled for 2013.

It has also been established that Statutory Auditor who, either personally or on behalf of third parties, has an interest in a given transaction, is required to provide the other statutory auditors and the Chairman of the Board of Directors with an exhaustive and timely account of the nature, term, source and extent of this interest (Application Criterion 8.C.3).

It is standard practice in the Interpump Group that statutory auditors be entitled to ask the Internal Audit Function to carry out checks on specific operating areas or organizational functions, sharing key information that is essential in order to fulfill their respective duties with the control and risks committee (Application Criteria 8.C.4 and 8.C.5).

A concise *curriculum vitae* of each member of the Board of Statutory Auditors in office is given below:

Enrico Filippo Francesco Cervellera

Born in Milan on 27 February 1941. Graduated in Economy and Business Studies at L. Bocconi University (1963) and in Law at Cattolica University (1968). Enrolled in the Order of Chartered Accountants from 1965 and in the Register of Legal Auditors (decree D.M. 12-4-1995). From 1965 to 1983 collaborated with the tax consultancy firm associated with Arthur Andersen, of which he became a partner in 1976. Since 1983 has operated through his own office in Milan, working primarily in the field of company transactions (acquisitions, disposals, mergers, etc.) and tax consultancy for businesses.

Paolo Scarioni

Born in S. Angelo Lodigiano (LO) on 3 March 1963. Graduated in Economics and Business Studies with full score at Università degli Studi of Pavia. Chartered accountant and legal auditor. In September 1998, after approximately 9 years with the legal office Studio di Consulenza Legale e Tributaria of Milan (at the time this was the Arthur Andersen financial reports certification company), together with Francesco Facchini and Luca Rossi, Paolo Scarioni founded Studio Tributario Associato Facchini, Rossi Scarioni, with offices in Milan, Foro Bonaparte no. 70 and Rome, Via Bocca di Leone no. 78. The practice is currently staffed by around 20 professionals. Works primarily in the field of tax consultancy and assistance for companies and individuals.

Achille Delmonte

Born in S. Ilario d'Enza (RE) on 8 February 1946. Graduated in Economics and Business Studies at the Faculty of Economics and Business Studies of the University of Parma (1969), gained the qualification to

pursue his professional activity from the same faculty in the first session of 1973. Enrolled in the Register of Chartered Accounts of Reggio Emilia from 3/09/1973 and in the Roll of Official Auditors with decree D.M. 25/1/1980 (Official Journal of the Italian Republic no. 33 of 4/2/1980). Also enrolled in the Board of Experts instituted by article 67 of the rules implementing the code of criminal procedures at the Court of Reggio Emilia from 23/03/1991 and in the Roll of Legal Auditors with decree D.M. 12/4/1995 (Official Journal of the Italian Republic no. 31(bis) of 21/04/1995). Currently conducts his professional activity with Studio in Sant'Ilario d'Enza (RE).

The offices of statutory auditor or directorships or (ex Application Criterion 1.C.3) held by the members of the Board of Statutory Auditors of Interpump Group S.p.A. in other listed companies or in significant companies as defined by the Code of Corporate Governance are as follows: **Enrico Cervellera**: Listed companies: Chairman of the Board of Statutory Auditors of Seat P.G. S.p.A.; Auditor of Tamburi Investment Partners S.p.A. — Unlisted companies of significant size: Director of Ferrero S.p.A., Chairman of the Board of Statutory Auditors of Gruppo Lactalis S.p.A., Chairman of the Board of Statutory Auditors of Egidio Galbani S.p.A., Chairman of the Board of Statutory Auditors of Big S.r.l., Chairman of the Board of Statutory Auditors of Italatte S.p.A., **Achille Delmonte** Finance companies: Chairman of the Board of Statutory Auditors of ME-CART Holding S.r.l., Statutory Auditor of YAMA S.p.A., Statutory Auditor of Top Gear S.r.l.

15. RELATIONS WITH SHAREHOLDERS

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

The company's Internet site, in addition to the annual financial report, the semi-annual financial report or the interim board of directors reports, the most recent press releases and a section dedicated to Governance, there is a specific, easily identifiable and accessible section designed to facilitate shareholders in exercising their rights. In particular, the information entered to this section regards participation in shareholders' meetings, exercising voting rights, and documentation concerning the items on the agenda.

More than 150 meetings were held with institutional investors and financial analysts in Italy and in other countries during 2012. The company also took part in the events organized by Borsa Italiana S.p.A. concerning the presentation of the results of companies in the STAR segment in London and Milan. There was also a significant level of participation in events arranged by the main financial brokers

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

The provisions of the Bylaws concerning shareholders' meeting are as follows:

Art. 6) 1. The duly constituted Shareholders' meeting represents all the shareholders, and its resolutions, passed in accordance with the law and the present Bylaws, are binding on all the shareholders. The Shareholders' meeting is either ordinary or extraordinary in accordance with the law (art.2364 and 2365 of the Italian Civil Code) and can be convened, within the national borders, also in places other than the company's registered office. The Ordinary Shareholders' meeting approves and - where necessary - amends the "shareholders' meeting regulations", which govern the methods of execution of the proceedings of the meetings. The notice of convocation of the Shareholders' meeting, containing the information required by statutory regulations, is published on the company's website and with the other methods envisaged by statutory regulations.

2. The company, adopting the faculty provided by law, does not appoint the representative pursuant to art. 135-(undicies) of decree D. Lgs. no. 58 of 24 February 1998, unless the Board of Directors, for a specific Shareholders' meeting, has resolved said designation, communicating the fact in the notice of convocation of the relative meeting.

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

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

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

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

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

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

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

The terms of the following article 14, subsection 2, and article 19, shall be applied for the appointment of directors and auditors.

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

The Bylaws also assign to the competence of the Board of Directors rather than the shareholders' meeting, activities of mergers and spin-off, in all cases in which the law permits that such decisions be taken by the administrative body in place of the shareholders' meeting, the establishment and closure of secondary offices; the indication of which directors shall be awarded powers of representation of the company; the reduction of the share capital in the event of withdrawal of the shareholder and the adaptation of the Bylaws to reflect normative provisions; and transfer of the company registered office within the national territory.

In order to allow more efficient management of the proceedings of shareholders' meetings, the Meeting on 28 April 2011 approved the Shareholders' Meeting Regulations (see Annex 4).

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

We draw your attention to the fact that the organizational model was adopted in compliance with decree D. Lgs. 231/2001.

18. CHANGES AFTER THE CLOSE OF THE REFERENCE PERIOD

From the year end date unit the present there have been no changes in the corporate governance structure other than the afore-mentioned departure of the Chairman of Interpump Group S.p.A. scheduled to occur on 30 April 2013.

Milan, 19 March 2013

For the Board of Directors
Giovanni Cavallini
Chairman

TABLES

TABLE 1: INFORMATION on OWNERSHIP STRUCTURES

<i>STRUCTURE OF THE SHARE CAPITAL</i>				
	Number of shares	% with respect to share capital	Listed	Rights and obligations
Ordinary shares	108,879,294	100%	Milan Stock Exchange	Ordinary shares by law
Shares with restricted voting rights	-	-	-	-
Shares without any entitlement to vote	-	-	-	-

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

<i>SIGNIFICANT STAKES IN THE CAPITAL</i>			
Declarant	Direct shareholder	% portion of ordinary capital	% portion of voting capital
GRUPPO IPG HOLDING SRL**	GRUPPO IPG HOLDING SRL	26.9883%	26.9883%
HARRIS ASSOCIATES LP* (as manager also of The Oakmark International Small Cap Fund that owns 4.993%)	HARRIS ASSOCIATES LP	7.177%	7.177%
FMR LLC*	FMR LLC	5.170%	5.170%
CAISSE DES DEPOTS ET* CONSIGNATIONS	CDC ENTREPRISES VALEURS MOYENNES	2.014%	2.014%
VON MUEFFLING WILLIAM*	CANTILLON CAPITAL MANAGEMENT LLC	2.007%	2.007%
INTERPUMP GROUP SPA**	INTERPUMP GROUP SPA	6.749%	-

* Source: Consob updated at 12/02/2013

** Source: Draft financial statements of the company at 31/12/2012

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

Board of Directors											Audit Committee		Remun. Committee		Appointments Committee (if constituted)		Executive Committee (if constituted)		Other Committees (if constituted)	
Position	Officers	In office from	In office until	List (M/m)*	Exec.	Non-exec.	Indep. from Code	Indep. from TUF	(%)**	Number of other roles***	****	**	****	**	****	**	****	**	****	**
Chairman	Giovanni Cavallini	28/04/2011	Approval of 2012 financial statements** ***	M	√				100	3										
Deputy Chairman and Chief Executive Officer	Fulvio Montipò	28/04/2011	Approval of 2013 financial statements	M	√				100	1										
Chief Executive Officer	Paolo Marinsek	28/04/2011	Approval of 2013 financial statements	M	√				100	-										
Director	Salvatore Bragantini	28/04/2011	Approval of 2013 financial statements	M		√	√	√	75	5									X	-
Director	Franco Cattaneo	28/04/2011	Approval of 2013 financial statements	M		√	√	√	100	1	X	100%	X	100%					X	-
Director	Sergio Erede	28/04/2011	Approval of 2013 financial statements	M		√			75	11										
Director	Giuseppe Ferrero	28/04/2011	Approval of 2013 financial statements	M		√			100	3										
Director	Giancarlo Mocchi	28/04/2011	Approval of 2013 financial statements	M		√			88	3	X	100%								
Director	Marco Reboa	28/04/2011	Approval of 2013 financial statements	M		√	√	√	75	5	X	100%	X	100%					X	-

Director	Giovanni Tamburi	28/04/2011	Approval of 2013 financial statements	M		√			100	8			X	100%						
-----DIRECTORS LAPSED DURING REFERENCE PERIOD-----																				
	None																			
Specify the quorum required for submission of lists at time of last appointment: 2.5 % (two point five percent) of the subscribed and paid-up capital with voting rights in the Ordinary Shareholders' Meeting for appointment of corporate offices, or, if higher or lower, the different maximum percentage established by statutory legislative and regulatory provisions. The minimum percentage for the presentation of lists will be specified in the notice of convocation of the meeting.																				
Number of meetings held during the reference year:					<i>Board of Directors: 8</i>	<i>Audit Committee:5</i>	<i>Rem. Committee: 2</i>	<i>Appointments Committee: N/A</i>	<i>Executive Committee: N/A</i>	<i>Other Committees: Independent Directors committee constituted in compliance with the Related party transactions procedure drafted in compliance with the CONSOB Regulation</i>										

NOTES

*This column shows M/m depending on whether the member was elected from the ordinary list voted by the majority (M) or by a minority (m).

** These columns show the percentage of attendance of directors in the meetings, respectively, of the Board of Directors and the committees (no. of attendances/no. of meetings held during the effective term in office of the person in question).

***This column shows the number of roles of director or auditor covered by the person in question in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance companies or companies of significant size. The list of said companies with reference to each director and with the specification that if the company in which the office is held is part of the group that heads or the Issuer or of which the Issuer is a member is given in point 4.2 Composition.

****This column shows an "X" to indicate that the member of the Board of Directors sits on the committee.

*****As indicated earlier, the chairman Giovanni Cavallini will stand down from the office on 30 April 2013.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Position	Officers	In office from	In office until	List (M/m)*	Independence as per Code	** (%)	Number of other roles ***
Chairman	Enrico Cervellera	28/04/2011	Approval of 2013 financial statements	M	Yes	87.5%	7
Statutory auditor	Achille Del Monte	28/04/2011	Approval of 2013 financial statements	M	Yes	100.0%	3
Statutory auditor	Paolo Scarioni	28/04/2011	Approval of 2013 financial statements	M	Yes	87.5%	-
Assistant auditor	Emilio Fano	28/04/2011	Approval of 2013 financial statements	M	Yes		
Assistant auditor	Maurizio Barbieri	28/04/2011	Approval of 2013 financial statements	M	Yes		
-----AUDITORS LAPSED DURING REFERENCE PERIOD-----							
<p>Specify the quorum required for submission of lists at time of last appointment: 2.5%. If, on expiry of the fifteenth day before the date set for the Shareholders' Meeting only one list has been submitted, other lists may be submitted up to the fifth day following the date of expiry of the foregoing term. In this case the minimum percentage drops to 1.25%.</p>							
<p>Number of meetings held during the reference year: 8</p>							

NOTES

* This column shows M/m depending on whether the member was elected from the ordinary list voted by the majority (M) or by a minority (m).

** This column shows the percentage participation of auditors in the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held during the effective period of office of the person in question).

*** This column shows the number of offices of director or statutory auditor held by the party in question of significance in relation to art. 148 (bis) TUF. The complete list of offices is attached, pursuant to art. 144-(*quinquiesdecies*) of the Consob Issuers' Code, to the report on the supervisory activity, drafted by the statutory auditors pursuant to article 153, subsection 1, TUF.

ANNEXES

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

1) Foreword

The risks management system is an integral part of the internal control system in relation to the financial reporting process; both are elements of the same System.

The internal control system concerning company information was established in compliance with the provisions of Decree D.Lgs. no. 58/98 (Consolidated Finance Act - TUF), articles 154-(bis) and 154-(ter), applicable to Interpump Group S.p.A. as company with shares listed at Borsa Italiana.

The internal control system that supervises over drafting of the annual financial report and the semi-annual financial report (internal control system) is designed to ensure the truthfulness, accuracy, reliability and punctuality of the financial information and the capability of the process for drafting of the annual financial report and the semi-annual financial report to produce the information in compliance with international accounting standards (IAS/IFRS). The articulation of the control system is defined in accordance with the model adopted by *COSO*.

2) Description of the main characteristics of the risks management and corporate governance systems in relation to the financial information

The structure of the controls in terms of *entity* envisages centrally defined control instruments applied throughout the Group that allow Interpump Group S.p.A. to address, define and monitor, even though at a high level, the design and operation of the internal control system of subsidiaries. These types of controls include the Code of Ethics and appropriate governance strategies.

The structure of the controls on the *process* level envisages:

- specific controls: manual or automated activities designed to prevent, identify and correct errors or irregularities that may occur during the execution of the operative activities. The specific controls have been divided into primary controls, construed as decisive controls in relation to the prevention of misrepresentation in financial statements on which to focus activities of monitoring, and secondary controls;
- pervasive controls: structural elements of the control system including segregation of duties, aimed at ensuring that any given party is not burdened with a high concentration of duties and responsibilities, and general computer controls, which include all controls intended to supervise correct operation of the company IT systems, such as the access controls.

The controls set up are monitored in order to check the adequacy and efficacy of the design and the effective operation, and to guarantee that they can evolve to reflect any changes that may occur.

Depending on the reference model adopted, monitoring activities are composed of:

- first and second level controls; these are, respectively, so called “line controls” incorporated in operative processes, and controls that supervise over the management and risks control process, guaranteeing its efficiency in relation to the corporate goals (for example, the controls conducted by the Designated Manager);
- independent monitoring, entrusted to the Internal Audit function.

Said monitoring activities are subject to periodic reporting to the CEO and CFO/Designated Manager in order to assess the adequacy of the financial information control system.

Specifically, the CEO and CFO/Designated Manager issue an attestation confirming the correctness / completeness of the information and the creation / maintenance of controls and procedures with reference to the annual financial statements and the annual financial report and also to the semi-annual financial report; moreover, with reference to the interim board of directors' reports for the first and third quarter and all other disclosures of a financial nature, the CFO/Designated Manager is required to declare the conformity with the documentary evidence, the company books and the accounting entries.

The CEO and the CFO/Designated Manager communicate the annual assessment of the control system to the Board of Directors and the Board of Statutory Auditors to allow the exercise of the supervisory activity envisaged by Italian legislation.

Implementation of the internal control and risks management system is supported also by the issue of a

series of operative guides, namely the Compliance Program, which identifies the rules applied to define the scope of the compliance activity, and the Audit Plan "TOC", which, among other things, outlines the criteria utilized to define the units subject to testing.

Information system

Since 2000, the data and information that constitute the input for the annual financial report, the semi-annual financial report and the other interim board of director's reports reflect the data of consolidated companies by means of the HYPERION consolidation system. The Hyperion consolidation system features safety measures and automatic controls designed to ensure the coherence of the information entered, both by individual companies and also on the level of the Group.

Hyperion's chart of accounts and the reference accounting standards (IAS/IFRS) are shared by all Group companies and at all stages of the reporting cycle (annual financial report, semi-annual financial report and other interim board of directors' reports); for the latter, the chart of accounts is integrated with all the specific information needed for generation of the notes to the documents described above.

Data feeding is performed at the consolidated company level in compliance with the time frames established by the Holding function, which take account of the dates of the meetings of the Board of Directors in which the final data and/or budget will be examined, approved.

Each consolidated company is linked to a business sector. The system performs the consolidations for individual sectors and for the Group.

In accordance with a decision of the company, the Hyperion consolidation system is the sole integration between the information systems of the individual group companies. However, the activity of checking the adequacy of procedures and controls on information systems of the significant group companies, for the purpose of compliance with the requirements of Law L. 262/05, has led to the standardization of several controls/procedures.

Assessment of the adequacy of the Internal Control System in relation to company information disclosure

The delegated administrative body and the responsible manager, who prepared the administrative and accounting procedures for formation of the annual financial statements, the abbreviated semi-annual report, and all other communications of a financial nature, attest that:

- a) said procedures are adequate and have been effectively applied throughout the period;
- b) the above mentioned documents were drafted in compliance with the applicable international accounting principles;
- c) the above-mentioned documents correspond to the data in the company books and accounting entries;
- d) the foregoing documents provide a truthful and fair representation of the equity, economic and financial situation of the issuer and the group of companies included in the scope of consolidation;
- e) the Board of Directors' report supplied with the annual financial statements and the consolidated financial statements contains a reliable analysis of performance and results and the situation of the parent company and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed;
- f) the interim Board of Directors' Report supplied with the abbreviated semi-annual financial statements contains a reliable analysis of the information pursuant to subsection 4 of article 154-(ter).

Interpump Group S.p.A.

SHAREHOLDERS' MEETING REGULATIONS

FIRST SECTION - PRELIMINARY PROVISIONS

Art. 1 These regulations govern the conduct of the ordinary and extraordinary shareholders' meetings of Interpump Group S.p.A., with registered office in Sant'Ilario d'Enza (Reggio Emilia), Via Enrico Fermi 25 (hereinafter "the Company").

All matters not expressly regulated herein will be governed by the rules of the company Bylaws concerning the shareholders' meetings, which shall prevail over the contents of the present regulations in the event of conflict between the relative provisions.

Art. 2 These regulations, which were approved by the Ordinary shareholders' meeting of 15 September 2000 28 April 2011, are at the disposal of shareholders and the parties entitled to participate in the Shareholders' meeting for consultation at the Company's registered office and in the places in which the Shareholders' meetings are held.

SECOND SECTION - CONSTITUTION OF THE SHAREHOLDERS' MEETING

Art. 3 The shareholders' meeting is open to all the entitled parties in accordance with the law and with the Company Bylaws (hereinafter "Entitled Participants"). Entitled Participants can take part in the shareholders' meeting by proxy in compliance with the terms of art. 9 of the Bylaws.

In any event, the person taking part in the meeting on his or her own account or by proxy must provide valid identification by submission of a suitable document, also with regard to the powers assigned in the event of representation of a legal entity.

Art. 4 The proceedings of the meeting can be witnessed also by company employees and other persons (hereinafter "Guests") in the role of observers without any entitlement to vote or address the meeting, provided such persons have been invited to attend by the chairman of the board of directors.

The meeting can also be attended, without entitlement to address the meeting, by non-shareholder officials and any tellers required for the execution of the duties envisaged by the following articles of the present Regulations.

In normal circumstances, the chairman of the board of directors will allow the presence, in the role of Guests, of financial experts and analysts, representatives of the legal independent auditing company to which the responsibility for legal auditing of the annual financial statements and the semi-annual reports has been assigned, and journalists working on behalf of daily newspapers and periodicals and television networks, in compliance with the Consob recommendations in this regard. The relative accreditations must be presented at the registered office of the company before the opening of the proceedings of the meeting.

On the request of one or more Entitled Participants, the chair of the meeting (as identified by the terms of art. 8 - the "Chairman") shall, during the preliminary operations of the meeting, read out the list of names and qualifications of the Guests in attendance.

Art. 5 The Entitled Participants must send to the Company and submit to the officers of the Company presiding over the entrance to the rooms in which the meeting is held (hereinafter the "Officers") the documents specified by the articles of law attesting to the entitlement to participate in the meeting, which will result in consignment of the specific voting form or another form of legitimization for voting, to be retained for the entire duration of the proceedings of the meeting

and which must be presented for any checks and which must be returned to their owner in the event that this latter departs from the meeting before the proceedings have been brought to a close.

In all cases of dispute regarding the entitlement to participate in the meeting, the relative decision shall be taken by the Chair.

Guests must be identified by the Officers at the entrances to the places in which the meeting is being held, where they must collect, if so requested, a specific identification badge.

Art. 6 The Chair shall have the faculty to order the proceedings of the meeting to be video recorded or audio recorded for the sole purpose of facilitating the drafting of the minutes of the meeting.

It is not permitted for either Entitled Participants or Guests to take into the rooms in which the meeting is being held recording devices of any type, cameras or similar devices, without the prior express authorization of the Chair.

Art. 7 All Entitled Participants who, for any whatsoever reason, depart from the place in which the meeting is being held, are required to inform the Officers of their departure. In order to be readmitted to the meeting, such persons must present the counterfoil of the entrance ticket given to them by the Officers when they arrived.

Art. 8 At the time specified in the notice of convocation, except for justified lateness within the limits of one hour, the chairman of the board of directors shall take the chair of the meeting or, in the absence of this person, in accordance with the Bylaws, the most senior deputy chairman in terms of age, if appointed; in the absence of this latter, the meeting shall be chaired by another person elected by the meeting.

The Chair now informs the meeting of the names of the members of the board of directors and of the board of statutory auditors in attendance at the meeting.

Art. 9 The Chair is assisted by the secretary to the meeting (as identified by art. 10 - hereinafter the "Secretary"), by the other directors, by the auditors, by the public notary in the cases specified in art. 10, subsection 1, and by employees of the company admitted to the meeting as Guests.

On the basis of the admission tickets presented at the entrance by the Officers, the Chair, with the aid of the Secretary, informs the meeting of the number of Entitled Participants in attendance and the number of votes to which they are entitled.

With the aid of the Officers, the Chair checks that the proxies and entitlements of the persons present to participate in the proceedings are valid, and informs the meeting of the result of this process. If the Chair finds that one or more proxies are not correctly compiled, he can disqualify the relative holder of the voting right or its representative that has presented irregular proxies from taking part in the voting.

The list of Entitled Participants, with an indication of those effectively present at the time of voting, will form an integral part of the minutes of the

meeting together with all the relevant proxies.

Once the quorum specified in the Bylaws has been reached The Chair declares the meeting to be quorate and declares the proceedings to be open, after having checked, if calls after the first convocation are scheduled, that the quorums established by the Bylaws have been reached; otherwise, no sooner than one hour after the time established for the start of the meeting, he shall declare the meeting to be inquorate and postpone the proceedings for another convocation of the meeting, if scheduled. If the meeting is inquorate, a specific report shall be drawn up and signed by the Chair and, if present, by one of the auditors.

Art. 10 Having ascertained that the meeting is quorate and read out the agenda, the Chair proposes to the meeting the appointment of the Secretary designated for drafting of the minutes, provided that this role is not assigned to a public notary previously appointed by the Chair pursuant to the articles of law or further to a decision taken to this effect at the sole discretion of the Chair. If the role of Secretary is not entrusted to a public notary in observance of the articles of law, the minutes will not be drafted by public deed, except in the case of a contrary decision taken by the Chair and communicated to the meeting.

The Secretary may be assisted by the Officers, by the employees of the company, or by his own assistants, provided they are Guests.

Art. 11 The Chair can arrange for the presence of a security service to be provided by assistants, who will be provided with specific badges for this function.

Art. 12 If the Chair establishes that voting shall be carried out by means of ballot sheets, he shall appoint two tellers with the responsibility of counting the votes, chosen from among the Entitled Participants.

Art. 13 The proceedings of the meeting shall be normally performed in a single session, during the course of which the Chair, if he decides that such a course of action is justified and the meeting does not vote by simple majority to oppose such action, can suspend the proceedings for no longer than two hours (for each period of suspension).

Without prejudice to the terms of art. 2374 of the Italian Civil Code, the meeting, by resolution passed by simple majority vote, can decide to adjourn the proceedings whenever such action is deemed necessary, simultaneously establishing the date and time for the proceedings to be resumed within a time frame that may be longer than three days although anyway commensurate with the motivation for such an adjournment.

THIRD SECTION - DISCUSSION

Art. 14 The Chair, and, on the invitation of this latter, the other directors and the statutory auditors shall illustrate the topics appearing on the agenda within the limits of their individual areas of competence.

The order in which the various topics will be addressed, as specified in the notice of convocation, can be changed by the Chair upon approval by the meeting (on a simple majority vote) in the event that one or more Entitled Participants should oppose such a change of order.

On the prior request of the Entitled Participants involved, in accordance with the terms of art. 2375 of the Italian Civil Code, the individual interventions shall be summarized in the minutes.

Art. 15 The Chair presides over the discussion taking account of any questions posed by the shareholders prior to the meeting, allowing the Entitled

Participants that have so requested in compliance with the following art. 16, paragraph 2, the directors, the statutory auditors, and the Secretary, to address the meeting.

In the exercise of this function, the Chair shall observe the principle whereby all Entitled Participants, directors, auditors, and the Secretary shall be entitled to express their opinions freely on matters of concern to the meeting, in observance of the law, the Bylaws, and the terms of the present regulations.

Art. 16 The Entitled Participants, the directors, and the auditors shall be entitled to take the floor in relation to each of the topics to be discussed, and to formulate proposals in relation to the same.

Entitled Participants who wish to address the meeting must make a request to this effect to the Chair no earlier than after the reading of the topic in the agenda to which the request refers, and anyway before the discussion on the topic in question has been declared closed.

The request must be made by raising the hand, unless the Chair has informed the meeting that requests are to be made in writing or using an alternative method indicated by the Chair. If requests are to be made by raising of hands, the Chair shall invite the person who raised his or her hand first to address the meeting; where it proves impossible to establish clearly which requesting party raised his or her hand first, the Chair shall invite the participants to speak in the order established at his sole discretion. If a request is made in writing or using an alternative methods indicated by the Chair, the Chair shall invite the participant to speak in accordance with the order in which the relative requests have been made.

Art. 17 The Chair, and/or, on the invitation of this latter, the directors and the statutory auditors, in compliance with their specific areas of competence or as far as considered useful by the Chair in relation to the topic to be discussed, shall respond to the Entitled Participants after each person has spoken, or after all the persons wishing to respond on all matters on the agenda have spoken, in accordance with the preference expressed by the Chair.

Art. 18 The Entitled Participants are allowed to speak just once in relation to each topic on the agenda, except in the event of replication and a declaration of vote, each intervention shall last no longer than five minutes.

Art. 19 Taking account of the subject and the importance of the individual topics on the agenda, the Chair shall indicate, in a measure that shall usually be no less than 5 minutes and no greater than 10 minutes, the time available for each Entitled Participant to speak on each issue. After the established time has elapsed, the Chair can invite the Entitled Participant to draw his or her arguments to a close in the following five minutes. Subsequently, if the intervention has not yet terminated, the Chair will apply the terms of the second paragraph, letter a) of art. 20.

Art. 20 The Chair is responsible for maintaining order within the meeting, ensuring the correct execution of the proceedings, and preventing abuses of the entitlement to address the meeting.

Pursuant these above effects the Chair can interrupt the speaker:

- a) when the Entitled Participant speaks without due entitlement or continues to speak when the allocated time for the intervention has elapsed;
- b) after a warning, in the event of clear and evident lack of pertinence of the subject of the address to the topic under discussion;
- c) in the event that the Entitled Participant uses words, phrases or comments

that are offensive or slanderous;

d) in the event of incitement to violence or disorder.

Art. 21 If one or more of the persons taking part in the meeting prevents the correct execution of the proceedings, the Chairman shall invite them to observe the terms of these regulations.

If such a warning is not heeded, the Chair shall order such persons to be removed from the place in which the meeting is being held for the entire duration of the discussion.

In such a case, the removed person, assuming such a person is among the Entitled Participants, can appeal to the meeting, which will reach a decision on the matter by simple majority.

Art. 22 When all the interventions, responses, and replies are terminated, the Chair shall conclude by declaring the discussion to be closed.

After a discussion has been closed, no Entitled Participant shall be allowed to address the meeting in relation to the matter discussed.

FOURTH SECTION - VOTING

Art. 23 Before starting voting procedures the Chair shall readmit to the meeting all those parties that have been removed pursuant to the terms of art. 21 and shall check the number of Entitled Participants present and the number of votes to which they are entitled. The provisions as at articles 20 and 21 of these regulations can be adopted, should the need arise, also during the voting procedure.

Art. 24 The Chair can decide that voting shall be carried out after the closure of the discussion of each topic on the agenda, or at the end of the discussion of all the topics in the agenda.

Art. 25 Voting of the meeting will be carried out by open ballot. It is the responsibility of the Chair to establish which of the following methods of voting shall be adopted: (i) a show of hands, on request by the Chair or by the Secretary for the expression of all those in favour, all those against, and all those abstaining from voting, following identification of each Entitled Participant voting; (ii) by a roll call, by a call and expression of vote by each Entitled Participant; (iii) by means of ballot sheets, in which case the Chair shall determine the maximum time within which the Entitled Participants shall express their vote by submitting the duly compiled ballot sheet to the tellers, who will place them in a box placed in the rooms in which the meeting is being held; (iv) with electronic voting systems, in which case the Chair establishes the start and end of the period within which the Entitled Participants can cast their vote.

Entitled Participants who, even though they are present at the meeting and even though having been invited to vote by the Chair, have not raised their hand or answered the roll call and declared their vote, or who have failed to submit their ballot sheet to the tellers, or who have not expressed their preference in accordance with the methods indicated by the Chair, shall be considered to have abstained.

Art. 26 If the Chair establishes that voting be performed using ballot sheets, the ballot sheets are instruments for the purposes of voting and as such they shall be provided by the Company in accordance with a standard form. The ballot sheets are compiled by the Officers with an indication of the name of the owner of the shares associated with the exercisable voting rights and the corresponding number of votes. The ballot sheets must bear a different number

for each of the topics on which the meeting is required to deliberate; alternatively, the sheets can have a different colour for each of the topics on which the meeting is required to deliberate, without prejudice to the fact that they must contain an indication of the number of votes compiled by the Officers. Any votes cast on spoiled or irregular ballot sheets shall be declared void. The ballot sheets are handed out by the Officers at the entrance to the rooms in which the meeting is held.

Art. 27 Candidatures to the corporate offices of the company must be submitted within the terms and in accordance with the methods set down in statutory legislation and the Bylaws. Before opening the voting for appointments of corporate offices, the Chair: (i) reads out the lists submitted for the appointment of the board of auditors and the names of the entitled parties who presented the candidates; (ii) reads out the lists submitted for appointment of the board of directors and the names of the entitled parties who submitted them; (iii) reads out the curricula of the candidates, which must contain comprehensive information concerning the personal and professional qualifications of each candidate; (iv) communicates which lists and/or which candidatures are to be construed as not submitted and the relative reasons for such exclusion.

Art. 28 If voting is carried out by means of ballot sheets, once the time established by the Chair for their submission has elapsed the tellers shall count the votes and communicate the result to the Chair.

The same procedure is adopted when the vote is cast with the other methods provided for in the above art. 25.

When the votes have been counted, the Chair shall inform the meeting of the result, and shall declare as approved the proposal that has obtained a favourable vote with the quorums established by the law or by the Bylaws.

In the case of appointment of the board of directors or the board of statutory auditors, the Chair shall declare as elected those candidates that win the ballot in accordance with the methods defined respectively in art. 14 and 19 of the Bylaws.

Art. 29 Once the agenda has been completed, the Chair shall declare the meeting to be closed.

FIFTH SECTION - FINAL PROVISIONS

Art. 30 These regulations can be amended by the ordinary shareholders' meeting with the majorities established by statutory provisions.

The ordinary shareholders' meeting can delegate to the board of directors any amendments or additions to these regulations or to any individual clause in the regulations.