

SUSTAINABILITY REPORT 2016



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*“We have a clear picture of how we want **IGD** to be: increasingly **greener**, **open** to dialogue with its interlocutors, **at the forefront** with regard to innovation in its core business, with its Shopping Centres as **local landmarks** both for shopping and leisure time.”*

Gilberto Coffari

IGD Chairman

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LETTER TO STAKEHOLDERS (G4-1)

Dear Stakeholders,

We are pleased to present IGD Group's seventh Sustainability Report, approved for the first time by the Board of Directors together with its Financial Statements. This step bears witness to the Board's deep commitment to the ever greater integration between economic-financial and social-environmental rationale. At the same time, it means that all its Stakeholders can, in one go, have access to documentation reporting from all angles on IGD's performance for the year just ended, an approach that represents the first step towards a possible future integration of the two documents.

The year in question, 2016, was the best financial year in IGD's history with regard to economic-financial results. Indeed, the year closed with a Group net profit which exceeded 68 million euros, an increase of almost 50% compared to 2015, but most of all with a recurring net income (FFO) which, with an increase close to 19%, reached 53.9 million euros, bearing witness to IGD's ability to generate cash flow over time. Furthermore, for the first time, the market value of our real estate portfolio reached almost 2.2 billion euros, due first and foremost to the acquisitions and new openings carried out.

These results are perfectly in line with the 2018 forecasts in the Business Plan, which was updated in 2016. IGD, therefore, continues to be the leading Italian company in the ownership and management of Shopping Centres and to follow a path of sustainable growth. We said we wanted to do this by making the most of our leverage in commercial, financial and asset management activities. Sustainability, integrated in business, is for us an across-the-board issue running through these areas. Two years ago we defined what the material issues were, we included them in business planning and we report on them every year.

There are four issues upon which our commitment continues to be based: innovation, social relations, environment and legality.

Innovation, for us, means to offer our Shopping Centre visitors the best environment possible so that their shopping experience is in line with their needs and expectations. With this in mind, we continuously work on three areas: the adaptation of our structures, a tenant and merchandising mix that is continuously evolving and strong focus on innovative solutions offered in the Malls and on a multichannel approach. With regard to the structures, during the year we worked hard to open Maremà Shopping Centre in Grosseto, an asset of the latest generation, innovative from an architectural point of view and at the forefront with regard to the decisions made so as to

reduce its environmental impact. We also began work on the interior remodelling of Città delle Stelle Shopping Centre in Ascoli, the aim being to increase its attractiveness by introducing, first of all, an international tenant. Work will continue in this Centre in 2017 with the creation of a new internal square – connected to the existing Mall – resulting from a reduction in the hypermarket surface. We have seen that the visitors appreciate innovation. The best results in terms of tenant sales and footfalls in 2016 were recorded in the new openings or in the Shopping Centres which in the previous few years had undergone important restyling or refurbishment work. For us, this is important confirmation that we are on the right track regarding our latest Business Plan.

The adaptation of the merchandising and tenant mix, instead, continued with the structured research and selection of new brands to be introduced into the Shopping Malls. This work was carried out both on a national level (by participating in the first Mapic Italy) and on an international level (with the events promoted by the Consiglio Nazionale dei Centri Commerciali – National Association of Shopping Centres – in London and in Cannes). The strategic objective remains that of increasing the retail offer in those categories least affected by the development of online sales (especially restaurants/bars and services). We are satisfied with the results obtained: 26 new brands opened in our structures and Maremà Shopping Centre was inaugurated with an occupancy rate close to 100%.

With regard to the solutions offered, we are moving more and more towards an “O2O” (Online to Offline) approach. To this effect, in 2016 we started work on two projects: “Click & Collect” and a new strategy for managing social networks. “Click & Collect”, the first of its kind in an Italian Shopping Centre, is a pilot project in ESP Shopping Centre in Ravenna: by following a multichannel approach we have given the visitors the possibility to reserve online, on the Shopping Centre’s website, the exclusive products or services (or those on very special offer) made available by the Mall’s tenants, and which will then be collected directly in the shops of the Mall itself. The second project is the organisation of a common Facebook strategy to be shared by all the IGD Centres, in order to increase the possibility of visitor engagement. At the end of the first year, the figures tell us that we are able to communicate with a larger range of customers interested in taking part in the Shopping Centre’s activities.

Furthermore, in order to make the time spent in the Mall as enjoyable, safe and relaxing as possible, we are introducing new services for visitors, like smartphone and tablet chargers and a trolley parking service with the supervision of trolleys after shopping has been done, in addition to free Wi-Fi which has been available for several years now.

Indeed, it was precisely on the issue of the evolution of Shopping Centres and innovation that we organised an internal seminar which involved the Board of Directors and the top management of IGD’s majority shareholders.

The social role of the Shopping Centre was reaffirmed also on this occasion and once again confirmed by the customer and event satisfaction surveys carried out in our structures: the 74 million visitors which entered our Shopping Centres in 2016 asked for both shopping opportunities and social gathering possibilities. Our payoff, “Spaces to be lived in”, therefore, is just as pertinent as ever, and encompasses an event with a strong impact like “Happy Hand in Tour”, an event based

on inclusion where able-bodied individuals and those with disabilities confront one another in sports challenges or they share an artistic experience together. This event was held in all the IGD Shopping Centres and it involved 200 associations, with a final SROI which we calculated as being positive: Every €1 invested in the project produced a result in terms of social wellbeing equal to €1.61.

Social relations for us, is also focus being placed on our employees' wellbeing: for this reason, in 2016, we approved IGD's first corporate Welfare Plan, which will systematise the features already in existence in the company and integrate them with the new opportunities offered by the last two years' altered legislative framework. The aim is to also have a positive impact on the internal atmosphere and on the ability of the employees to work in the best way possible.

We are also well aware that our structures produce numerous environmental impacts. For this reason, over the last 5 years, we have implemented an energy consumption reduction process which is achieving good results. Since 2011 till now we have reduced overall electricity consumption by 13%, resulting in almost 3,200 tonnes of CO2 (equivalent to the electricity consumption of 2,200 families in one year) not being emitted into the atmosphere. This is thanks both to investments already described in our Business Plan (10 million euros by the end of 2018) and to improvements in facility management. With regard to this, the advantages that we are obtaining from UNI EN ISO14001 environmental certification are significant: in accordance with the roll out plan that we set ourselves in 2013, 90% of our Shopping Centres in our Italian portfolio will have been certified by the end of 2018.

Furthermore, 2016 was an important year because we obtained BREEAM certification for Sarca Shopping Centre, following the restyling work carried out. This certification represents one of the most important and recognised international standards for the environmental sustainability of buildings and it is characterised by the particular focus that is placed on the overall improvement in wellbeing of those that spend time there. This Centre, which is also ISO14001 certified, is the first in Italy to have obtained both certifications. Thanks also to this commitment to reduce its environmental impact, Sarca Shopping Centre has been selected by a panel of judges, made up of qualified operators in the sector from all over the world, as one of the finalists for the "MAPIC Awards" in the "Best Redeveloped Shopping Centre" category, alongside three other Centres situated in Austria, Estonia and China.

As far as renewable energy is concerned, we are working on two fronts: the photovoltaic system and energy supply sources. With regard to the former, in 2016 we signed an agreement with a leading operator in this sector to supply energy to our Shopping Centres by means of photovoltaic systems. These systems will be installed in 2017 in 3 Shopping Centres (in addition to those already up and running in the last two Centres inaugurated, Clodi in Chioggia and Maremà in Grosseto). With regard to the latter, we resolved that, starting from 2017, electricity supply to all the Shopping Centres will come from renewable energy sources, ahead of the targets set by the National Energy Strategy, by the European Union with its "Climate-Energy Package" and by the UN's 2030 Agenda for Sustainable Development, bringing us in line with the best practices of important international groups.

We also achieved an important result regarding legality in 2016, by obtaining the Legality Rating from the Antitrust Authority with three stars, the maximum score possible. This recognition rewards IGD's commitment to abide by the highest ethical/social and governance standards, not only by complying with the laws and regulations in its everyday operations, but also by promoting compliance with the law among its stakeholders.

To conclude, we are delighted to notice an increasing interest, both on a national and international level, towards our sustainability practices. We are pleased, first of all, because it is interesting for us to have an active role in discussions on ESG issues, both on a European level (for example by actively participating in the ICSC's "European Sustainability Group" as the sole Italian company) and on a national one (by participating as speakers in conferences or workshops). Furthermore, it is a great satisfaction for us to see our commitment being acknowledged: in 2016 we were awarded for the second year running the "EPRA sBPR Gold Award" for our Sustainability Report (and the "EPRA BPR Silver Award" for our Consolidated Financial Statements) and we were finalists for the Oscar di Bilancio in the Small and Medium sized Enterprises category; in addition, financial analysts are increasingly taking into consideration ESG issues as elements of evaluation of the Group and investors contact us following any improvements we obtain in the CDP and GRESB questionnaires.

We are, therefore, aware that there is still a lot of work left to be done, but we are equally convinced that the process we started 7 years ago, was and is the right choice for IGD's medium-long term sustainability.

Claudio Albertini
Chief Executive Officer



Gilberto Coffari
Chairman



*Sesto San Giovanni (Milan)
Sarca Shopping Centre*



METHODOLOGICAL PREFACE

(G4-17; G4-18; G4-22; G4-23; G4-28; G4-29; G4-30)

GENERAL INFORMATION

IGD's seventh Sustainability Report refers to 2016 and reports on the Group's environmental, social and governance (ESG) performance both in Italy and in Romania.

Compared to the corporate structure as at 31/12/2016, this Report does not report on the following companies:

- Porta Medicea srl;
- Iniziative Bologna Nord srl;
- Arco Campus srl;
- RGD Ferrara 2013.

The layout of this Report is the same layout by issue, involving various stakeholders, first adopted in 2014. The subject matters of each section contain the 15 material issues that emerged from the analysis on material aspects which IGD carried out for the first time in 2014 and which it reviewed in 2015 and in 2016. These material issues have been grouped together in 5 macro-issues which represent the 5 sections in this document (For further details on the analysis on material aspects, please refer to the section on "Social Responsibility and Materiality").

The identification of the content of this Report was a result of:

- the recommendations of the company's top management;

IGD Headquarters



- a benchmark with competitors on an international level;
- the development of the indicators required by GRI-G4 and European Public Real estate Association (EPRA) international standards;
- the analysis on material aspects.

SUSTAINABILITY REPORT STRUCTURE

The Report is divided into two parts:

1. Introduction part, with strategic references (including reporting on sustainability targets contained within the 2015-2018 Business Plan, which was updated in 2016) and methodological ones;
2. Part regarding Performance.

The latter is made up of 5 sections relating to IGD's material macro-issues, each of which includes the following information:

1. Material issues of the section
2. Highlights of the section
3. Stakeholders involved
4. Performance in 2016 compared to the previous two-year period

The GRI-G4 and EPRA summary tables can be found in the appendix of this Report

SUSTAINABILITY REPORT BOUNDARY

The data reported in this document refers to the following Italian and Romanian Shopping Centres:

Country	Name of Shopping Centre	Place
Italy	<i>CentroSarca</i>	Sesto San Giovanni (MI)
	<i>Gran Rondò</i>	Crema (CR)
	<i>I Bricchi</i>	Isola d'Asti (AT)
	<i>Mondovicino</i>	Mondovì (CN)
	<i>Millennium</i>	Rovereto (TN)
	<i>Clodi</i>	Chioggia (VE)
	<i>Centro Piave</i>	San Donà di Piave (VE)
	<i>Conè</i>	Conegliano (TV)
	<i>Centro Borgo</i>	Bologna
	<i>Centro Nova</i>	Villanova di Castenaso (BO)
	<i>Le Maioliche</i>	Faenza (RA)
	<i>ESP</i>	Ravenna
	<i>Puntadiferro</i>	Forlì (FC)

Country	Name of Shopping Centre	Place	
Italy	<i>Lungo Savio</i>	Cesena (FC)	
	<i>Porta a mare</i>	Livorno	
	<i>Fonti del Corallo</i>	Livorno	
	<i>Maremà</i>	Grosseto	
	<i>Tiburtino</i>	Guidonia (Rome)	
	<i>Casilino</i>	Rome	
	<i>PortoGrande</i>	Porto d'Ascoli (AP)	
	<i>Città delle Stelle</i>	Ascoli Piceno	
	<i>Centro d'Abruzzo</i>	San Giovanni Teatino (CH)	
	<i>Le Porte di Napoli</i>	Afragola (NA)	
	<i>Katanè</i>	Gravina di Catania (CT)	
	<i>La Torre</i>	Palermo	
	Romania	<i>Winmarkt GALATI</i>	Galati
		<i>Winmarkt PLOJESTI Big shopping Center</i>	Plojesti
<i>Winmarkt PLOJESTI Grand Center Shopping</i>		Plojesti	
<i>Winmarkt CLUJ</i>		Cluj	
<i>Winmarkt BRAILA</i>		Braila	
<i>Winmarkt RAMNICU VALCEA</i>		Ramnicu Valcea	
<i>Winmarkt TULCEA</i>		Tulcea	
<i>Winmarkt BUZAU</i>		Buzau	
<i>Winmarkt PIATRA NEAMT</i>		Piatra Neamt	
<i>Winmarkt ALEXANDRIA</i>		Alexandria	
<i>Winmarkt SLATINA</i>		Slatina	
<i>Winmarkt TURDA</i>		Turda	
<i>Winmarkt BISTRITA</i>		Bistrita	
<i>Winmarkt VASLUI</i>	Vaslui		

In compliance with EPRA international standards on reporting of environmental data, the reporting boundary regarding the latter is different to that described above. For detailed specifications, please refer to “Methodological preface for environmental data” at the beginning of section 2 “Quality and efficiency of the Shopping Centres”.

The information which is present in this Report but which refers to previous Reports has not undergone any changes due to:

- mergers or acquisitions;
- exchange rate of the year or base period;
- nature of the business;
- calculation methods.

In several cases it has been necessary to slightly alter the 2014 and 2015 values; the reasons behind these changes have been duly described.

REFERENCE AND GUIDELINES

This Report has been drawn up with the following used as reference:

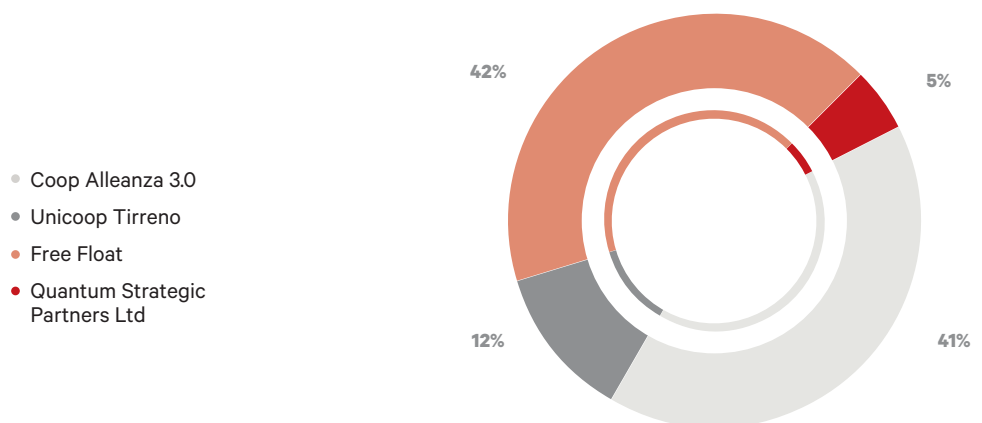
- the reporting guidelines of the Global Reporting Initiative (GRI-G4), analysing in particular those referring to the real estate sector (“Sustainability Reporting Guidelines - Construction and Real Estate Supplement”). Reference to the GRI indicators are reported in each section;
- EPRA guidelines for environmental indicators (“Best Practices Recommendations on Sustainability Reporting”).

INTRODUCTION: ABOUT IGD AND BRIEF OUTLINE ON ECONOMIC PERFORMANCE

IGD'S ORGANISATIONAL PROFILE (G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-13, G4-15, G4-16)

IGD SIIQ S.p.a was founded in 2000 subsequent to the transfer of large parts of Coop Adriatica's real estate portfolio and afterwards Unicoop Tirreno's, and it has been listed on the STAR segment of the Italian Stock Exchange since 2005. In 2008 it was the first company in Italy to become a SIIQ (Società di Investimento Immobiliare Quotata) (REIT). Its business is focused on large-scale retailing where it operates as one of the main national players in the development, purchase, management and rental of retail properties, as well as in marketing and facility management services, also for properties belonging to third parties.

As at 31/12/2016 IGD's shareholders remained substantially stable compared to the previous year and were made up as follows:



IGD has also been present in Romania since 2008, through its subsidiary company Winmarkt SA, owner of the Winmarkt Shopping Centre chain.

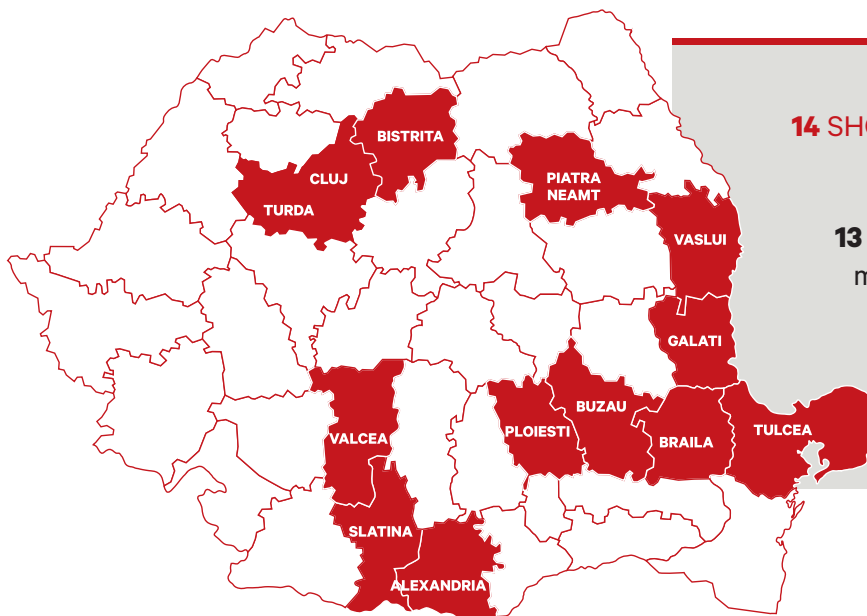
IGD's headquarters is in Bologna, Italy.

IGD'S PORTFOLIO – ITALY AND ROMANIA



**56 REAL ESTATE UNITS IN
11 ITALIAN REGIONS:**

- 21** shopping malls and retail parks
- 25** shopping malls and retail parks
- 1** city center
- 2** plots of lands for development
- 1** property for trading
- 6** other



14 SHOPPING CENTERS

- +**
- 1** office building in
- 13** different romanian medium sized cities

IGD's business consists mainly in:

1. The purchase and rental of properties, both those up and running and those newly created;
2. The optimisation of the yield of its real estate portfolio by means of:
 - Business policies and marketing initiatives that reinforce the attractiveness of the Shopping Centres;
 - Property optimisation policies, by means of improvement measures (extensions or re-styling) and maintenance activities (ordinary and supplementary)
3. The disposal of freehold real estate that is no longer strategic or that has reached an advanced stage in its life cycle.

TABLE 1
**SCALE OF THE
ORGANISATION
AS AT 31/12/2016
(G4-9)**

Indicator	2016
<i>Number of Employees</i>	123 Italy 47 Romania
<i>Number of activities/ Quantity of products or services</i>	56 property units in Italy and 14 in Romania
<i>Operating revenues</i>	138,824,000 €
<i>Market capitalisation</i>	588,645,037 €

From an operational and financial point of view, the most important events in 2016 were the following:

- Assignment of a Baa3 rating by Moody's Investor Service with a stable outlook obtained in May, this outlook was again confirmed in December;
- Issue of a 300 million euro bond in the month of May with a maturity of 5 years and an annual coupon equal to 2.5%. The placement of the bond with European institutional investors was concluded in just one night with a demand more than two times higher than the offer;
- Inauguration, in the month of October, of Maremà Shopping Centre in Grosseto with a Mall layout consisting of 44 shops and 7 medium sized areas for a total GLA of over 17,000m²;
- Completion of the remodelling work in Città delle Stelle Shopping Centre in Ascoli, which led to the creation of a new medium sized area;
- Completion of a second bond issue in the month of December for 100 million euros with a maturity of 7 years and an annual coupon equal to 2.25%, the settlement of which took place in January 2017 by means of private placement on the USA market.

Please refer to the Group's Financial Statements for further details:

<http://eng.gruppoigd.it/Investor-Relations/Reports-Publications>

IGD'S MEMBERSHIPS (G4-16)

The list of organisations which IGD is a member of in various capacities can be seen in the table below.

TABLE 2
**LIST OF
ASSOCIATIONS
AND NATIONAL/
INTERNATIONAL
ADVOCACY
ORGANISATIONS
IN WHICH THE
ORGANISATION
PARTICIPATES
IN PROJECTS
AND COMMITTEES
OR PROVIDES
FUNDING**

Organisation	membership with payment of membership fee	articipation in projects and committees	participation in governance bodies
<i>European Public Real Estate Association (EPRA)</i>	x		
<i>ICSC (International Council of Shopping Centers)</i>	x	x	
<i>Assoimmobiliare</i>	x		x
<i>Assonime</i>	x		x
<i>National Association of Shopping Centres</i>	x	x	x
<i>Nomisma</i>	x		
<i>Impronta Etica</i>	x	x	
<i>Unindustria Bologna</i>	x		
<i>Legacoop Romagna</i>	x		x
<i>Confindustria Romania</i>	x		
<i>Italian Chamber of Commerce for Romania</i>	x		x

SUPPLY CHAIN (G4-12)

LIGD's supply chain involves service suppliers (e.g., cleaning, marketing, communication, security...) and construction and maintenance suppliers. In operational terms, IGD's suppliers are engaged both under local contracts (entered into with the Consortiums of the individual Shopping Centres) and under contracts negotiated in a centralised manner by the headquarters. In numerical terms, approximately half the supply chain is made up of local suppliers and the other half is made up of national and international companies. For further details on IGD's supply chain please refer to Section 4.2 of this Report.

PRECAUTIONARY APPROACH (G4-14)

IGD's precautionary approach can be attested by the implementation of the Enterprise Risk Management model (ERM – see Section 1 of this Report) and by the activation of the Environmental Management System (EMS – see Section 2).

SOCIAL RESPONSIBILITY AND MATERIALITY

INTERNAL ORGANISATION OF SOCIAL RESPONSIBILITY (G4-48)

Three bodies are involved in Social Responsibility in IGD: the Sustainability Committee, the Operating Management and the Board of Directors.

Body	Members	Role in CSR
Sustainability Committee	Chief Operating Officer, Head of Planning, Control and Investor Relations, Head of Investment Analysis and Planning, Technical Area Asset Manager, Marketing and Social Responsibility Analyst	Formulates proposals regarding strategies and targets and the operational application of these. It is also responsible for managing reporting activities on CSR performance.
Operating Management	Chairman, Chief Executive Officer, Chief Operating Officer, Heads of the various Divisions/Services	Approves the strategies and recommends the guidelines
Board of Directors	http://eng.gruppoigd.it/Governance/Board-of-Directors	Approves the Sustainability Report (from 2015)

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In-depth examination of the Sustainability Committee

In 2016, the Technical Area Asset Manager also became the Head of the Environmental Management System and was therefore included as a member of the Sustainability Committee.

During the year, the Committee met 4 times to:

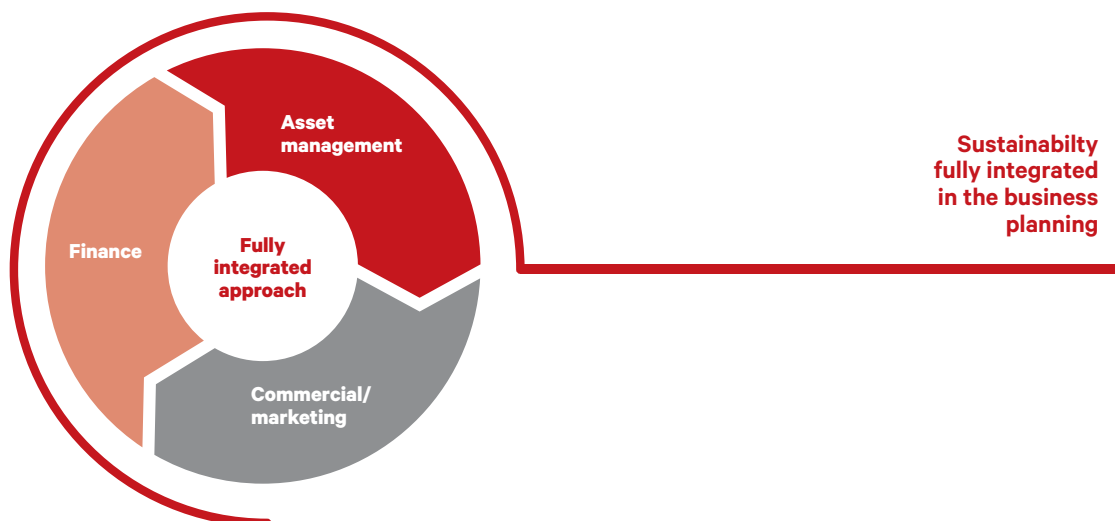
- agree on the steps regarding the drawing up and circulation of the Sustainability Report;
- launch and assess new projects included in the Sustainability Plan (e.g. Welfare system, charging points for electric vehicles to be introduced into the Shopping Centre car parks);
- check the level of achievement with regard to the Sustainability Plan targets, with the identification of actions to be carried out in the presence of critical issues;
- present the contents and the main new features that emerged from IGD's participation in national and international organisations on Social Responsibility issues.

The Environmental Management Strategy Committee, which reports to the Sustainability Committee, monitors and reviews the developments in environmental performance and implements the Environmental Management Strategy (EMS) in IGD freehold assets, identifying constant and periodic improvements.

SOCIAL RESPONSIBILITY STRATEGY

IGD already started to include sustainability issues in corporate planning in the 2014-2016 Business Plan. This approach was then consolidated in the following Plan (2015-2018), where social responsibility represented one of the 4 cornerstones that are strategic for the company's business.

When the Business Plan was updated in 2016 with reference to the 2016-2018 period, IGD set itself the objective of "Confirming the company as an Italian leader in shopping centre ownership and management and continuing its process of sustainable growth". With this Plan, Social Responsibility has substantially become integrated into business planning by means of an all-round approach.



The new plan has confirmed, with regard to sustainability, the 2015-2018 strategic targets, the contents of which are described in the following pages. The strategic vision, on which the Plan is based, is described in the “Letter to Stakeholders” found at the beginning of this Report.

The overall investment data related to sustainability which IGD intends to sustain during the time-span of the Plan has also been confirmed. The amount in question is approximately 10 million euros (taking into consideration only the specific investments for energy redevelopment projects).

MATERIALITY (G4-19; G4-20; G4-21; G4-48)

The issues with a substantial impact on corporate performance (material) were identified by the Sustainability Committee and agreed with the top management at the end of 2014. In 2015 and in 2016 the results that emerged from that analysis on material aspects were confirmed following an assessment process carried out by the Sustainability Committee.

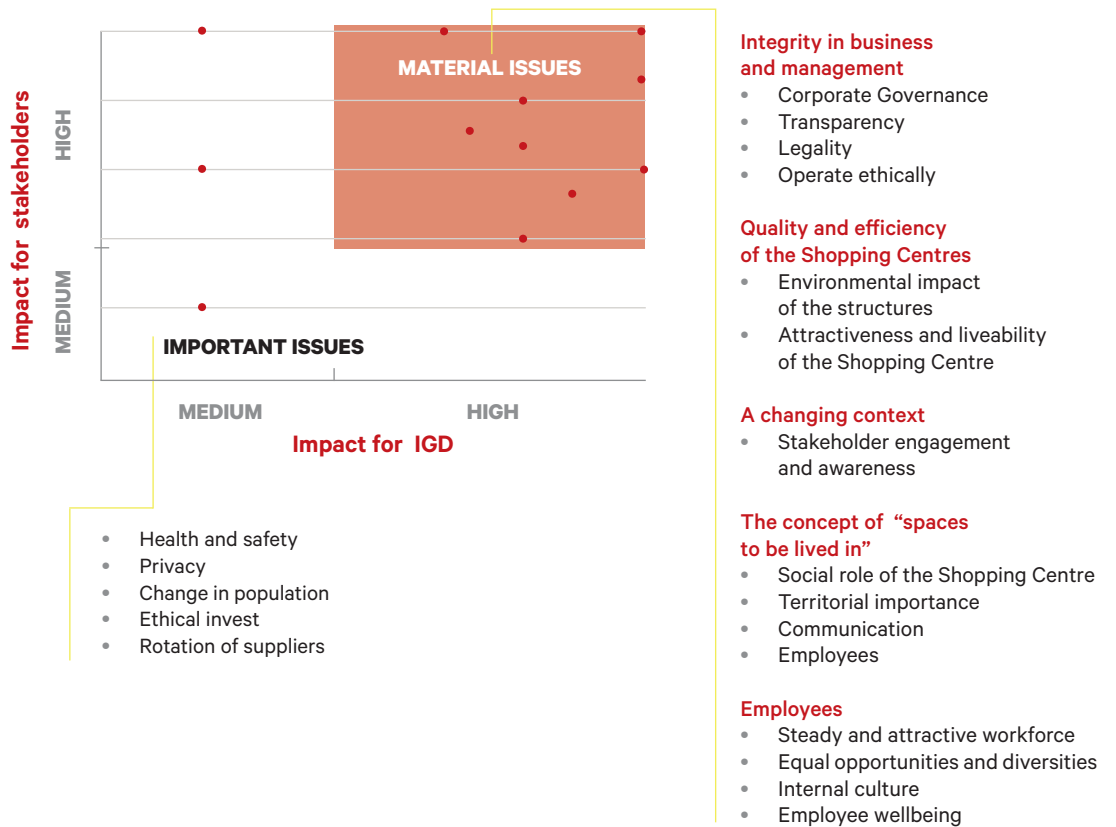
The matrix below shows the 15 material issues (grouped together in 5 macro-issues) and the 5 important issues. The horizontal axis shows the importance for IGD and the vertical one the importance for its stakeholders.

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The issues identified in this way represent both the reporting aspects of sustainability reporting and the pillars upon which planning is based.

CORRESPONDENCE BETWEEN MATERIAL ASPECTS AND GRI-G4 ASPECTS

Macro issue	Material issue	G4 Category	G4 material aspect	Indicator	Material within the organisation	Material outside the organisation
Integrity in business and management	Corporate governance	Governance	Governance	G4-34; G4-38; G4-LA12; G4-42; G4-43; G4-44; G4-45; G4-46; G4-47; G4-48; G4-51; G4-52; G4-53	x	Shareholders and financial community
	Transparent information		*		x	Shareholders and financial community
	Legality		*		x	Suppliers – Tenants
	Operate ethically	Ethics and integrity	Ethics and integrity	G4-56	x	
Quality and efficiency of the Shopping Centres	Attractiveness and liveability of the SCs				x	Visitors – Tenants
	Environmental impact of the structures (direct and indirect) along the entire production chain (from construction to operational management)	Environmental	Energy; Water; Emissions; Effluents and Waste	Energy: G4-EN3; G4-EN5 CRE1; Acqua: G4-EN8; CRE2; Emissioni: G4-EN15; G4-EN16; G4-EN18 CRE3; Rifiuti: G4-EN23; Certificazioni: CRE8	x	Visitors – Local community – Tenants – Environment
Interpretation of a changing context	Stakeholder engagement and awareness	Stakeholder engagement	Stakeholder engagement	G4-24 G4-25 G4-26 G4-27	x	
Concept of spaces to be lived in	Social role of the Shopping Centres		*		x	Visitors – Local community – Tenants
	Territorial importance	Social	Local Communities	G4-S01	x	Visitors – Local community – Tenants – Suppliers
	Communication		*		x	
	Innovation		*		x	Visitors

Macro issue	Material issue	G4 Category	G4 material aspect	Indicator	Material within the organisation	Material outside the organisation
Employees	Employee wellbeing	Social	Labor Practices and decent work-Employment	LA-2 e LA-3	x	
	Internal culture (sense of belonging, assessment, growth, communication)	Social	Labor Practices and decent work-Training and education	LA-9	x	
	Steady and attractive workforce	Social	Labor Practices and decent work-Employment	LA-1	x	
	Equal opportunities and diversities	Social	Labor Practices and decent work-Diversity and equal opportunities	LA-12	x	

NB: the issues marked with an asterisk () are not directly connected to aspects identified by the GRI-G4. This Report specifies, in the disclosure on management approach shown below, how they are dealt with by IGD and reported with specific indicators.*

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DISCLOSURE ON MANAGEMENT APPROACH – DMA

Issue	Why the issue is material	Management tools implemented
Corporate governance	In line with the content of the Code of Conduct, IGD has an effective governance system. This is a very important issue for its investors and financial community.	<ul style="list-style-type: none"> - Yearly “Board review” system. - Report on Corporate Governance in the Financial Statements available on the website. - Integration process of sustainability into risk management.
Transparent information	Transparency and accessibility to information are distinctive features which represent the relationship between IGD and its institutional stakeholders, especially the shareholders and financial community. This characteristic is recognised by the stakeholders themselves during their communications activities with IGD	<ul style="list-style-type: none"> - Continuous information on IGD’s daily business by utilising all necessary tools, by means of both traditional channels (one to one or group meetings, press releases) and digital media (website, mailing list; stock exchange IT circuits).
Legality	IGD, in addition to its permanent undertaking to abide by the laws when carrying out its daily work, also promotes compliance with the law within its stakeholders.	<ul style="list-style-type: none"> - Obtaining of Legality Rating. - Continuous monitoring of the more important risks of illegality that the company is exposed to. - Updating of internal rules and regulations.
Operate ethically	The aim set by IGD for its conduct is both to personally act in an ethical manner, in accordance with its inspirational principles, and to positively influence the context in which it operates.	<ul style="list-style-type: none"> - Code of Ethics. - IGD’s mission and values.
Environmental impact of the structures	<p>Quality and efficiency of the Shopping Centres can be guaranteed by carrying out work and measures capable of making the structures attractive both in the short term and the long term. Environmental sustainability is an element that has an impact on attractiveness as it has an influence on important factors both for visitors and tenants (more and more attentive to environmental issues and related management costs).</p> <p>Furthermore, an environmentally unsustainable Shopping Centre is also expensive to run (more maintenance, more frequent change of systems etc.).</p> <p>It also represents a general commitment of the group which is aware of the impacts that a Centre can have on the local area.</p>	<ul style="list-style-type: none"> - Continuous monitoring of energy consumption. - Management measures. - Structural work. - BREEAM certification in a Shopping Centre. - Continuation of the project that will lead to UNIENISO14001 certification of 90% of the structures.

Issue	Why the issue is material	Management tools implemented
Attractiveness and liveability of the Shopping Centres	Attracting visitors to its Shopping Centres is IGD's core business. Attractiveness also depends on the ability to ensure that those who visit the Malls have a pleasant time (including people with particular needs).	<ul style="list-style-type: none"> - Expansion and renovation of the Shopping Centres. - Continuous search for new brands. - Broadening of merchandising categories least affected by any development in e-commerce. - Carrying out of work to improve the liveability of the Centres for individuals with disabilities.
Stakeholder engagement and awareness	<p>Stakeholder engagement makes it possible for IGD to establish a dialogue with its interlocutors aimed at understanding ongoing changes.</p> <p>Raising awareness in them forms part of IGD's resolution to share with others its commitment to social responsibility.</p>	<ul style="list-style-type: none"> - Development of an engagement plan both with regard to business issues and to those more focused on social responsibility. - Engagement activities aimed at all stakeholders.
Social role of the Shopping Centre	IGD Centres, as out and out "Spaces to be lived in", are confirmed as being a hub and a stage where a wide range of various events follow one another, week after week. IGD intends to guarantee a programme that combines commercial, solidarity, recreational-sports and local events.	<ul style="list-style-type: none"> - New layout for the Marketing Plans with focus on the monitoring and control phase and customary attention paid to both commercial and social issues. - Cooperation with NGOs and NPOs to guarantee the social nature of the events in the IGD structures. - Organisation of an across-the-board event aimed at inclusion involving all the Shopping Centres. - Assessment of the social impact of an event (SROI method).
Territorial importance	<p>The Shopping Centre represents an important "space to be lived in" for the local area it is situated in, due to the following impacts:</p> <ul style="list-style-type: none"> • employment (capable of offering job opportunities to employees and suppliers) • commercial (capable of bringing together the retail offer of the tenants and the needs of the local inhabitants) • social/meeting place (capable of increasing recreational opportunities for local inhabitants) 	<ul style="list-style-type: none"> - Focus on the territory when selecting tenants that are locally appealing. - Inclination towards local suppliers, especially for those jobs where knowledge of the local area represents an added value. - Cooperation with local associations to organise events capable of arousing the highest level of local enthusiasm.
	These impacts have a significant effect on the economic sustainability of the Shopping Centre.	

Issue	Why the issue is material	Management tools implemented
Communication	Communicating, for IGD, means interacting with the outside world in such a way as to integrate both “institutional” issues and commercial ones.	<ul style="list-style-type: none"> - Development of interaction with its stakeholders by using social networks. - Adapting communication through its website focusing on continuous improvement regarding transparency, thoroughness and accessibility.
Innovation	Innovation, for IGD, means providing the visitors to its Shopping Centres with the best environment possible so that their shopping experience is in line with their changing needs.	<p>Continuous updating (with operational measures) regarding three aspects:</p> <ol style="list-style-type: none"> 1. The tenant mix and the merchandising mix 2. The structures 3. The services inside the Mal
Steady and attractive workforce	Taking into consideration the high percentage of permanent contracts and the good opinion that the employees have of the company (source: Internal Atmosphere Assessment), IGD sees fit to continue to guarantee this occupational stability, which at the same time is characterised by being an attractive place of work both to the employees that currently work for the company and to the best human resources from the outside world.	<ul style="list-style-type: none"> - Monitoring of company attractiveness by means of the periodic Internal Atmosphere Assessment (the latest one was carried out in 2015). - Fixed term contracts converted into permanent ones.
Internal culture (sense of belonging, assessment, growth, communication)	For IGD the proper management of its internal processes is a distinctive feature.	<ul style="list-style-type: none"> - Appropriate training to satisfy both individual needs and those of the entire workforce. - An award system that recognises personal development and results obtained. - Internal communication capable of satisfactorily circulating the necessary information.
Equal opportunities and diversities	IGD has always placed a lot of focus on the issues of equal opportunities and diversities, starting with its own employees. This can be demonstrated by the high percentage of female workers out of the total (both in Italy and Romania). At the same time, however, it does not underestimate the not so high female presence in top positions.	<ul style="list-style-type: none"> - Monitoring of indicators regarding gender in the various company roles.
Employee wellbeing	For IGD the wellbeing of its employees, considered as being a factor with an important impact on the internal atmosphere, is an issue deserving constant attention and improvement.	<ul style="list-style-type: none"> - Approval of corporate Welfare Plan. - Assessment of wellbeing by monitoring specific indicators (e.g. “related stress”).

PARTICIPATION IN NATIONAL AND INTERNATIONAL ORGANISATIONS AND EVENTS ON SUSTAINABILITY

In 2016, IGD continued its commitment to the dissemination and sharing of social responsibility best practices in the real estate world by participating in round table discussions, both on an international and national level. IGD actively participated in the meetings held by “ICSC Sustainability Group”, which it has been a member of since 2015 and the only Italian member company. There were 3 meetings held during the year (Stuttgart, London and Brussels), where the 15 participating European companies met to discuss the following:

- Definition of a common strategy between owners and tenants to reduce the environmental impact of Shopping Centres. This activity, which began when the participants (including IGD) signed the “Sustainability Declaration”, continued with the organisation of a joint meeting in November in Brussels.
- In-depth analysis of the most important new laws and legislation on environmental sustainability, issued both by the European Commission and the individual States.
- Sharing of best practices on a European level.

There were also 4 conferences or round tables where IGD was invited to report on sustainability issues. Three people with different roles were involved, all being part of the Sustainability Committee, bearing witness to IGD’s commitment to disseminate knowledge and awareness on these issues within the company.

IGD conference
Ecomondo



Event and Organiser	Place and Date	IGD role involved	Contents and notes
“The extent of an impact”, Impronta Etica	<i>Bologna, 8/6/2016</i>	Marketing and Social Responsibility Analyst	Forecast and final SROI analysis of “Happy Hand in Tour” presented http://bit.ly/tweet_ convegnoimprontaetica
“Deep Renovation”, CNCC	<i>Milan, 14/7/2016</i>	Technical Area Asset Manager	Presentation of possible measures to improve energy efficiency in a Shopping Centre http://bit.ly/tweet_ convegnoCNCC
“Waste management in retail and large-scale retail trade”, Largo Consumo	<i>Rimini, at Ecomondo, 10/11/2016</i>	Marketing and Social Responsibility Analyst	IGD strategy and data on waste management described http://bit.ly/tweet_ convegnoecomondo
“The strate- gic value of non financial information”, Manager Italia	<i>Bologna, 25/11/2016</i>	Head of Planning, Control and Investor Relations	Discussion on ways in which to present sustainability to investors http://bit.ly/tweet_ convegnomanageritalia

Furthermore, IGD held, as it did in 2015, a lesson on “Tools for producing a Sustainability Report” during the course called “Corporate Social Responsibility and methodology for writing Sustainability and Integrated Reports”, which was organised by the Alma Mater Foundation on Manageritalia’s proposal and in cooperation with the same, and was aimed at national companies interested in CSR issues.

**IGD CONTINUED ITS COMMITMENT
TO THE DISSEMINATION AND SHARING
OF SOCIAL RESPONSIBILITY BEST
PRACTICES ALSO IN 2016**

INTERNATIONAL RECOGNITION AND BENCHMARKS

IGD's approach aimed at sustainability obtained several significant results during the year:



“EPRA sBPR Gold Award 2016” for its 2015 Sustainability Report, confirming the award won the previous year. This is the recognition that the European Public Real Estate Association awards to those real estate companies that have complied most closely with the Sustainability Best Practice Recommendations (sBPR) in their Sustainability Reports.

The EPRA Sustainability Awards 2015 were assigned following a thorough analysis of the sustainability reports of 117 European real estate companies.

At the same time, IGD also received the “EPRA BPR Silver Award” (Best Practice Recommendations), for its 2015 Consolidated Financial Statements, improving on the result obtained the previous year (Bronze Award). Again in this case, the financial statements of 117 European real estate companies were examined.



For the first time IGD SIIQ was one of the three finalists for this Award, now in its 52nd edition, in the Small and Medium sized Enterprises category. The Award is organised by FERPI – Federazione Relazioni Pubbliche Italiana (Italian Public Relations Federation) – and rewards the best companies with regard to financial reporting and attention paid to stakeholder relations.



The Carbon Disclosure Project 2016 cannot be compared, with regard to results, to that of the previous years. The overall score obtained in the year was C (in the range from A to D-).



The rating obtained in the Global Real Estate Sustainability Benchmark (GRESB) increased: 51% the score in 2016 (it was 45% in 2015 and 43% in 2014). The strong points recognised in this annual assessment were the monitoring and control system (+20 p.p. compared to IGD's peers' average) and “policy and disclosure” (in line with its peers but significantly higher compared to 2015).



The company has been included in the FTSE ECPI Italia SRI Benchmark Index since June 2014.

SUSTAINABILITY PLAN

The 2015-2018 Sustainability Plan (confirmed in the revised 2016-2018 Business Plan) is divided into Macro Issues and Material Aspects and it contains all the targets which IGD is working on. The actions carried out in 2016 in order to reach these targets are described below (with reference made to the page in this Report where such information can be found).

Macro Issue	Material Aspect	Issue	Targets 2015-2018	Actions carried out in 2016
Integrity in business and management	Corporate governance	Corporate governance	Increase the influence of the Sustainability Committee	Formal approval in 2016 for the first time by the BoD of the Sustainability Report for the year 2015, promoting an ever greater involvement of the BoD in the Sustainability process. See page 38
	Transparent information	Transparency and accessibility to information	Increase the visibility and usability of the results of IGD's commitment to CSR	The sustainability part on the website was updated and <i>breaking news</i> was also included on the home page. See page 108
		Transparency and accessibility to information	Increase the tools to ensure transparent communication with the investors	A programme of actions was organised aimed at promoting a strategy for communication with investors on sustainability matters. See page 44
	Legality	Legality as the basis of relations	Obtain the maximum level possible in the Legality Rating	Legality Rating obtained with maximum score (3 stars). See page 47
Quality and efficiency of the Shopping Centres	Attractiveness and liveability of the Shopping Centres	Attractiveness as a target in common with the tenants	Invest in the multi-channel system, adapting, where necessary, the structures and altering the layouts if required and if compatible with costs	- Work began to reduce the hypermarket in Città delle Stelle Shopping Centre. See page 75 - "Click & Collect" project launched in ESP Shopping Centre in Ravenna. See page 110

Continue →

Macro Issue	Material Aspect	Issue	Targets 2015-2018	Actions carried out in 2016
Quality and efficiency of the Shopping Centres	Attractiveness and liveability of the Shopping Centres	Merchandising and tenant mix operational for placement target	Include new brands to increase traffic (with particular focus on new foreign brands not yet present in IGD Shopping Centres)	<ul style="list-style-type: none"> - Once again IGD participated in "Retail Connection", in London in March, in cooperation with the CNCC. This was an opportunity to make direct contact with new brands not yet present in IGD Shopping Centres. - During Mapic, which was held in the month of November in Cannes, IGD participated in "Meet Italy", involving Shopping Centre owners and international retailers present at the event. - IGD participated in the first Mapic Italy, in May in Milan, a new opportunity to meet national and international retailers. See page 78
		Usability of the Shopping Centres for everybody	Continue to render IGD Shopping Centres more and more accessible to everyone	The project, started in 2013, to facilitate accessibility to the IGD Shopping Centres for everybody, came to a close. The actions included in the project have become part of the company's operating routine. See page 78
		Presence of necessary services	Increase the presence of services in the Shopping Centres	2 more dental clinics opened (there were 9 in 9 different Shopping Centres at the end of 2016). See page 80
		Shopping Centre management (hospitality, security, cleaning)	Objectively assess the management of the Centre by way of specific visitor surveys	Surveys on management aspects were not carried out, instead focus was placed on commercial research or that connected to marketing. See page 86
	Environmental impact of the structures (direct and indirect) along the entire production chain (from construction to operational management)	Environmental certifications	Obtain ISO14001 certification for 90% of the company portfolio (2013-2018)	The project continued as per the Roll Out Plan. See page 71

Continue →

Macro Issue	Material Aspect	Issue	Targets 2015-2018	Actions carried out in 2016
Quality and efficiency of the Shopping Centres	Environmental impact of the structures (direct and indirect) along the entire production chain (from construction to operational management)	Environmental certifications	Extend the boundary of BREEAM certified Shopping Centres	The decision was made to proceed with an appropriate assessment regarding the <i>Breem In Use</i> certification of 4 big assets: Katanè, Puntadiferro, Tiburtino and ESP See page 71
		Reduction in environmental impact of investments	Further reduce energy consumption in the buildings (following the drop of 12% 2012-2014)	Energy consumption decreased due to investments made and management measures implemented. See page 55
		Reduction in environmental impact of investments	Assess the possibility of installing photovoltaic systems in the IGD Shopping Centres	- The second asset with photovoltaic system was inaugurated (Maremà, in Grosseto). - Agreement signed with a leading partner in the sector for the supply of electricity to the shopping centres by means of photovoltaic systems. See page 57
		Reduction in environmental impact of investments	Improve efficiency in systems by assessing the correct functioning of the monitoring system	Project carried out in two Shopping Centres in 2016 (following the two in 2015): Città delle Stelle in Ascoli Piceno and Esp in Ravenna. See page 56
		Reduction in environmental impact of investments (Romania)	Extend the energy management project to all Winmarket Shopping Centres	- Project interrupted due to the not particularly positive results that emerged during the implementation process.
A changing context	Stakeholder engagement and awareness	Awareness raising in all its stakeholders for greater environmental protection by means of reduction in consumption and wastage, waste disposal management etc.	Place signs on IGD's commitment to the environment in all the Shopping Centres	Signs placed in all the ISO14001 certified Shopping Centres See page 88
		Stakeholder engagement and awareness	Periodically monitor visitors' satisfaction by means of specific surveys	11 surveys carried out on Event Satisfaction in 6 Shopping Centres. See page 85
		Stakeholder engagement and awareness	Continue with the internal atmosphere assessment	Internal atmosphere assessment carried out in March 2015 with an improvement in results compared to the previous one. See page 84

Continue →

Macro Issue	Material Aspect	Issue	Targets 2015-2018	Actions carried out in 2016
A changing context	Stakeholder engagement and awareness	Stakeholder engagement and awareness	Monitor tenants' satisfaction by means of specific surveys	Tenant Satisfaction survey carried out in two Shopping Centres: Sarca (Sesto San Giovanni, Milan) and La Torre (Palermo) See page 87
		Tenant engagement and cooperation	Increase tenant engagement on environmental issues	The Rulebook "10 recommendations so as to improve our Shopping Centres. Together" was created at the beginning of the year and awareness raising continued on the basis of the interest aroused. See page 88
The concept of spaces to be lived in	Communication	Integrated communication	Assess the possibility of continuing with the Shopping Centre apps	IGD decided to limit its Shopping Centre apps to 2, with other visitor information/liaison methods being envisaged in the "Innovation Project"
		Integrated communication (Romania)	Identify a strategy for presence on the social networks both with regard to the Shopping Centres and the headquarters (Romania)	Winmarkt continued to be on Facebook with two official pages: Winmarkt Romania and Ploiesti. It was deemed not appropriate to extend this to the other Centres. See page 106
	Innovation	Innovation of the Shopping Centres	Identify possible areas for innovation and assess the subsequent implementation by means of a cost/benefit analysis	Development of the "Innovation Project" on 3 issues: merchandising and tenant mix, structures and services for visitors. See page 109
	Social role of the Shopping Centre	Marketing that combines the business plan with the social one	Offer accessible events that combine social issues with recreational-sports ones and commercial ones	"Happy Hand in Tour" event held. See page 95
		Marketing that combines the business plan with the social one (Romania)	Portray the presence of Winiland in Winmarkt Shopping Centres as an appealing element with an educational value	The organisation of educational events in all the Centres where Winiland is present continued and was portrayed as an appealing element for the city. See page 99
Territorial importance	Focus on local territory	Make IGD's presence in each Shopping Centre's local territory felt even more by means of events	About one out of three events held in IGD Centres had local impact. See page 101	
Employees	Employee wellbeing	Corporate Welfare	Implement a corporate welfare system	The corporate Welfare Plan was presented and will become operational from the second quarter in 2017. See page 126

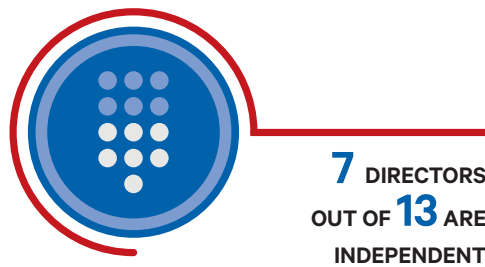
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Macro Issue	Material Aspect	Issue	Targets 2015-2018	Actions carried out in 2016
Employees	Internal culture (sense of belonging, assessment, growth, communication)	Development of resources (training, autonomy, responsibility, role)	Organise a study tour abroad	- 80% of the workforce was involved in at least one training session - a two day trip to Grosseto was organised for team building and to visit the new Shopping Centre. See page 118
		Suitable management of internal processes	Inform IGD employees about the sustainability results obtained	The measures and actions carried out in 2015 continued (internal window stickers, waste collection floor plans, communication sent regarding approval of Report)
		Suitable management of internal processes (Romania)	Improve the internal communication process	The internal communication system was adapted, with the organisation of quarterly meetings for all employees See page 112
	Steady and attractive workforce	Steady workforce	Assess the opportunities offered by the new Italian legislation on labour in relation to organisational needs	10 people were hired in 2016 See page 116

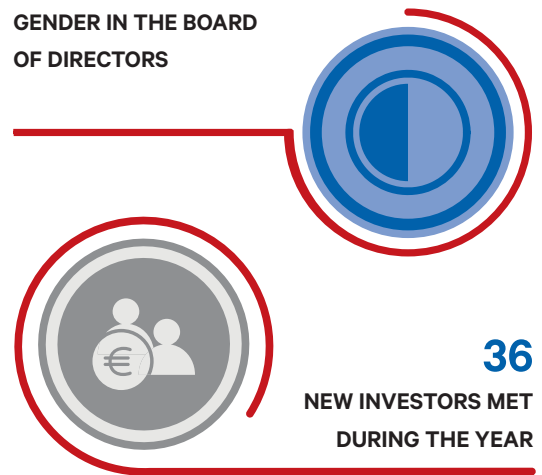


1. INTEGRITY IN BUSINESS AND MANAGEMENT

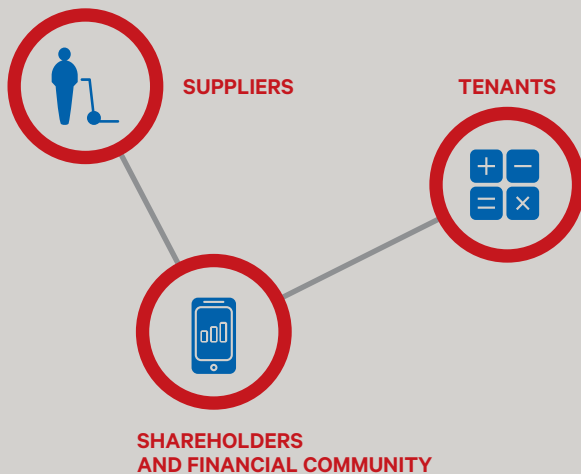
Highlights



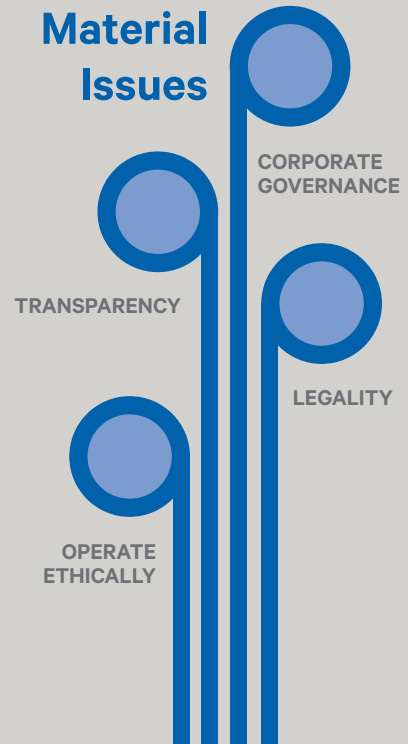
31%
OF LEAST REPRESENTED
GENDER IN THE BOARD
OF DIRECTORS



Stakeholders involved



Material Issues



1.1 Corporate governance

IGD's Corporate Governance structure is guided by the criteria contained in the Code of Conduct promoted by the Corporate Governance Committee of the Italian Stock Exchange (Borsa Italiana) (hereinafter "Code"), which the Company has adhered to since it was listed. The Code represents a codification of the best practices on the matter of corporate governance of listed companies.

Every year IGD provides, in its Report on Corporate Governance and Ownership Structure ("Report on Corporate Governance"), accurate information on its state of compliance to the individual recommendations contained in the Principles and Applicable Criteria of the Code.

1.1.1 Governance structures and their composition (G4-34; G4-38; G4-48; G4-LA12)

The Board of Directors currently in office was appointed by the Shareholders' Meeting held on 15th April 2015 for three financial years and will remain so until the Meeting that will be called for the approval of the Financial Statements for the year ending 31st December 2017.

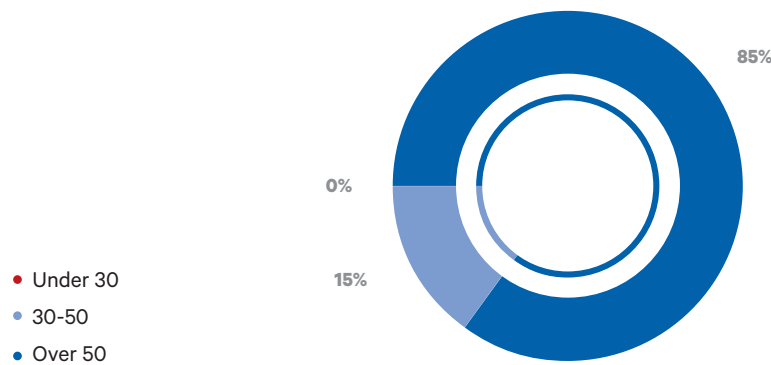
*IGD Management
Team*



The characteristics of the Board are as follows:

- 13 Directors;
- 7 Independent Directors (54%)
- 31% (4 out of 13) belong to the least represented gender. Before, with the composition of the previous Board, the majority shareholders had already indicated a number of nominees belonging to the least represented gender, and by doing so, had willingly and ahead of time complied with the regulations introduced by Law 120 in 2011, which provided for a gradual application of the so called gender quotas, establishing the quota as being at least a fifth of the elected Directors and Auditors and referring to the first mandate subsequent to the entry into force of the Law itself;
- Average age of 58 (as at 31/12/2016), with the following breakdown by age group:

CHART 1
**BREAKDOWN
OF BOARD OF
DIRECTORS BY
AGE GROUP**



In accordance with the provisions of the Code of Conduct, the Articles of Association and the Consolidated Finance Act (TUF), the Board of Directors and the Board of Statutory Auditors, each within their respective functions, are informed about the activities carried out, the company's general operating performance, its expected developments and the most important economic, financial and asset related transactions carried out by the Company. In particular, the Chief Executive Officer reports to the Board of Directors and to the Board of Statutory Auditors on the company's general operating performance, its expected developments and the most important transactions, on a quarterly basis during the meetings called to approve the interim results.

The Board of Directors established within the Board itself the following Committees:

- Chairman's Committee
- Control and Risks Committee (in accordance with the Code of Conduct)
- Nomination and Compensation Committee (in accordance with the Code of Conduct)
- Committee for Related Party Transactions (in accordance with Consob Regulations on Related Party Transactions). One of the members of this Committee was elected from the minority list (Matthew David Lentz).

In accordance with Legislative Decree 231/2001, IGD adopted the Organisational, Management and Control of Risks Model, approved by the Board of Directors as far back as May 2006, and appointed the Compliance Committee as the internal body which is responsible for monitoring and controlling

the performance, effectiveness, adequacy and compliance of the Model.

The Committees are exclusively made up of Independent Directors, in compliance with the provisions of the applicable laws, with the exception of the Chairman's Committee (made up of the Chairman, Vice Chairman, Chief Executive Officer and a Director), not required by the Code of Conduct. For further information on the Board of Directors and IGD's corporate governance, please refer to the company website <http://eng.gruppoigd.it/Governance>

With specific reference to social and environmental issues, in 2016 the Board of Directors approved the Sustainability Report for the first time, in a Meeting specifically called for this purpose on 7th April 2016. During this meeting, the Company's sustainability performance of the previous year was presented and discussed, with reference also made to the level of achievement of the specific targets included in the corporate Business Plan.

1.1.2 Roles and expertise of the Board of Directors (G4-42; G4-43; G4-44)

The Board of Directors has a decisive role in the determination, approval and updating of the Company's values, mission, strategies, policies and targets. More specifically it:

- examines and approves the Company's strategic, business and financial plans, which also include the sustainability targets which have been included in the Business Plan since 2013;
- assesses its general operating performance, by taking into consideration, in particular, the information received from the delegated bodies as well as by periodically comparing the results achieved with those programmed.

To examine more thoroughly issues related to the macroeconomic scenario, with focus on the distinctive features of the Company's core business, IGD has, since 2009, encouraged the setting up of seminar meetings with the participation of the Directors and the Statutory Auditors. This practice was repeated in 2016 with the organisation of the seminar "The evolution of Shopping Centres", the content of which is described in Section 3 of this Report. The issues discussed during the seminar in 2013 ("The Shopping Centre of the future"), aimed at the previous members of the Board of Directors, were again taken up and updated.

Furthermore, IGD has, since 2007, assigned its "Board review" to the consultancy firm Egon Zehnder. This is a self-assessment process for the Board of Directors to assess their own performance. It was carried out in the months of January and February 2017 and the results presented during the Board of Directors' Meeting on 28/2/2017.

1.1.3 Risk management (G4-45; G4-46; G4-47)

IGD adopted an Internal Control and Risk Management System which was integrated into the more general organisational and corporate governance structures.

The Internal Control and Risk Management System contributes to ensure the safeguarding of corporate assets, the efficiency and efficacy of corporate processes, the reliability of information provided to corporate bodies and to the market, the compliance with all laws and regulations as well as with the Articles of Association and company procedures. In this respect, therefore, the Internal Control System defined with the purpose of guaranteeing the reliability, accuracy, integrity and timeliness of financial information, must be considered as an integrated element and not a separate one with respect to the general risk management system adopted by the Company.

The corporate players involved in the internal control system are the Board of Directors, the Control and Risk Committee, the Board of Statutory Auditors, the Director in charge of establishing and maintaining an effective internal control and risk management system, the Compliance Committee, the Financial Reporting Officer, the Head of Internal Audit. The Director in charge of the Internal Control and Risk Management system is the Chairman of the Board of Directors who, due to the assignment of the relevant operational powers, is qualified as an executive director.

In 2016, the Board of Directors of the Company, following the proposal put forward by the Director in charge of the Internal Control and Risk Management system and after obtaining the opinion of the Control and Risks Committee and hearing from the Board of Statutory Auditors, deliberated to outsource the role of Head of Internal Audit and to appoint Francesco Pastore of Grant Thornton Consultants srl for the 2016-2017-2018 three-year period.

(For the functions of the Director in charge, see “Report on corporate governance and ownership structure” <http://www.gruppoigd.it/Governance>).

In particular, IGD defined and implemented in 2010 an integrated risk management process based on the internationally recognised standards in the field of Enterprise Risk Management (ERM).

The ERM Model adopted assists the Top Management in the identification of the principal corporate risks and the relevant ways in which to manage them, as well as in the definition of safeguard measures to protect from such risks. (For further details on the Internal Control and Risk Management System please refer to the company website: <http://eng.gruppoigd.it/Governance/The-Internal-Control-and-Risk-Management-System>).

Currently, 43 risks are being monitored, having been identified by means of a review process which began in 2010 and which every year calls for the Company to define a work plan both to update

the risks and to monitor specific areas.

Sustainability is an integral part of this system. Indeed:

- a significant number of the risks have ESG (Environmental, Social and Governance) implications;
- the inclusion of a specific risk regarding environmental sustainability is in the process of being defined.

ESG Risks

Altogether 19 out of the 43 risks monitored every year have specific implications related to sustainability. They are included in the ERM Model and are subjected to constant control with the help of advanced and effective risk management models.

Of these, 6 are among the 15 with the highest net risk.

In the 2016 assessment, 5 out of the 6 risks recorded a stable trend compared to the previous year, one recorded an improvement.

TABLE 1
TREND
REGARDING
RISKS WITH ESG
IMPLICATIONS
IN THE TOP 15

Rank	Category	Material Aspect	Risk description	Trend 2015-2016
2	Strategic	Quality and efficiency of the Shopping Centres	Changes in macroeconomic scenario or in consumer styles (inflation, drop in consumption etc.)	Stable
3	Strategic	Quality and efficiency of the Shopping Centres	Loss in value of the assets	Stable
6	Operational	Quality and efficiency of the Shopping Centres	Catastrophic natural events (earthquakes, flooding, dioxin contamination) - Damages to assets caused by third parties - Compensation for damages to third parties	Stable
8	Operational	Integrity in business and management	Non-optimum management of contractual relations and renegotiations with clients (shopping centre tenants)	Stable
11	Operational	Quality and efficiency of the Shopping Centres	Inadequate planning and implementation of target placement / retail mix / tenant mix in the allocation of spaces to tenants	Stable
15	Strategic	Quality and efficiency of the Shopping Centres	Vacancy risk (failure to optimise occupancy in the properties)	Improvement



IGD
Headquarters

New risk

In 2016, the Sustainability Committee continued the process, which it began at the end of the previous year, to integrate a new risk into risk management. This will involve environmental issues and will mean that those safeguards, which the Company put into place in order to prevent an increase in pollution in the local areas where the Shopping Centres are situated, can be constantly monitored.

This risk will be integrated into the Risk Management System in the near future.

1.1.4 Remuneration and incentives (G4-51; G4-52; G4-53)

All details on remuneration policies adopted by the Company and on company incentives can be seen in the “Remuneration Report” on the company website: <http://eng.gruppoigd.it/Governance/Compensation>

1.1.5 Governance system assessment

Since the month of December 2015, ISS (Institutional Shareholder Services) has included IGD in its “ISS QualityScore coverage universe”, a tool on governance risk that investors use to measure the possibility of such risk within their own investment portfolio. The elements included in the analysis were: the structure of the Board, remuneration, the rights of the shareholders and the audits. At the end of 2016, IGD reached a risk assessment equal to 4, on a scale of 1 to 10 where 1 is associated to the lowest risk and 10 to the highest.

1.2 Transparency

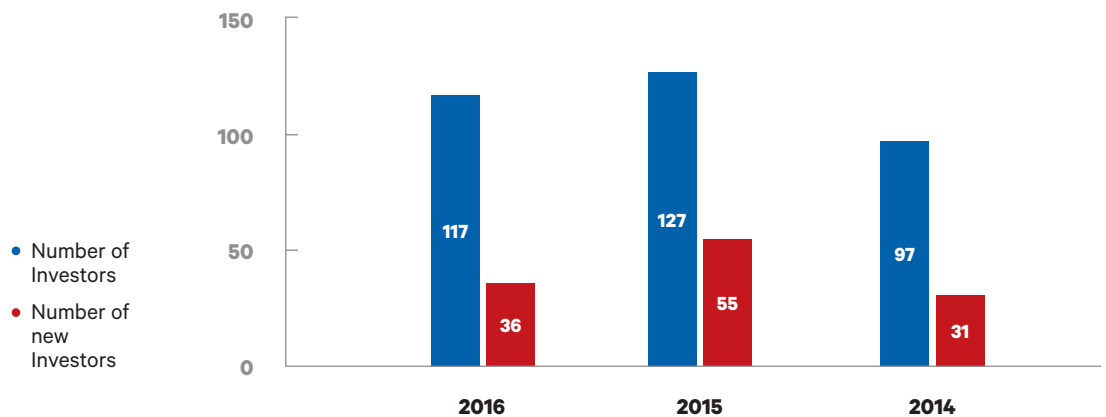
Transparency in communication and timeliness and accessibility regarding information form the basis of relations between IGD and its stakeholders (especially shareholders and financial community).

1.2.1 Transparency towards shareholders

The indicators regarding Investor Relations activities confirmed that Italian and foreign investors are interested in learning more about IGD. All this within a context that, especially in the second half of the year, was characterised by uncertainty and volatility in the financial markers, connected to the results of three very important events, like the UK referendum which led to Brexit, the presidential elections in the United States and the Italian constitutional referendum, with the fear that a possible negative result could interrupt the reform process launched by the Country.

Overall, the number of investors IGD met with was significant. Amongst these there were several portfolio managers specialised in bond investments who IGD made contact with during its roadshow in May for the placement of its 300 million euro bond with a maturity of 5 years.

CHART 2
TOTAL AND NEW
INSTITUTIONAL
INVESTORS

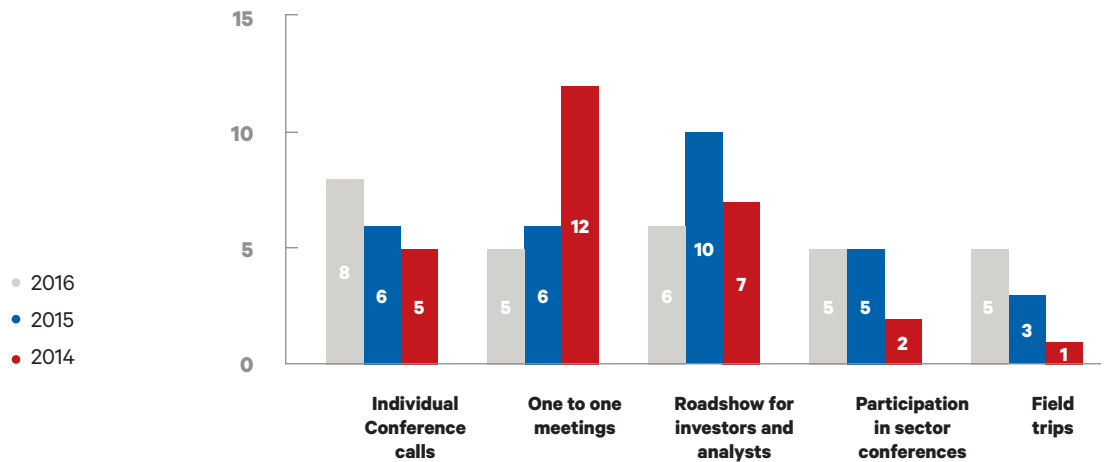


IGD met more than 120 new investors over this three-year period, with a slight decrease in 2016 (compared to the previous year) due to the absence of specific scouting activities, which will start again in 2017.

The Company also met with several investors in reverse roadshows at its headquarters in Bologna and it organised field trips to several Shopping Centres in Emilia Romagna and to Sarca Shopping Centre in Milan.

It also participated in 6 roadshows in 7 financial centres (Frankfurt, London, Edinburgh, Milan, Miami, Paris and New York).

CHART 3
SUMMARY OF
INVESTOR
RELATIONS
ACTIVITIES



Headquarters offices





IGD Headquarters
Totem Signage

There were two types of activities carried out by means of conference calls:

1. specific (8 in 2016), aimed at individual investors to provide updates on corporate results;
2. post BoD (4 in 2016), aimed at investors and analysts to present the quarterly results.

The number of participants (in particular foreign ones) in the latter grew in 2016.

TABLE 2
**CONFERENCE
CALL
PARTICIPANTS**

	2016	2015	2014
Number of participants	110	76	84
<i>of which Italian</i>	58	47	57
<i>of which foreign</i>	52	29	27
<i>of which investors</i>	50	33	38
<i>of which analysts</i>	29	19	23
<i>other (banks, consultants and IGD employees)</i>	31	24	23

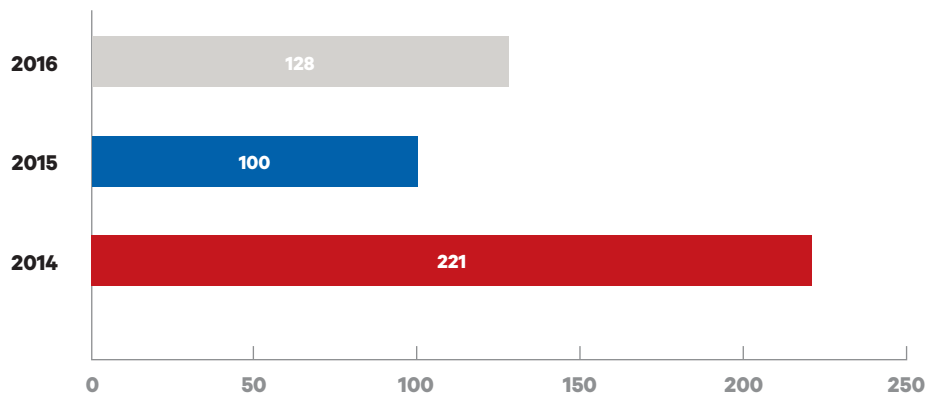
NB: the data refers to conference calls carried out in the calendar year.
The data regarding 2014 and 2015 is different compared to the previous Report, which referred to the financial year.

As per the Business Plan, IGD intends to develop an ongoing dialogue with investors and analysts on ESG issues. For this reason, over time, it has integrated this information into the documents used during its roadshows, into its presentations of its quarterly results and into its newsletter. In the second half of 2016, the Investor Relations team and the Sustainability Committee began an assessment process of the results these activities obtained, with the aim of identifying possible new proposals. Several activities emerged regarding both new communication tools (like a newsletter specifically aimed at ESG investors or a specific presentation to attach to those used when meeting investors), and a specific scouting activity directed at financial investors with focus on ESG issues. These proposals will become operational during the first half of 2017.

1.2.1 Transparency towards the financial community

In 2016, IGD worked with 18 credit institutions, which report to 12 banking groups. 7 of these are classified in the top 10 in Italy – source: Milano Finanza. IGD maintained an ongoing relationship based on transparency with these institutions, with 58 one to one meetings carried out, in addition to 70 conference calls (with the participation of multiple banks). The increase in the number of meetings can be associated to the refinancing activities that affected IGD for a total amount equal to approximately 40% of its entire net financial position.

CHART 4
MEETINGS
WITH BANKS



In order to guarantee transparency of information and accessibility to it, IGD organises an annual meeting to present its Financial Statements to the banks. As was the case in 2015, 11 credit institutions also participated in 2016.

**THE NUMBER OF MEETINGS CARRIED
OUT IN THE YEAR INCREASED,
ASSOCIATED TO THE REFINANCING
ACTIVITIES THAT AFFECTED IGD**

1.3 Legality

IGD's commitment to legality regards both its approach when carrying out its activities and its decision to promote compliance with the law within its stakeholders. The most closely monitored areas of action and the measures introduced can be seen below.

Areas of attention	Measures introduced by IGD
Labour standards	<ul style="list-style-type: none"> • an express termination clause in tenants' contracts in the event of problems related to the non compliance with working conditions laid down by the law; • obligation to issue a surety in service contracts (cleaning and security) to guarantee the use of legal forms of employment; • obligation to present the specific documentation regarding compliance with laws (with particular attention to labour legislation) during the prequalification stage in tender contracts.
Criminal background of interlocutors	<ul style="list-style-type: none"> • a general system of rotation of contracts in order to favour a continuous control of the requisites; • express termination clauses in tender contracts in the event of non compliance with the traceability of financial flows procedure;
Organised crime	<ul style="list-style-type: none"> • an express termination clause for those suppliers that in tender contracts do not comply with the obligation to present and update every 6 months the non-involvement in organised crime certification issued by the relevant Prefecture; • express termination clauses in tender contracts in the event of conviction, even if it has not yet become final, for felonies associated with organised crime against the contracting firm itself or its top management;
Anti-corruption	<ul style="list-style-type: none"> • compliance with the law both in private relations and in those with the Public Administration, with protection measures included in the Organisational Model ex Legislative Decree 231/01.

FOCUS

Legality Rating obtained

On 6th September 2016 IGD obtained the Legality Rating from the Antitrust Authority (Autorità Garante della Concorrenza e del Mercato – AGCM) with a score of three stars, the maximum score possible for this recognition.

Promoted by the same Authority in accordance with the Ministries of Justice and Interior, the Rating represents a reward system for those enterprises that abide by the law and adapt their organisations and business activities to follow suit, with the aim of increasing the security and the competitiveness of the market. Furthermore, the assigning of such a rating represents the prerequisite in order to be able to benefit from better conditions with regard to access to public financing and to bank loans.

To obtain this result, IGD already back in 2013 had voluntarily started work on a process of adaptation of several internal procedures, by setting up an across-the-board work group involving the different corporate Divisions, the aim being to acquire all the requisites needed so as to obtain the maximum score. In particular it took action to modify:

1. Payment procedure, in order to guarantee the traceability of financial flows for amounts lower than € 500, even though the law provides for a maximum threshold of € 1,000 above which it is not possible for payments to be made in cash.
2. Contracts, by requiring that the Contractors, amongst other things, provide and constantly update a non-involvement in organised crime certificate and comply with the laws in force regarding social security, accident prevention and safety at work, pensions, pay and tax and by monitoring their compliance with said laws with specific express termination clauses, also foreseen in the event of lack of compliance with the procedure regarding financial flow traceability as well as in the event of conviction, even if it has not yet become final, for felonies associated with organised crime against the contracting firms themselves or against their top management.







The rating is valid for two years from the date of issue and it is renewable on request. It can be revoked in the event of losing some requisites considered as being “necessary” by the legislation itself, or in the event that timely information is not provided to the Authority regarding any variation in the data reported in its own chamber of commerce certificates or regarding any event that affects the possession of the necessary and optional requisites, within ten days from the occurrence of said variations or events.

1.4 Operate ethically

IGD's ethical conduct falls within parameters which are represented by its values and the content of its Code of Ethics. (G4-56)

Values

The values which the Group identifies itself with are:

Honesty		because the end (whether personal or corporate) never justifies the means
Transparency		because "we do what we say" and "we say what we do"
Far-sightedness		because we work for our tomorrow and for that of the future generations
Reliability		because we honour our commitments and we do not make choices that jeopardise the continuity of the company
Optimisation		of invested capital, of human capital, of real estate capital, of the environment in which we operate
Responsibility		towards all stakeholders (tenants, suppliers, colleagues, local bodies, ...)

The Code of Ethics

The Code of Ethics groups together and defines the values and principles that inspire and shape IGD's conduct in its relations with its stakeholders. It was approved by the Board of Directors in March 2006 and modified over the years following changes in legislation.

The following are the characteristics of the Code:

- It is the first element on which the Organisational, Management and Control Model adopted by IGD in accordance with Legislative Decree 231/2001, is founded

- It is an integral part of employment relationships with employees and it is included in the employment Contract signed at the time of recruitment
- It is a benchmark for relations with suppliers, as IGD requires that they endorse it in tenders and mandates
- It gives anyone that learns about breaches of the principles of the Code itself and/or of the operating procedures which make up the Model, the opportunity to notify (so-called whistleblowing) the Compliance Committee, IGD's internal body which is responsible for this type of control. In 2016 no notification regarding breaches were received by the Compliance Committee.

The Code is circulated to employees and to those that work on behalf of the Company and it can be downloaded from the company website: <http://eng.gruppoigd.it/Sustainability/Sustainability-Report-and-Documents>

Acting in an ethical manner and positively influencing by example the context in which it operates, is a characteristic belonging to the whole IGD Group, both in Italy and in Romania. For this reason, in 2012 Winmarkt adopted a "Protocol to promote business sustainability", a document which is appended to the contract signed by the supplier, which commits the latter to behave in such a manner that is consistent with several ethical principles (defined in the document), and failure to do so constitutes a breach of contract.

The application of the Protocol is the responsibility of a control system which involves several levels: the first concerns the Shopping Centre management which identifies the potential critical situations and notifies the supplier directly (who is required to find a solution). If a solution is not forthcoming, the Compliance Committee is then informed and it examines the tenders/purchases and it expresses its view regarding formal and substantive aspects.

In 2016, as was the case the year before, no company was entered on the "black list", the list which Winmarkt drew up with the names of those contractors that were non-compliant and which, as a consequence, will be compulsorily excluded from future work and competitive tenders. This fact is linked to the reduction in number of worksites.

TABLE 3
SUSTAINABILITY
PROTOCOL
PERFORMANCE
(ROMANIA)

	2016	2015	2014
Number of Sustainability Protocols signed	15	14	46
Ratio between number of Sustainability Protocols/number of supply contracts signed	24%	9%	23%

NB: The signing of new sustainability protocols refers solely to new suppliers



2. QUALITY AND EFFICIENCY OF THE SHOPPING CENTRES

Highlights

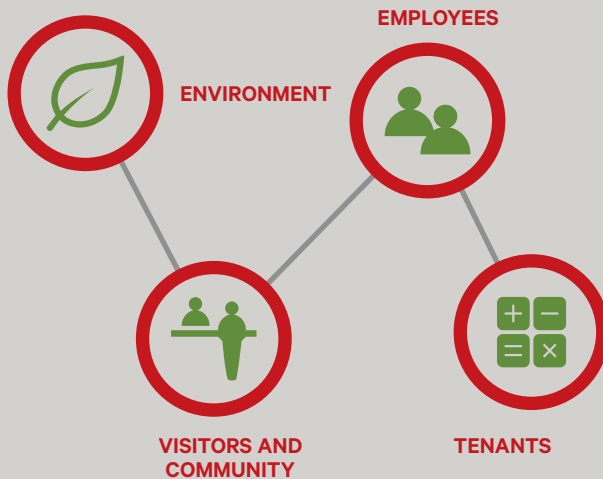


26
NUMBER OF NEW
BRANDS INTRODUCED
DURING THE YEAR
(IN LINE WITH 2015)

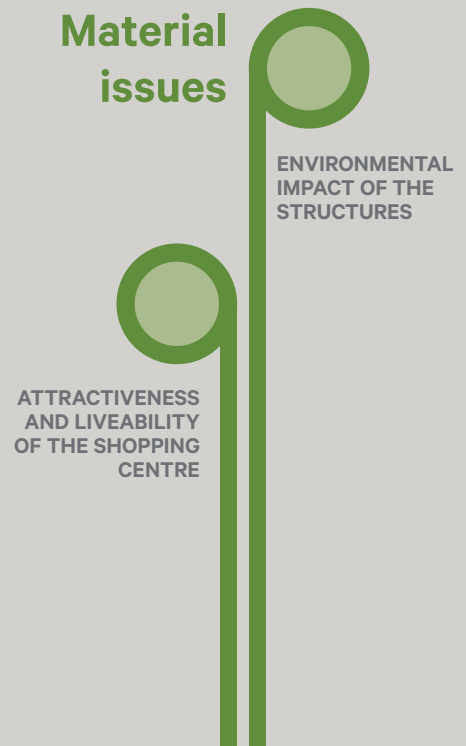
-2.3%
REDUCTION
IN GHG EMISSIONS
(TONNES CO2E)
COMPARED TO 2015



Stakeholders involved



Material issues



2.1 Environmental impact of the structures

In order to understand the environmental performance data better, the method used to calculate the indicators is reported below.

*Sesto San Giovanni (Milan)
Sarca Shopping Centre*



Methodological preface for environmental data

Reporting Boundary

The “operational control approach”, as described in the GHG Protocol, has been used to define the reporting boundary. This approach better reflects IGD’s environmental impact as it portrays utilities acquired directly by the organisation inasmuch as it is the owner of the assets concerned. The 21 assets included in the reporting boundary are the Italian Shopping Malls and they represent (in number) 91% of the portfolio, with a value of 1.53 billion Euros.

The following are not included:

- Centro Nova, Centro Piave and Fonti del Corallo Shopping Malls (Malls in Master Leasing);
- Darsena (Equity share: IGD has no management role);
- Maremà (inaugurated in the month of October 2016, not included in accordance with the principle of comparability). The data will be included from 2017;
- The data regarding 2015 energy consumption in Clodì (inaugurated in May 2015) and Punta di Ferro (acquired on 16 December 2015), in line with the information reported in the 2015 Sustainability Report;
- Hypermarkets and supermarkets (Not relevant with regard to the “operational control approach”);
- The other property units (IGD has no management role with regard to these).

The data referring to the headquarters and to Romania is reported separately.

The performance indicators are reported according to two different procedures:

- Absolute: regarding the entire reporting boundary (21 Shopping Centres).
- Like-for-like: the assets that were bought or sold or that were undergoing restyling or extension work during the reference period and the assets that were not open during the whole reporting year (2016) or during the whole year of comparison (2015), are not included. Therefore, the Shopping Malls not included are Clodì (inaugurated in May 2015) and Punta di Ferro (acquired on 16 December 2015). The Lfl data is calculated exclusively for the years 2016 and 2015; 2014 cannot be used for comparison due to Le Porte di Napoli and Centro d’Abruzzo Shopping Centres, which underwent extensions in 2014. The intensity indicators refer only to absolute data.

Extent: property consumption and tenants’ consumption

IGD reports on the environmental impact of its assets by means of environmental performance indicators required by EPRA and GRI G4 international standards. With regard to the latter, the indicators reported are those referring to material aspects for IGD. (see “Social Responsibility and Materiality”)

The environmental impacts reported concern:

- **Direct energy consumption*** (fuel consumption)
The data refers to 13 Shopping Centres that use methane for heating. 4 Shopping Centres that use district heating, 2 Centres that use heat pumps, Porta a Mare which uses marine geothermal energy and Clodì Retail Park are not included. The data includes tenants’ consumption purchased by the property. The data supplied by the Shopping Centres is in

cubic metres. The conversion factor from m³ to kWh is 10.5 m³/kWh (source http://www.eni.com/it_IT/azienda/cultura-energia/fattori-conversione-energia/fattori-conversione-energia.shtml)

- **Indirect energy consumption*** (electricity, district heating and cooling).
The data refers to energy produced by and purchased from a third party and converted into electricity or flows. It includes:
 - that required for lighting, heating and cooling the common areas;
 - hot and cold flows supplied to the tenants;
 - car park electricity consumption

The electricity consumption refers to 21 Shopping Centres. There are 4 Centres that use district heating and cooling.

- **Direct and indirect greenhouse gas emissions *** (GHG)
Calculated on the energy consumption of the Centres included within the boundary. Direct greenhouse gas emissions refer to energy purchased and consumed on site (fuel). For the calculation of CO₂e ISPRA parameters are used referring to the national atmospheric emissions inventory (2.326 tonnes CO₂e/toe). Indirect emissions refer to energy produced by and purchased from a third party and converted into electricity or district heating/cooling. For the calculation of CO₂e:
 - for electricity, CO₂e arises from the conversion of consumption expressed in kWh in CO₂ equivalent compared to the specific production mix of energy supplied to the Shopping Centres (data used: 0.53 Kg CO₂e/kWh; source CBEG 2011).
 - for district heating: Guide line 6 2003/87/CE emission trading directive (page 29 and following); Guide line 6 2003/86/CE emission trading directive (page 29 and following). Data used: 0.18 Kg CO₂/kWh (2011).
- **Water consumption ***
The data refers to all the Centres that fall within the reporting boundary and includes water consumption both in common areas and by tenants.
- **Waste**
The data referring to 8 Shopping Centres is not available as waste disposal is carried out directly by the Municipalities which do not provide any useful data, for this reason it is not included.

Standardisation for intensity calculations

The intensity indicators provide a measure of absolute and like-for-like performance which can be used for comparisons in the long term.

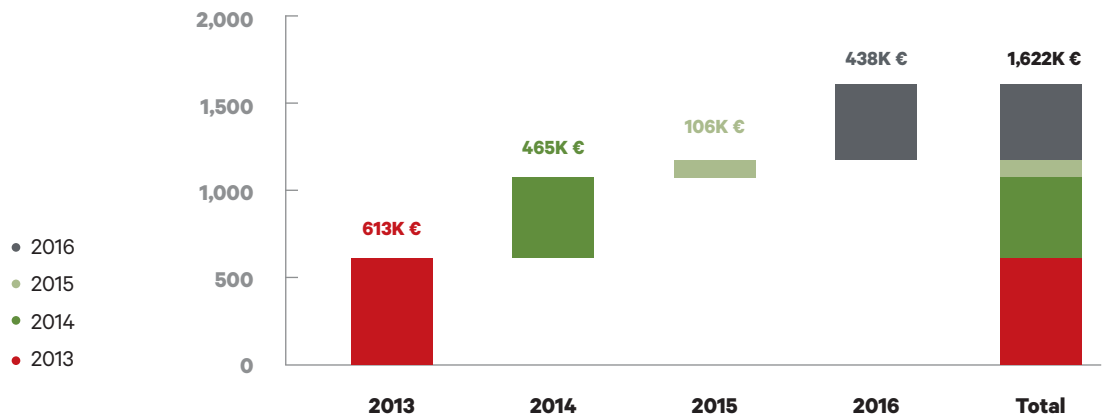
As required by *EPRA Best Practices Recommendation (BPR) on Sustainability Reporting*, the intensity indicators are calculated on the entire reporting boundary (absolute), using the values of the above mentioned indicators (marked with an asterisk *). The only exception is the calculation of energy intensity, where car park electricity consumption is not included (estimated for 14 Centres where the data is not available). For the Shopping Centres, the sum of sqm of common areas and GLA to which common utilities are supplied, is used as the denominator whereas for Clodi Retail Park only the sum of sqm of common areas is used. IGD considered it appropriate to use these values, despite the partial misalignment between numerator and denominator, due to the presence of hot and cold flows supplied to the tenants.

2.1.1 Actions carried out and results obtained

In 2016, IGD took action on multiple fronts maintaining its commitment to improve its environmental performance: continuous monitoring, structural work to increase energy efficiency, raising awareness not only in its tenants and visitors but also in those in charge of energy management in the retail structures.

The policies regarding the reduction in the environmental impact of the structures are included in the Environmental Management System (EMS) which is ISO 14001 certified. These policies form one of the objectives described in the corporate Business Plan. The work carried out over the years has led to a continuous reduction in consumption and, consequently, has had a positive impact on the facility management costs that the Shopping Centres' tenants pay every year. In relation to this, and as far as just electricity is concerned, the reduction in consumption and attention paid to supply costs has enabled the IGD Centres' tenants to save about € 1,600,000 over the last four years.

CHART 1
TENANTS'
YEARLY
ECONOMIC
SAVING ON
ELECTRICITY
CONSUMPTION
SINCE 2012



2.1.2 Energy consumption

In 2016, IGD's energy consumption, on a like for like boundary, decreased by -1.4% compared to 2015. This reduction was the outcome of the good results in terms of electricity consumption (-3.0% on a like for like basis) and district heating consumption (-8.9%), which balanced out the increase in fuel consumption (+8.5%). The reduction in electricity consumption was also thanks to reinforced monitoring activities, which continued in 2016 with the installation of 22 divisional meters in two Shopping Centres. 14 Centres are currently equipped with this system which facilitates the monitoring of electricity consumption and favours timely action to be taken in the event of any irregularities.

Furthermore, the overall data regarding electricity consumption is reported on a monthly basis in the Commercial Division which, in this way, can monitor the results of each Shopping Centre in a timely manner and identify any corrective measures to be taken. This type of control made it possible, during the year, to detect several important irregularities in consumption in several structures and to take the necessary management measures or structural action on the systems causing the problems.

Alongside the continuous monitoring process of consumption, there is also, every year, the control process of the remote management systems, which all the Shopping Centres are equipped with. In 2016 this process, which was launched in 2015 in two Malls, involved Città delle Stelle (in March) and ESP (in December), with the purpose of verifying the correct management of the electrical and mechanical systems and of identifying any errors relating to programme settings and parameters. In addition, in 2016 the existing remote management system in Sarca Shopping Centre was replaced with a newer and therefore more efficient model.

Furthermore, a meeting organised by IGD and CEE (Consorzio Esperienza Energia, through which IGD purchases energy) was held in May 2016 and involved all the Shopping Centre network Managers, one of the aims of which was to raise awareness on energy efficiency actions, starting with monitoring and the tools currently at the disposal of the Shopping Centre Managers in order for them to carry out this activity.

The above mentioned management activities were accompanied, during the year, by subsequent actions regarding structural work:

- **Lighting:** work continued regarding the replacement of old lighting systems with LED technology systems both in freehold Centres and in those in master leasing. In particular, the energy improvement measures involved:
 - Malls (3 Shopping Centres)
 - Car Parks (3 Shopping Centres)All the new Centres that have been opened since 2014 use LED technology: Porta a Mare (opened in 2014), Clodi (2015) and Maremà (2016). Altogether, at the end of 2016, 15 structures were equipped with LED technology in the Malls or in the Car Parks.
- **Refrigeration units:** two refrigeration units were replaced in one Shopping Centre and energy efficiency improvement measures were adopted with regard to one refrigeration unit in one Shopping Centre.
- **Energy meters for “Energy Efficiency Certificates” (white certificates):** in the period between January and December 2016, the electricity consumption regarding the LED lighting

**ENERGY CONSUMPTION DECREASED
DUE TO INVESTMENTS MADE AND
MANAGEMENT MEASURES IMPLEMENTED**



*Chioggia (Venice)
Clodi
Photovoltaic system*

system in Sarca Shopping Centre was measured and monitored. At the end of the period a request was sent to GSE (Gestore Servizi Energetici - the state owned company which promotes and supports renewable energy services) in order to obtain the certificates. No response has yet been forthcoming.

Photovoltaic system and energy from renewable sources

In 2016, IGD's commitment to the use of energy from renewable sources was confirmed by means of two operations:

1. Maremà Shopping Centre, inaugurated in Grosseto on 27 October, in addition to having LED lighting both inside the Mall and outside and to using highly energy efficient systems and materials (also natural ones) of the latest generation, also has photovoltaic panels installed on the roof of the building. This is IGD's second asset that uses energy from renewable sources.
2. In May 2016, IGD signed an agreement for the supply of electricity by means of photovoltaic systems in 3 Shopping Centres. This agreement provides for the installation of three systems in 2017, for a total of 1.4 MWp, which will result in 1,000 tonnes of carbon dioxide not being emitted into the atmosphere every year, corresponding to approximately 25,000 tonnes during the life expectancy of the systems.

Indeed, at the end of 2016, the Shopping Centres signed an agreement with their electricity supplier to acquire Green Certificates (G.O Guarantee of Origin). From 2017, therefore, all the Shopping Centres' electricity supply will come from renewable energy sources, ahead of the targets set by the National Energy Strategy, by the European Union with its "Climate-Energy Package" and by the UN's 2030 Agenda for Sustainable Development, bringing them into line with the best practices of important international groups.

Monthly monitoring and structural work carried out in 2016 meant that electricity consumption in the Centres on a like for like boundary fell by -3.0%.

TABLE 1
ELECTRICITY
CONSUMPTION
(G4-EN3)

Electricity consumption (kWh)	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
ITALIA - ABSOLUTE	37,734,347	35,918,318	34,279,059	+5.1%	+4.8%
ITALIA - LIKE FOR LIKE	34,828,586	35,918,318	-	-3.0%	-
ROMANIA	7,763,000	8,173,000	7,911,000	-5.0%	+3.3%
HEADQUARTERS (INCLUDING COMMON AREAS)	319,986	313,438	308,122	+2.1%	+1.7%
HEADQUARTER OFFICES	104,151	106,458	110,359	-2.2%	-3.5%

The reduction in electricity consumption in Romania was again the consequence of two factors, regarding management and systems:

1. management: standards for the best use of the systems were identified during the year by means of an operating plan that was shared with all the Shopping Centre network Managers;
2. systems: in conjunction with the introduction of new international tenants in the Winmarkt Malls, the opportunity was taken to modernise the lighting and heating systems. This led to greater efficiency and, as a consequence, a reduction in consumption.

With regard to the IGD headquarter offices in Italy, electricity was supplied exclusively from renewable sources also in 2016.



The increase in consumption in the building where the headquarters are located began in July 2015, the month since which the systems have had to be running 7 days a week due to a new company being present also at the weekends.

TABLE 2
DISTRICT
HEATING AND
COOLING
CONSUMPTION
(G4-EN3)

District heating (kWh)	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
ITALY - ABSOLUTE	7,946,990	8,034,860	8,783,940	-1.1%	-8.5%
ITALY - LIKE FOR LIKE	7,320,390	8,034,860	8,783,940	-8.9%	-8.5%
ROMANIA	607,160	804,495	No district heating	-24.5%	-
HEADQUARTERS	302,328	319,910	277,020	-5.5%	+15.5%

2016 was the third year running where there was a reduction in district heating consumption. This was due to the continuous decrease (-12.3% in the year) in Le Maioliche Shopping Centre (which represents 78% of the total consumption, on a like for like boundary).

In this first year where a comparison was possible, district heating consumption in Romania also recorded a decrease.

TABLE 3
FUEL
CONSUMPTION
(G4-EN3)

Fuel (kWh)	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
ITALY - ABSOLUTE	12,697,734	11,699,415	10,351,499	+8.5%	+13.0%
ITALY - LIKE FOR LIKE	12,697,734	11,699,415	-	+8.5%	-
ROMANIA	4,462,088	3,520,604	4,579,635	+26.7%	+23.1%
HEADQUARTERS	No fuel consumption	No fuel consumption	No fuel consumption	-	-

NB:

- the slight change regarding consumption in Italy in 2014 compared to what was reported last year is due to a final balance that arrived during the year in one Shopping Centre.

- Absolute and Like for like fuel consumptions coincide because Punta di Ferro and Clodi do not use fuel

The increase in fuel consumption involved all the Shopping Centres, only two recorded a decrease compared to 2015. The same rising trend is evident in national consumption and can be linked to the colder climate in 2016 compared to the previous year.

In addition to climatic factors, the increase in Città delle Stelle (particularly substantial) was due to work being carried out in the structure in the second half of the year, which involved a higher heating demand.

Also in Romania, the increase in fuel consumption was due to a particularly harsh winter.

TABLE 4
TOTAL ENERGY
CONSUMPTION
(ELECTRICITY,
DISTRICT
HEATING, FUEL)

Energy intensity (kWh/sqm)	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
ITALY – ABSOLUTE	58,379,071	55,652,593	53,414,497	+4.9%	+4.2%
ITALY – LIKE FOR LIKE	54,846,710	55,652,593	-	-1.4%	-
ROMANIA	12,832,248	12,498,099	12,490,635	+2.7%	+0.1%
HEADQUARTER OFFICES	406,479	426,368	387,379	-4.7%	+10.1%

The IGD structures' energy consumption intensity continued to fall, thanks also to the inclusion of Puntadiferro and Clodi in the Absolute boundary, the data of which is lower than the average of all the Centres. Energy intensity resulted as being lower than the year before even when compared on a like for like boundary.

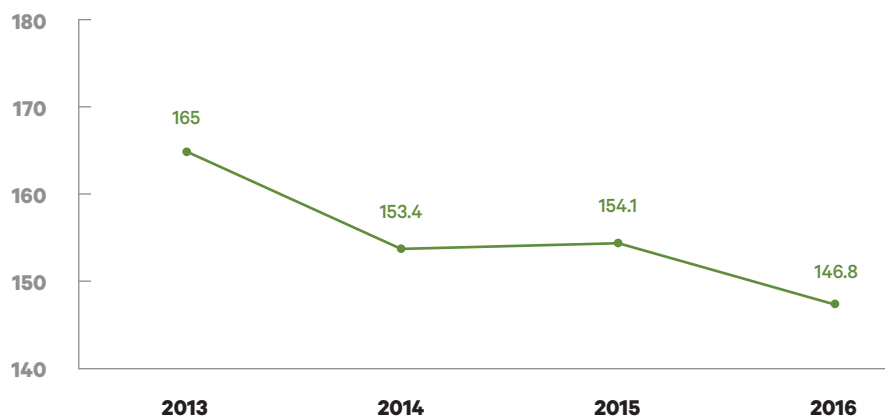
TABLE 5
BUILDING ENER-
GY INTENSITY
(G4-CRE1; G4-
EN5)

Energy intensity (kWh/sqm)	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
ITALY	146,78	154,10	153,4	-4.7%	+0.4%
ROMANIA	145,44	141,66	141,57	+2.7%	+0.1%
HEADQUARTER OFFICES	37,80	38,64	40,06	-2.2%	-3.5%

Note:
- The headquarter offices energy intensity has been calculated on electricity consumption.
- The slight change in the 2015 and 2014 data is due to a more correct estimate of the data regarding car park consumption in one Shopping Centre, based on data received during the year.

1: Data: SNAM Gas Infrastructure and Ministry of Economic Development, Italy consumption: +5.2%

CHART 2
REDUCTION IN
ENERGY INTEN-
SITY SINCE 2013



**ENERGY CONSUMPTION CONTINUED
TO DECREASE IN RELATION TO SQM**

Forlì (FC)
Puntadiferro



2.1.3 Greenhouse gas emissions

TABLE 6
GREENHOUSE
GAS EMISSIONS
(G4-EN15; G4-
EN16)

GHG emissions (Tonnes CO2e)	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
ITALY ABSOLUTE <i>Direct emissions</i>	2,251	2,074	1,835	+8.5%	+13.0%
ITALY ABSOLUTE <i>Indirect emissions</i>	21,430	20,483	19,749	+4.6%	+3.7%
ITALY ABSOLUTE <i>Total GHG emission</i>	23,680,32	22,556,69	21,583,80	+5.0%	+4.5%
ITALY LIKE FOR LIKE <i>Direct emissions</i>	2,251	2,074	-	+8.5%	-
ITALY LIKE FOR LIKE <i>Indirect emissions</i>	19,777	20,483	-	-3.4%	-
ITALY LIKE FOR LIKE <i>Total GHG emission</i>	22,027,48	23,680,32	Not compa- rable	-2.3%	+2.5%
ROMANIA <i>Total GHG emissions</i>	5,015	5,100	5,004	-1.7%	+1.9%
HEADQUARTERS <i>Total GHG emissions</i>	110	114	108	-3.8%	+5.2%

In 2016, the IGD Shopping Centres emitted 529 tonnes of CO2 less than in 2015, equal to the quantity of CO2e absorbed on average by a forest of approximately 86 hectares.

TABLE 7
GREENHOUSE
GAS (GHG) EMIS-
SIONS INTENSITY
FROM BUILDING
ENERGY CONSU-
MPTION (G4-
CRE3; G4-EN18)

GHG emissions intensity (Kg
CO2e/sqm common areas + GLA)

ITALY

Direct GHG intensity

ITALY

Indirect GHG intensity

ITALY

Total GHG intensity

ROMANIA

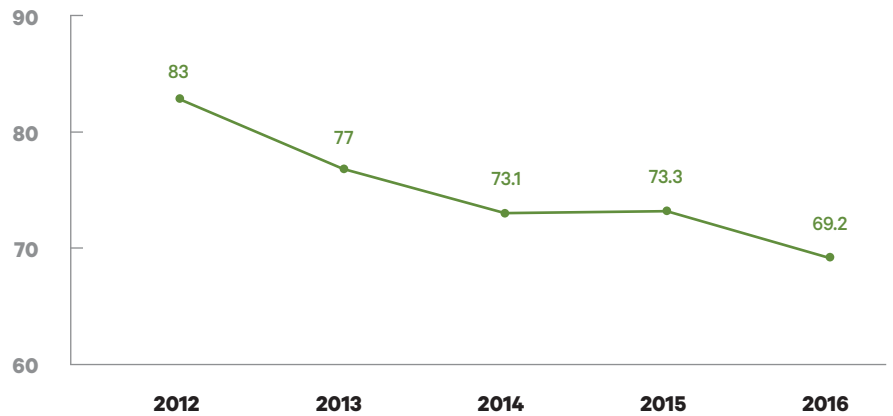
GHG intensity

HEADQUARTERS

GHG intensity

2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
6.58	6.74	6.21	-2.4%	+8.4%
62.61	66.53	66.88	-5.9%	-4.6%
69.19	73.27	73.10	-5.6%	+0.2%
59.70	57.81	56.72	+3.3%	+1.9%
39.79	41.38	39.33	-3.8%	+5.2%

CHART 3
REDUCTION IN
GREENHOUSE
GAS (GHG) EMIS-
SIONS INTENSI-
TY- ABSOLUTE
2012-2016



90% of the reduction in GHG emissions per square metre compared to 2015 is due to the reduction in indirect emissions.

2.1.4 Water consumption

Due to a rather low water usage and the geographical context in which the IGD Shopping Centres are located, water consumption is not a priority area where action needs to be taken. Nevertheless, IGD monitors water consumption and has made a commitment to minimise water wastage and to raise awareness in visitors and tenants on this issue.

As confirmation of the focus that IGD places on minimising water wastage, the new Maremà Shopping Centre is equipped with tanks to collect rainwater which can then be re-used within the structure.

Grosseto
Maremà



TABLE 8
WATER
CONSUMPTION
(G4-EN8)

Water consumption (m3)

ITALY ABSOLUTE

Water consumption

Of which from water mains

Of which from rainwater

ITALY LIKE FOR LIKE

Consumi idrici

Of which from water mains

Of which from rainwater

ROMANIA

Water consumption

Of which from water mains

HEADQUARTERS

Water consumption

	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
ITALY ABSOLUTE	523,100	526,681	476,916	-0.7%	+10.4%
<i>Water consumption</i>					
<i>Of which from water mains</i>	517,643	520,427	473,481	-0.5%	
<i>Of which from rainwater</i>	5,457	6,254	3,435	-12.7%	
ITALY LIKE FOR LIKE	492,358	526,681	-	-6.5%	-
<i>Consumi idrici</i>					
<i>Of which from water mains</i>	486,901	351,793	-	+38.4%	
<i>Of which from rainwater</i>	5,457	6,254	-	-12.7%	
ROMANIA	59,105	40,622	45,294	+45.5%	-10.3%
<i>Water consumption</i>					
<i>Of which from water mains</i>	59,105	40,622	45,294		
HEADQUARTERS	1,657	1,158	1,248	+43.1%	-7.2%
<i>Water consumption</i>					

CAREFUL MANAGEMENT OF DRINKING WATER MEANT THAT THE IMPACT OF THE INCREASE IN CONSUMPTION FOR IRRIGATION PURPOSES, CAUSED BY THE LACK OF RAINFALL, COULD BE LIMITED

TABLE 9
BREAKDOWN OF
WATER CONSUMPTION BY USE

Water consumption (m3)	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
TOTAL CONSUMPTION ABSOLUTE	356,338	380,772	385,819	-6.4%	-1.3%
<i>Drinking water</i>					
WATER CONSUMPTION ABSOLUTE					
<i>Irrigation</i>	35,986	26,969	16,886	+33.4%	+59.7%
WATER CONSUMPTION ABSOLUTE					
<i>Fire prevention</i>	61,017	64,807	41,051	-5.8%	+57.9%
OTHER CONSUMPTION ABSOLUTE					
<i>Water</i>	69,758	54,133	33,161	+28.9%	+63.2%
TOTAL CONSUMPTION LIKE FOR LIKE	328,632	380,772	-	-13.7%	-
<i>Drinking water</i>					
WATER CONSUMPTION LIKE FOR LIKE					
<i>Irrigation</i>	34,413	26,969	-	+27.6%	-
WATER CONSUMPTION LIFE FOR LIKE					
<i>Fire prevention</i>	60,313	64,807	-	-6.9%	-
OTHER CONSUMPTION LIKE FOR LIKE					
<i>Water</i>	69,000	54,133	-	+27.5%	-

A careful management of drinking water meant that the impact of the increase in consumption for irrigation purposes, caused by the lack of rainfall, could be limited. Therefore, water consumption was reduced on a like for like boundary (-6.5% compared to 2015).

In Romania, the significant increases were jointly caused by:

- the increase in visitors;
- the introduction of new services (like dental clinics) which, due to the particularity of their activities, require a greater use of water compared to other tenants;
- the opening of offices in the Shopping Centres (like the Court and the Land Registry) which result in the constant presence of workers inside the structures.

TABLE 10
BUILDING WATER
CONSUMPTION
INTENSITY
(G4-CRE2)

Water consumption intensity (m3/m2)	2016	2015	2014	Diff. 2016/2015	Diff. 2015/2014
ITALY <i>Water consumption intensity</i>	1.53	1.71	1.62	-10.7%	+5.6%
ROMANIA <i>Water consumption intensity</i>	0.67	0.46	0.51	+45.5%	-10.3%
SEDE <i>Water consumption intensity</i>	0.60	0.42	0.45	+43.1%	-7.2%

The increase in water consumption in the headquarters can be linked to two factors:

- the installation of two drinking water dispensers connected directly to the water mains, in replacement of the dispensers that were supplied externally up until 2015;
- The increase in the number of people present in the building (+19.8%).



IGD
Headquarters

TABLE 11
HEADQUARTERS
WATER
CONSUMPTION
INTENSITY (M3/
PERSON)

Headquarters water consumption intensity (m3/person)	2016	2015	2014	Diff. 2016/2015	Diff. 2015/2014
HEADQUARTERS <i>Water consumption intensity</i>	13.64	11.41	11.66	+19.6%	-2.2%

2.1.5 Waste and waste sorting

Waste collection and disposal in the Shopping Centres is carried out by Municipal companies or private ones (in several cases by both, with regard to waste to be disposed of). The Municipal companies do not relay information regarding the quantity of waste collected: for this reason the data is not available for 8 Shopping Centres that these companies provide the service for. The quantity of waste shown in the following tables corresponds to the information that was available: 2,258 tonnes of waste was generated in 2016, 71% of which was sent to recycling.

TABLE 12
WASTE AND
DISPOSAL
METHOD (G4-
EN23)

	Country	2016 (t)	2015 (t)	2014 (t)	Diff. 2016/ 2015	Diff. 2015/ 2014	% out of total 2016	% out of total 2015	% out of total 2014
<i>Riciclo Absolute</i>	Italy <i>Recycling Absolute</i>	1,598.01	1,535.06	1,316.56	4.1%	16.6%	71%	62%	58%
<i>Inceneritore Absolute</i>	<i>Incinerator Absolute</i>	35.00	34.00	-	2.9%	-	2%	1%	
<i>Discarica Absolute</i>	<i>Landfill Absolute</i>	625.14	889.01	956.46	-29.7%	-7.1%	28%	36%	42%
RIFIUTI TOT. PRODOTTI Absolute	TOTAL WASTE GENERATED Absolute	2,258.15	2,458.07	2,273	-8.1%	+8.1			
<i>Riciclo Like for like</i>	<i>Recycling Like for like</i>	1,598.01	1,535.06	-	4.1%	-	71%	62%	58%
<i>Inceneritore Like for like</i>	<i>Incinerator Like for like</i>	35.00	34.00	-	2.9%	-	2%	1%	
<i>Discarica Like for like</i>	<i>Landfill Like for like</i>	625.14	889.01	-	-29.7%	-	28%	36%	42%
RIFIUTI TOT. PRODOTTI Like for like	TOTAL WASTE GENERATED Like for like	2,258.15	2,458.07	-	-8.1%				

Country		2016 (t)	2015 (t)	2014 (t)	Diff. 2016/ 2015	Diff. 2015/ 2014	% out of total 2016	% out of total 2015	% out of total 2014
Romania	Waste sent to recycling	67.68	68.32	53.19	-0.9%	+28.4%	97%	97%	96%
	Waste sent to landfill	2.15	2.19	2.33	-1.7%	-6.2%	3%	3%	4%
	TOTAL WASTE GENERATED	69.83	70.51	55.53	-1.0%	+27.0%			

NB: The change in the 2015 data referring to waste disposed of in the incinerator is due to a correction in the communication from the service supplier.

In 2016, ten Centres in Emilia Romagna participated, by providing areas, in the project organised by Hera and Ecolight for the collection of electronic equipment no longer working (WEEE): this is waste that can be reused in production process cycles and the incorrect disposal of it is dangerous for the environment. By positioning collection points for small WEEE in busy areas like its Shopping Centres, IGD is contributing to the project aimed at encouraging the correct disposal of these products.

Bologna Borgo Shopping Centre



2: Hera is an Italian multi-utility supplier of energy, water and environmental services (<http://www.gruppohera.it/>); Ecolight is a non-profit national consortium which guarantees the handling and disposal of WEEE, spent batteries and accumulators and photo-voltaic modules at the end of their lifespan (<http://ecolight.it/>)

TABLE 13
WASTE SORTING

Country		2016 (t)	2015 (t)	2014 (t)	Diff. 2016/ 2015	Diff. 2015/ 2014	% out of total 2016	% out of total 2015	% out of total 2014
Italy	Paper and cardboard	692	808	719	-14.4%	+12.4%	30.6%	32.9%	31.6%
	Plastic	33	55	71	-39.8%	-22.1%	1.5%	2.3%	3.1%
	Organic	21	25	10	-15.3%	+144.2%	0.9%	1.0%	0.5%
	Unsorted	407	513	495,0	-20.6%	+3.5%	18.0%	20.8%	21.8%
	Mixed	1,022	944	877	+8.3%	+7.7%	45.3%	38.4%	38.6%
	Glass	48	56	40	-14.1%	+39.2%	2.1%	2.3%	1.8%
	Wood	10	37	32	-74.3%	+14.6%	0.4%	1.5%	1.4%
	Other	25	20	29	+26.3%	-29.5%	1.1%	0.8%	1.3%
	TOTAL	2,258.15	2,458.07	2,273.01	-8.1%	+8.1%			
Romania	Paper and cardboard	62.80	62.22	51.52	+0.9%	+20.8%	90%	88%	93%
	Plastic	4.88	6.10	1.7	-20%	+265.3%	7%	9%	3%
	Unsorted	2.15	2.19	2.3	-1.7%	-6.2%	3%	3%	4%
Head- quarters	Paper	3.92	4.16	n.d	-5.8%	-	53.0%	-	-
	Plastic	0.32	0.27	n.d	+18.5%	-	4.3%	-	-
	Unsorted	3.15	n.d	n.d	-	-	42.6%	-	-

NB: the weight of waste in the headquarters in 2015 has altered due to a more correct calculation carried out as a result of measurements carried out in 2016

TABLE 14
PAPER
CONSUMPTION
BOLOGNA
HEADQUARTERS

Paper consumption Bologna headquarters	2016	2015	2014	Diff. 2016/ 2015	Diff. 2015/ 2014
Number of printed sheets of paper	727,370	725,680	793,178	+0.2%	-8.5%

In 2016 the data regarding printed sheets of paper, after having constantly fallen for 5 consecutive years, was, for the first time, in line with the previous year. Again in 2016, only recycled paper or FSC certified paper was used for institutional material.

2.1.6 ISO14001 certification (G4-CRE8)

Since March 2013, IGD has been following a process aimed at obtaining UNI EN ISO 14001 environmental certification for its Shopping Centres, with the intention of defining unequivocal monitoring and management methods so as to continuously improve environmental performance. The target, in accordance with the roll out plan defined at the start of the project – and abided by year after year – is to certify 93% of the total square metres and 90% of the Shopping Malls by 2018. In 2016, after obtaining the Environmental Management System (EMS) certification in Katanè (in Gravina di Catania – Catania), Le Maioliche (in Faenza – Ravenna) and Lungosavio (in Cesena – Forlì Cesena) Shopping Centres, the company undertook to:

- follow up on the observations made by the certifying body during the certification process, by taking the appropriate actions;
- prepare the necessary work, by means of a specific training activity, in order to obtain the certification for 3 Centres, foreseen in March 2017:
 - Clodi (in Chioggia – Venice)
 - Borgo (in Bologna)
 - Portogrande (in San Benedetto del Tronto, Ascoli Piceno)

In the event of a positive conclusion of the above, 14 Centres will have been certified (in addition to the IGD headquarters), corresponding to 79% of the total square metres and 70% of the number of Shopping Centres in IGD's portfolio. The number of Shopping Centres certified therefore, in line with the roll out plan, is equal to 11 (corresponding to 65% of the total square metres and to 55% of the Shopping Centres in IGD's portfolio).

2.1.7 BREEAM certification (G4-CRE8)

In June 2016, Sarca Shopping Centre, following the restyling work carried out, obtained BREEAM environmental certification: this is the first Centre in Italy to have obtained both environmental certifications (ISO 14001 certification was obtained in 2013). This certification represents one of the most important and recognised international standards for the environmental sustainability of buildings and it is characterised by the particular focus that is placed on the overall improvement in wellbeing of those that spend time there. BREEAM certification was obtained thanks to the focus placed on environmental issues in the management of the worksite (with a significant sorting of the waste generated and particular attention paid to the disposal of it) and in the work carried out both internally (the Centre is lit exclusively by means of LED technology) and externally (it is possible to reach the Centre by means of a new cycle path). Overall, the Shopping Centre (inaugurated in 2003) underwent both internal and external restyling in order to adapt it to meet the needs of visitors who place more and more attention on innovation, functionality and comfort and for who regard for the environment represents an important plus point. Following this positive experience regarding the BREEAM certification of Sarca Shopping Centre, IGD has decided to continue along this path and has commissioned an external company to carry out a feasibility study to assess the possibility of obtaining "Breeam in use" certification for 4 big assets (Katanè, Tiburtino, Puntadiferro, ESP). 7.2% of the total square metres of IGD's portfolio is Breeam certified.

FOCUS

CommONEnergy European project

In cooperation with INRES, IGD participated in a workshop promoted by the Directorate-General for Research and Innovation of the European Commission and coordinated by EURAC (EUROpean ACademy), on the implementation of energy saving policies in Shopping Centres. The results were presented in October in a workshop in Valladolid, where the efficiency study on Katanè was reported.

IGD also participated in 2016 in the CommONEnergy Awards, organised by EURAC in Europe and directed at redeveloped Shopping Centres, with the aim of identifying and nominating the most energy efficient and sustainable building in order to:

- reward the best practices in restyling work;
- provide examples for future restyling work;
- improve sustainability in shopping centres.

IGD put forward Sarca Shopping Centre as a candidate, the restyling work of which was completed in 2015. It passed the first stage of the competition and it is one of the finalists. It is currently waiting to participate in the subsequent phases.

Gravina di Catania (CT)
Katanè



2.1.8 Commitment to air quality

In 2016, IGD formalised its commitment to the improvement in air quality both inside and outside its Shopping Centres by means of two projects: the first is related to sustainable mobility; the second concerns the monitoring of the air quality inside the Malls.

Commitment to sustainable mobility

IGD began a process in 2013 aimed at promoting the use of vehicles with a reduced environmental impact in order to reach its Shopping Malls. The first tangible results were produced between 2015 and 2016 and important measures are being studied for 2017. The current situation and the ideas for the future for each means of transport can be seen in detail below:

*Sesto San Giovanni (Milan)
Sarca Shopping Centre
cycle path*



Means of transport	Results from the mapping of the current situation	Actions carried out and future assessments
<p>Local public transport</p>	<p>79% of the IGD Shopping Centres are situated less than 200 metres from the nearest stop of local public transport</p>	<p>Actions to promote the use of local public transport have begun, by including the bus and metro timetables on the digital totems in Sarca Shopping Centre</p>
<p>Bicycles</p>	<p>60% of the IGD Shopping Centres can be reached by using cycle paths; in 36% of cases, bicycles are indeed used to reach the Centre</p>	<ul style="list-style-type: none"> • Between 2015 and 2016 new cycle paths were introduced at 3 Shopping Centres (Sarca, Maremà and Porta a Mare) • Measures are being studied to make it possible to charge electric bikes at the Centres
<p>Electric cars</p>	<p>Only Maremà Shopping Centre in Grosseto has an EV charging station, installed before the opening</p>	<p>A project is underway to introduce EV charging stations at the IGD Centres, with results expected from 2017</p>

As confirmation of this commitment, 6 of the company cars are Autogas (LPG) cars.

Commitment to the monitoring of the internal air quality

As part of the activities connected to the previously described CommONEnergy project, analyses were carried out in 2016 regarding the CO2 concentration level inside the Malls of two Shopping Centres, in order to assess the quality of the air.

In both cases the values recorded were low, resulting in the two Shopping Centres being included in the top category of comfort according to the UNI EN 15251 standard. In addition to the structural form of the Malls, this data is also due to the high volume/hour of air circulation, which successfully helps to dilute the concentration of CO2.

During the analysis process, a sample of visitors were interviewed on how satisfied they were with the air quality. The result that emerged was one of substantial satisfaction.

IGD FORMALISED ITS COMMITMENT TO THE IMPROVEMENT IN AIR QUALITY BOTH INSIDE AND OUTSIDE ITS SHOPPING CENTRES

2.2 Attractiveness and liveability of the shopping centre

Attracting visitors to its Shopping Centres is a core activity for IGD. To continuously improve and innovate this activity in relation to the changing needs of its visitors, the Company works on two influential factors:

- adaptation of the structures
- introduction of new brands

To deal with these issues in a structured manner, the company has included them in its “Innovation Project”, as described in Section 4.4 of this Report.

The work carried out over the previous few years enabled the Shopping Malls’ tenants to increase their sales, while footfalls remained essentially stable.

2.2.1 Adaptation of the retail structures

New openings and restyling

The activities were concentrated on two structures:

- Maremà, in Grosseto, inaugurated in the month of October
- Città delle Stelle, in Ascoli Piceno, with the remodelling of the internal areas enabling, first of all, the introduction of a leading international tenant and, subsequently, the creation of a new internal square in the areas freed up by the reduction in size of the hypermarket.

**WORK CONTINUED DURING THE
YEAR REGARDING THE OPENING OF
NEW SHOPPING MALLS AND THE
CARRYING OUT OF RESTYLING AND
REFURBISHMENT WORK, AS FORESEEN
IN THE BUSINESS PLAN**

Place: Grosseto

GLA: 17,000 smq

Stores: 44 shops
+ 7 medium sized internal areas
+ Hypercoop

Investment: ~ € 47 mn

First data: over 850,000
footfalls in first two months

Characteristics:

- Innovative structure both from an architectural and environmental point of view (see paragraph 1)
- Tenant mix with extremely appealing anchors capable of attracting visitors from over 100 km away
- Restaurants/bars open past Centre closing time, with prominent trade names both on a local and national level



27th October 2016:
Inauguration Maremà



Place: Ascoli Piceno

Year Centre opened: 2002

Work carried out: Restyling
and remodelling of internal
areas with H&M opening

Inauguration: 11 august

Benefits: Increase in at-
traction from new catchment
areas

Tenants' sales: +28.8%
(august-december)

Footfalls: +3.1%
(august-december)



H&M
Città delle Stelle



FOCUS

Sarca Shopping Centre finalist in the MAPIC Awards

With the restyling project in Sarca Shopping Centre, which began in 2013 and was completed in December 2016, IGD became one of the 4 finalists in the MAPIC Awards 2016, the award established and promoted by MAPIC, the international event dedicated to retail real estate which is held every year in Cannes.

The prestigious MAPIC Awards, created in 1996, reward excellence, innovation and creativity in the retail real estate market.

Sarca Shopping Centre in Milan was selected by a panel of judges made up of qualified operators in the sector from all over the world, as one of the finalists in the “Best Redeveloped Shopping Centre” category, alongside three other Shopping Centres situated in Austria, Estonia and China.

The award ceremony was held during Mapic 2016 and although it did not win, the presence of Sarca Shopping Centre in an international context of that footing bore witness to the appreciation at international level, of the work and of the result obtained with the restyling carried out.

MAPIC Awards
Notice



Specific projects

Furthermore, two projects were created in 2016, the common thread being their focus on safety in the Shopping Centres. They were both of a voluntary nature and regarded seismic safety improvement measures and the introduction of bollards in the external areas.

With regard to the first issue, IGD is committed to ensuring that even greater protection is provided with regard to its visitors' and tenants' health and safety in its Centres. Even though the Centres located in Abruzzo and Le Marche suffered no structural damage from the earthquakes that occurred from the month of August onwards, IGD decided, with regard to the project which began after the 2012 earthquake and which consists in a primary monitoring phase followed by the implementation of specific actions and measures, to extend it to include a large number of its properties.

As far as the second issue is concerned, the Company decided to install shatterproof bollards to protect the Shopping Malls by preventing heavy vehicles from being able to enter. Currently, this project has involved 10 Centres and it will continue in 2017 in those structures where it is deemed necessary.

Lastly, the project to improve the usability of the IGD Centres by individuals with disabilities was completed. This project began at the end of 2012 with a specific audit and was developed over the years with structural work being carried out in the Shopping Centres (2013), with specific improvement in communication (2014) and with tenant engagement (2015). At this point, the actions to be taken are included in IGD's procedures and specifications and are part of its normal operating activities. A specific monitoring activity by the Company remains in force, also as a result of the "Happy Hand in Tour" event which, over the last few years, has been the source of important inspiration regarding actions to be taken in several Shopping Centres.

2.2.2 Identification of new brands

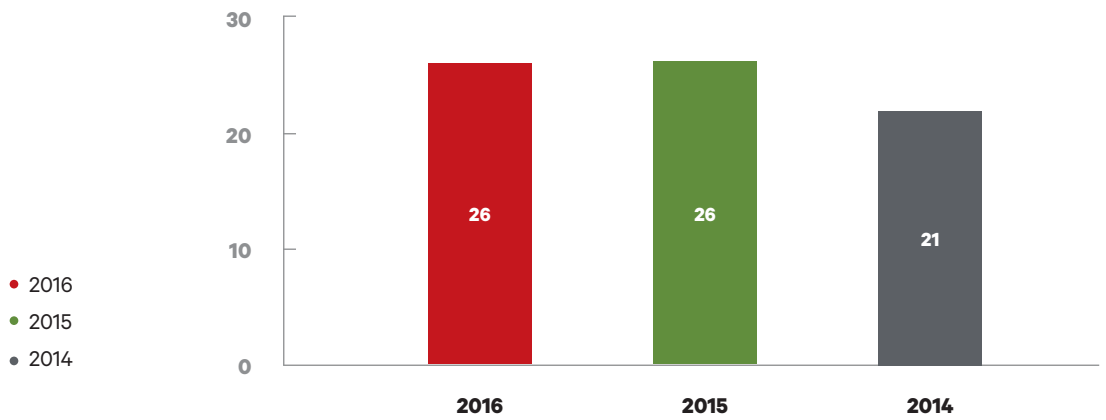
Italy

In addition to the normal research activity carried out by the Commercial Department, the work to identify new brands in 2016 involved three specific events:

- "Retail Connection" in London in the month of March in which IGD participated, as it did in 2015, in cooperation with CNCC (National Association of Shopping Centres). It was an occasion offering opportunities to enter into direct contact with new brands not yet present in the IGD Shopping Centres;
- the first Mapic Italy, which was held in May in Milan, a new occasion to meet national and international retailers;
- at Mapic, which was held in the month of November in Cannes, IGD participated in the "Meet Italy" initiative, where Shopping Centre owners and international retailers present at the event could meet.

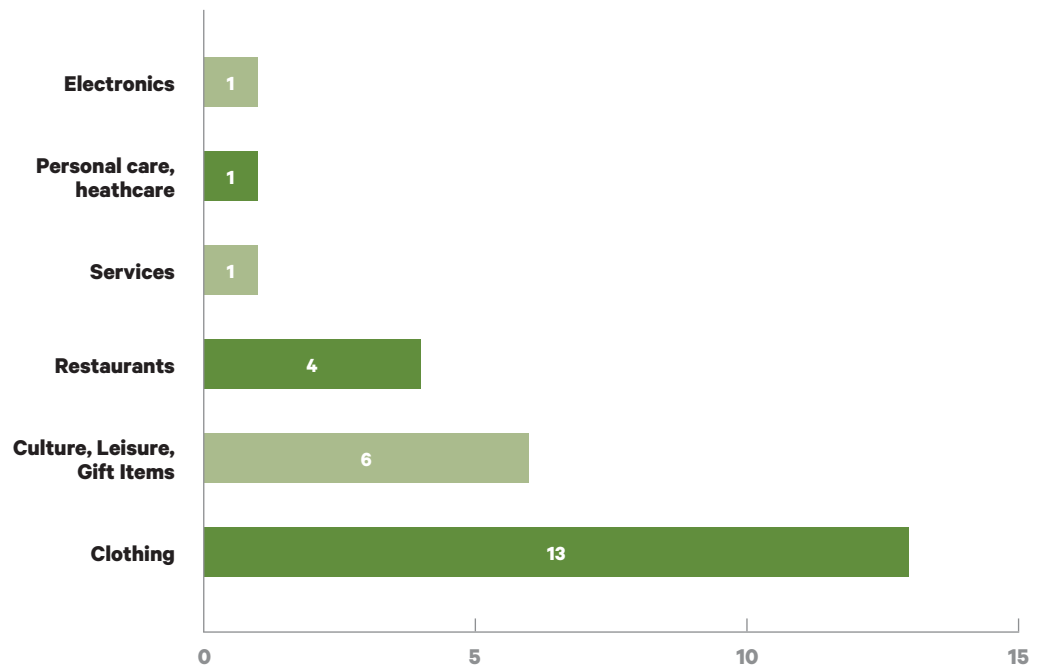
This activity was useful both to promote the retail spaces available in the new Maremà Shopping Centre in Grosseto, inaugurated with an occupancy rate close to 100%, and to renew the retail offer in the Malls.

CHART 4
**NEW BRANDS
 INTRODUCED
 EACH YEAR
 (ITALY)**



**ALTOGETHER 26 NEW BRANDS
 OPENED A STORE IN AN IGD MALL
 FOR THE FIRST TIME**

CHART 5
**NEW BRANDS
 BY MERCHAN-
 DISING MIX
 (ITALY)**



When selecting new brands to introduce into its Shopping Malls, IGD worked to:

- Increase the retail offer in those categories that were less likely to be affected by the development of on-line sales (especially restaurants/bars and services);
- Ensure new clothing brands were present (revenues of which have an impact of 50% out of the total). In particular, in 2016, a Zara store was introduced for the first time in an IGD Mall (Maremà, Grosseto);
- Follow new consumer trends (for example the pet store sector, with two new pet accessory stores being introduced during the year).

Romania

In 2016, Winmarkt continued its policy to renew its merchandising and tenant mix, always with the intention of introducing international brands capable of increasing the attractiveness of its Malls. Following this approach, work was completed in November and the sixth H&M store in the network was inaugurated in Ploiesti (its biggest and most representative Shopping Centre). Since it was inaugurated, the Centre's daily footfalls have increased by 16%.

Furthermore, the project aimed at adapting the top floors of the Winmarkt structures to office use or for services continued. In 2016, areas in the Shopping Centre in Ploiesti were converted to accommodate offices. Indeed, a section of the local Court and a medical clinic were opened there. Remaining on the subject of occupancy on the top floors, the areas occupied by Gameland in two other Shopping Centres (Galati and Braila) were rented to tenants in order to increase the overall retail attractiveness of the structure.

The work carried out over the years to adapt the Winmarkt Malls to increasingly international standards, led to good results in 2016:

- The occupancy rate increased, reaching 96% (with a 10 percentage point growth since 2014);
- Footfalls increased (+2.6% compared to 2015).

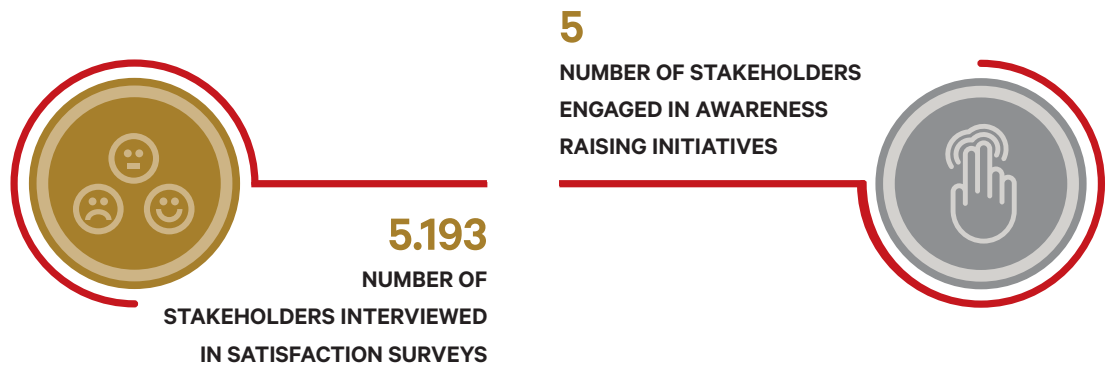
Romania
Ploiesti
New H&M



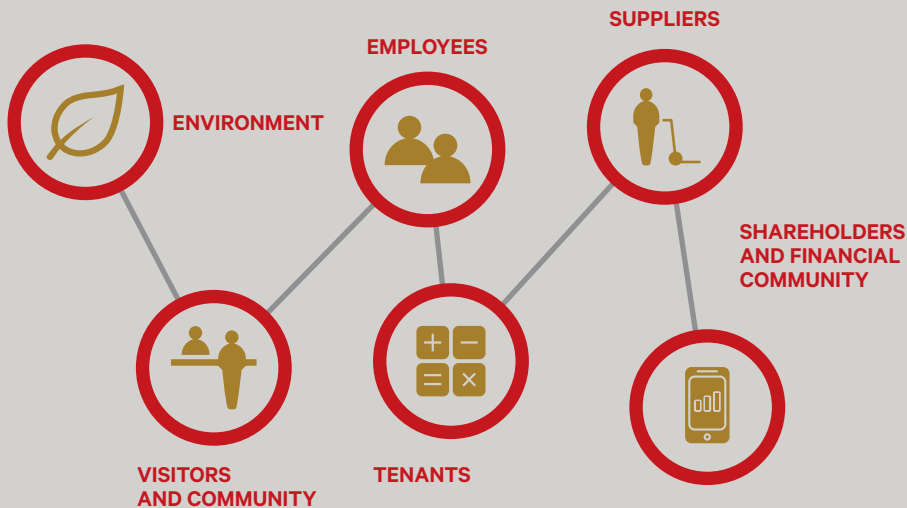


3. A CHANGING CONTEXT

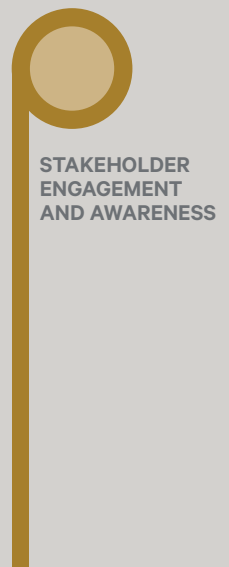
Highlights



Stakeholders involved



Material Issues



3.1 Stakeholder engagement

3.1.1 The engagement process and activities

IGD's stakeholders are the people, the companies and the other organisations that add value to the organisation, they are influenced by its activities or are otherwise interested in them.



Structured stakeholder engagement enables IGD to be in direct contact with its stakeholders, to understand their needs and expectations as well as their level of satisfaction regarding decisions made and actions carried out. IGD identifies stakeholder engagement as an important part of its way of doing business. For this reason, it is one of the strategic guidelines that has been included in IGD's Business Plan since 2013 and has been subsequently confirmed in the ones that followed. Over these years, it has enabled the company to assess both strong points and critical elements, with appropriate corrective actions being identified, both on a corporate level and in the management of the individual Shopping Centres.

The following shows in detail the stakeholders involved and the methods used (G4-24;25;26)

Stakeholder	Method of engagement	Period of engagement	Engagement carried out for Sustainability Report	Who was involved and why
Banks	Conference call <i>One to one meetings</i>	Continuous throughout the year	no	For details refer to Section 1, "Transparency"
Investors/ Analysts/ Shareholders	Conference call <i>One to one meetings</i> <i>Roadshow</i> <i>Field Trip</i>	Continuous throughout the year	no	For details refer to Section 1, "Transparency"
Visitors to the Centres	Event satisfaction*	All of 2016	no	2,395 people involved in 11 events carried out in 6 Shopping Centres. The people interviewed were selected from both those that participated in the events and those that didn't, on the days in which the events were programmed.
Visitors to the Centres	Customer satisfaction*	All of 2016	no	1,230 people interviewed in 2 Customer Satisfaction surveys (in the same number of Shopping Centres)
Visitors to the Centres	Spot surveys for visitors*	All of 2016	no	1,519 people interviewed in 2 surveys carried out in the same number of Shopping Centres
Employees	Internal atmosphere assessment	March 2015	no	All Italian employees involved. The good overall results, with a significant improvement in all areas, meant that no specific follow up projects were required.
Tenants	Tenant Satisfaction*	November-December 2016	no	2 surveys were carried out in 2016 with questionnaires sent to all tenants. 49 tenants answered (38% of the total)
Tenants	One to one meetings*	Continuous	no	350 meetings were held during the year.

*Further details regarding the results of these surveys carried out in 2016 can be found in the following paragraph

3.1.2 Engagement results (G4-27)

The main issues that emerged from the stakeholder engagement activities in 2016 are described below.

Event satisfaction

The Event Satisfaction survey is a tool that has been developed internally since 2013 with the purpose of receiving from the visitors an assessment on the events offered and of obtaining indications regarding the most suitable types of communication for each Centre and target of visitors.

In 2016, 11 surveys were carried out in 6 Shopping Centres situated in 4 different Italian Regions. Unlike the previous years, 3 different types of surveys were carried out in 2016 by adapting the questionnaire according to the more specific in-depth survey needs required by the Shopping Centre. The areas where the level of visitor satisfaction was examined were the following:

- “Long-standing” events, held over the years in the Shopping Centres, also with the purpose of assessing whether to continue holding them or not;
- “Important” events, or rather, particularly significant ones within the Marketing Plan due to the commitment (also economic) and efforts involved in bringing them to fruition;
- Communication, by examining more in-depth the effectiveness of the methods of communication used to reach the visitors (with focus also on communication via Facebook).

The prominent issues that emerged from the surveys carried out during the year were the following:

- The level of visitor satisfaction with regard to both “long-standing” events and “important” events was high;
- Advertising within the Shopping Centre was the main method of communication by means of which the visitors learnt about the events. This element was common to the other two survey types and was in line with the previous years;
- Compared to 2015, there was an increase in the number of people who would like to be informed about the events in the Shopping Centre by means of the Web (website, Facebook etc.);
- The percentage of people that went to the Shopping Centres for the specific purpose of participating in the events remained essentially stable: 13% in 2016 (compared to 11% in 2015 and 10% in 2014).

The results of the surveys were used by the individual Shopping Centres to assess the Marketing Plan of that year and to define the guidelines for the one of the following year. Furthermore, they have represented the basis for analysis for the new Marketing Plan model, as described in section 4.1.

Customer satisfaction

Two Customer satisfaction surveys were carried out in 2016 in order to obtain information about the visitors themselves and the way they use the Shopping Centre, in addition to their level of satisfaction regarding what the Shopping Centres offer overall and the way they are run. The results of these surveys led to the identification of the strong points and, more importantly, the areas within the Shopping Centres in need of improvement.

The level of satisfaction that emerged from both surveys was overall positive.

The surveys involved the following Shopping Centres:

- Conè in Conegliano (Treviso)
- Gran Rondò in Crema (Cremona)

The level of loyalty for both (especially in the primary catchment area) was high.

The main areas for improvement in both structures were the low attractiveness of the events and the food and beverage services available. Actions involving both marketing and commercial areas have been identified for both issues.

Spot surveys for visitors

Spot surveys were carried out in 2016 for the second year running, aimed at assessing visitor satisfaction with regard to specific issues in the individual Shopping Centres.

The Centres involved in this type of survey were:

- ESP (Ravenna), where, taking the opportunity of the extension to the Shopping Centre scheduled to take place in 2017, it was decided to examine the level of satisfaction regarding the food and beverage services currently available and to discover the visitors' wishes for the future;
- La Torre (Palermo), where, following the opening at the beginning of 2016 of the Multiplex Cinema in the Shopping Centre, it was deemed appropriate to carry out a survey to assess its attractiveness and the impact it had on the Mall, as well as the level of satisfaction regarding the new structure.

Like the previous year, these surveys were useful in order to make informed management decisions.

Ravenna ESP





Sesto San Giovanni (Milan)
Sarca Shopping Centre

Tenant satisfaction

In 2016, for the fourth year running, IGD carried out Tenant Satisfaction surveys. This engagement process has been carried out in 7 Shopping Centres so far. After the pilot project in 2013, 2 different structures were involved in each of the following years. In 2016 the Tenant Satisfaction questionnaire involved the tenants in Sarca Shopping Centre in Sesto San Giovanni (Milan) and La Torre Shopping Centre in Palermo.

The tenants were given a questionnaire, the purpose of which was to discover the levels of satisfaction and importance regarding 6 main areas of interest:

- Relations with IGD
- Overall assessment of the Shopping Centre
- Marketing activities
- Merchandising mix
- Facility Management
- Environmental sustainability of the Shopping Centre

The survey was carried out in the period November – December 2016 with a return equal to 51% in terms of total square metres and 38% with regard to stores.

The strong points and areas for improvement that emerged from the two surveys were common to both Shopping Centres and were in line with the findings of the previous 5 surveys.

- Strong points: “Relations with IGD”, in particular with regard to the professionalism that employees show towards the tenants.
- Areas for possible improvement: marketing activities, above all those regarding the quantity of events offered.

Since 2013, Tenant Engagement activities have involved 165 tenants altogether, with a return equal to 40% and have highlighted important points regarding management. IGD intends to continue with this type of survey, involving the tenants in 2 other Shopping Centres in 2017.

In addition to these specific surveys, tenant satisfaction is constantly monitored by the Commercial Department which every year carries out 350 meetings, during which an assessment is carried out of the economic performance of both the tenant and the relevant Shopping Centre, contractual issues are discussed and, at the same time, suggestions and observations useful for the successful running of the Shopping Malls are put forward. The number of meetings has progressively fallen over the last few years, in line with the reduction in critical situations caused by the economic crisis.

3.2 Stakeholder awareness

Within the sustainability process, IGD continued its aim to raise awareness in several of its stakeholders about these issues. The actions carried out in 2016 are described below.

Stakeholder	Awareness raising activities carried out in the year
Shareholders and financial community	<p>Participation in the conference “The strategic value of non financial information”, with the participation of major investors</p> <p>Sharing of sustainability results during <i>one to one</i> meetings</p> <p>Twitter coverage of CSR actions, with an increase in views compared to the previous year</p>
Tenants	<p>Rulebook distributed to all tenants in all freehold Shopping Centres and in those managed, on good practices for the sustainable management and the mitigation of the environmental impact of the stores (http://www.gruppoigd.it/Media/Galleria-Video/Decalogo-per-migliorare-la-sostenibilita-dei-nostri-centri-commerciali)</p> <p>Participation in an internal meeting organised by a major tenant to present IGD’s CSR strategy</p>
Visitors and community	<p>Signs raising awareness regarding good environmental practices to be followed even in individual everyday conduct introduced in all ISO14001 certified Shopping Centres</p>
Employees	<p>Awareness raising for the correct use of water and for a reduction in plastic:</p> <ul style="list-style-type: none"> • plastic bottles replaced by reusable glass bottles in the meeting rooms • Traditional water dispensers with bottles replaced by reverse osmosis bottleless water dispensers
Suppliers	<p>Suppliers informed regarding the occurrence of ISO14001 certification in the Shopping Centres concerned</p>

**WITHIN THE SUSTAINABILITY
PROCESS, IGD CONTINUED ITS AIM
TO RAISE AWARENESS IN SEVERAL
OF ITS STAKEHOLDERS
ABOUT THESE ISSUES**

FOCUS

Research seminar on “The evolution of Shopping Centres”

In June 2016, IGD discussed the matter of the evolution of Shopping Centres with its Board of Directors and with the top management of its majority shareholders. This was the continuation of a process which was started in 2013 when a seminar was organised with the previous Board of Directors aimed at mapping out the profile of the Shopping Centre of the past, the present and the future. Thanks to the external input of Raffaella Pinto (Head of Research and Marketing, CBRE), Massimo Ferrari (Chief Executive Officer for Management, Coop Alleanza 3.0), Luca Pellegrini (Professor in Marketing, IULM University) and to the input of IGD’s management, the following issues were debated:

- scenario regarding consumption, new *trends* and developments;
- the new part played by food and beverage services, an increasingly important feature in the *merchandising mix* in the Shopping Centres;
- the role of the food anchor, with focus on the hypermarket;
- the Italian real estate market scenario.

IGD’S CONTRIBUTION: THE NEW SHOPPING CENTRE IN THE E-COMMERCE ERA

For IGD it was an opportunity to present its own vision on the future of Shopping Centres. IGD’s contribution, showing the various areas on which it is now working, can be seen in brief below:

- Remodelling of the Shopping Centre areas
- Action taken regarding the merchandising mix and the liveability of the Mall spaces
- Innovation of the physical spaces by means of technology
- Shopping Centres as Spaces to be lived in: social relations and events





4. THE CONCEPT OF SPACES TO BE LIVED IN

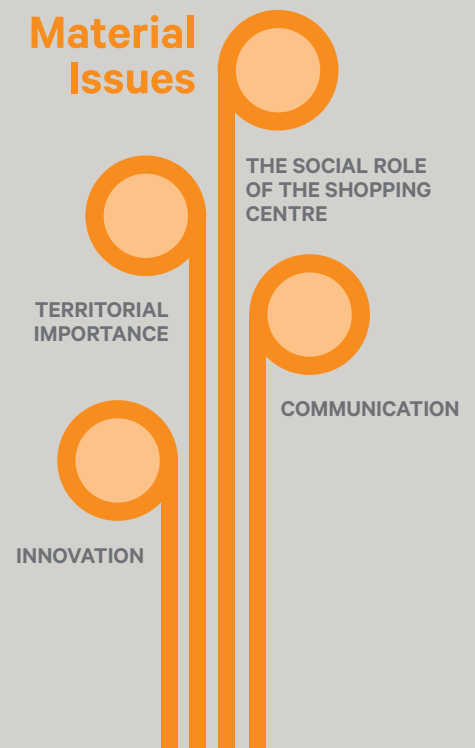
Highlights



Stakeholders involved



Material Issues





Bologna
Centro Nova
Kids on the moon

IGD Shopping Centres are “Spaces to be lived in” based on their commitment to:

- promote and organise a variety of commercial, recreational-sports, solidarity and local events*
- satisfy the requirements of the local area regarding employment, services, social gathering practices and emerging needs*
- offer effective communication and innovative solutions for the visitor’s shopping experience*

4.1 The social role of the Shopping Centre

Italy

In 2016, 74 million people entered IGD's Shopping Centres and, as the surveys carried out show, the reason was both to go shopping and because the Centre is seen as a place in which to meet up with others. That social role of the Shopping Centre thus emerges, that which IGD summaries in its payoff "Spaces to be lived in" and which every day it is committed to bringing to life with a wide range of various events, with focus each time on commercial, solidarity, recreational-sports or local events. The careful selection of the best mix of events is described in the Marketing Plan, which structures for each individual Shopping Centre the strategic guidelines identified on a centralised level, adapting them to the individual needs and requirements of each local and competitive context.

FOCUS

The new marketing plans

In the second half of 2016, IGD promoted a training activity so that the Shopping Centres could share a new common method for the drawing up of their Marketing Plans. This new method, structured into 5 consecutive phases, introduces a more thorough examination and analysis compared to the past. In particular:

- it intensifies the phase regarding the analysis of the context and the understanding of the visitors' needs
- it places more attention on elements that are as quantitative as possible also when identifying the Plan's targets (to be defined year by year)
- it enables specific work to be carried out on the Centre's strong and weak points
- it focuses on assessing the efficiency of the Plan itself, with specific KPIs for the individual events

Starting from 2017 the Marketing Plans will be created on the basis of the above

In 2016, every IGD Shopping Centre organised on average 20 events, slightly more than in the previous year (19).

TABLE 1
**TOTAL EVENTS
(ITALY)**

Events held in the Centres

**Total number
of events**

2016 2015 2014

488 443 441

NB: starting from this Report the number of events refers to the total number of Shopping Centres in the portfolio each year. For 2015 the number recorded here is different from the one in last year's Report as that number did not take into consideration 2 Shopping Centres opened in 2014 (Porta a Mare) and 2015 (Clodi) which were excluded as they were not part of the like for like boundary.

Compared to the year before, there was a slight increase in events with a social impact (71 in 2016, 57 in 2015): these represent 14% of the total number and refer to projects organised in conjunction with NPOs with shared goals. One outcome of “Happy Hand in Tour” is the relationship that was established between the Shopping Centres and the associations that participated in the event. In several cases, this relationship led to jointly organised events.

IGD's guidelines identified 4 fields of action on which a significant part of the event programming in the Shopping Centres was concentrated:

1. develop events that establish an ever greater connection between online and offline;
2. carry out in all the Shopping Centres an event with a great social impact, based on inclusion;
3. organise large-scale events with a strong impact that are appealing thanks also to their cultural and artistic content
4. focus on the visitors' needs, ensuring that they have the opportunity to take advantage of free check-ups

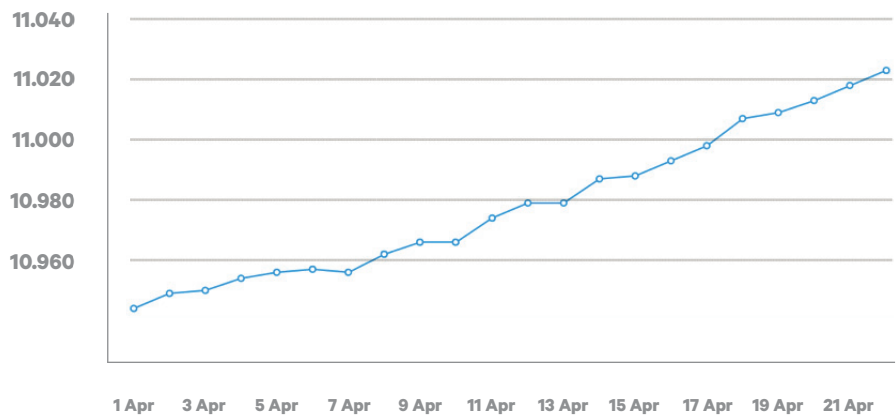
Ravenna ESP
fashion show



Online/offline events

As described in paragraph 3 of this Section, IGD, starting from 2016, decided to invest considerably in social networks, as these tools were identified as being not only an important means of communication, but also an innovative system of engagement with the Centres’ visitors. As a result, several “multichannel” events were organised during the year, where the social platform and the real one represented by the Shopping Centre exchanged content and contributions right from the programming phase. An example of this way of operating, which received positive feedback both on Facebook and in the Shopping Centre, was the fashion event that was held in ESP Shopping Centre, connected to the Miss Italy selection process. In that case, the first casting session occurred on the Facebook page and the most voted contestant received the “Miss Social” sash on the day of the show in the Shopping Centre. On this occasion the Facebook page recorded a very high volume of data regarding engagement.

**CHART 1
NUMBER
OF LIKES FOR
THE PAGE
DURING THE
EVENT**



Happy Hand in tour”, event with a strong social impact

The first edition of this event, which began in 2015, drew to a close in 2016; in brief:



IN-DEPTH ANALYSIS

The calculation of forecast SROI and final SROI on the project

Objective of the evaluation

IGD decided to use the SROI evaluation method in order to have both forecast and final objective parameters of the impact that the event had on the stakeholders involved. The company decided to carry out a forecast analysis at the beginning, so as to be able to follow a qualitative-quantitative method aimed at predicting the social value created and associated to the project, if the activities carried out achieved the expected outcome. Subsequently, it compared the results that emerged from the forecast to those that actually emerged from the final analysis.

The evaluation process

Starting with the identification of the main stakeholders (IGD, Coop, FISH, the Centres' visitors and the individuals with disabilities and their families), the process for the evaluation of the initiative's impacts on the local area was carried out according to the SROI analysis method by following the steps described below:

- identification of expected changes for each stakeholder;
- analysis, also quantitative, where possible of the inputs and definition of the outputs;
- definition of the outcome and attribution of a value by means of developing relevant indicators;
- calculation of the impact taking into account appropriate corrective factors;
- discounting comparable costs and benefits.

Once forecast SROI mapping was completed by following the steps above, what emerged was then compared to what actually emerged during the final analysis.

The SROI map that emerged at the end of the forecast analysis indicated a SROI value of 1.86, meaning that €1 invested in the project would produce a result in terms of social wellbeing equal to €1.86. The approach was a prudent one. As it was the first SROI analysis for IGD, the decision was made to attribute a value to those activities where the information was more readily available and to use the most reliable estimates. The final analysis was 1.61. The difference was due to several factors:

1. *Not expected but occurred*, like the relationships created between the Shopping Centres and associations which led to subsequent cooperation after the event
2. *Expected but did not occur*, like the more active role that had been expected of several partners, also from an economic point of view.

Final remarks

Thanks to the comparison between the forecast qualitative-quantitative analysis carried out and the final one, it was possible to measure the impact of a new event for IGD, with a great value related impact. Thanks to SROI it was possible to detect many undertones which would otherwise risk going unnoticed by traditional systems of analysis. The forecast/final comparison also made it possible to assess why expected outputs and outcome occurred or did not occur. This assessment is necessary in order to improve in the future, both with regard to this project and to other similar ones.



*Umberto Guidoni
in Centro Nova*

Large-scale events with a strong impact

The possibility of attracting a large number of visitors to the Shopping Centres by organising events with a high cultural and artistic value has been one of the main objectives of IGD's Shopping Centres' Marketing Plans for the last few years. In 2016, the rate of achievement of this objective was rather high, with month long events which covered topics like Ancient Egypt, the depths of the ocean, space, prehistoric times and dinosaurs. Active cooperation with the school system was established for each of these topics, with visits to the Shopping Centre being organised to see exhibitions and links being made to curricular activities. Each event was then brought to a close by an expert in the sector, with a meeting organised at the Centre which always drew a large crowd. In Centro Nova (in Bologna), for example, the "Kids on The Moon" event recreated, in the Mall, the history of the Moon, from mankind's first landing to all the discoveries leading up to the present day. The event lasted 19 days and involved 2,103 pupils from 93 classes coming from 18 schools in the local area and it was concluded by Umberto Guidoni, who in 2001 was the first European to board the International Space Station ISS.

Free check-ups in the Shopping Centre

IGD believes it is a good idea, and has done so for the past few years, to offer the Centres' visitors the possibility to have free health check-ups. The objective is to offer a high value-added service that focuses on health and which also promotes the important issue of prevention and raises awareness.

For this reason, IGD set up two projects, one with ANT - National Tumour Association, the other with the Italian Association for the Study of Coughs. The former involves a partnership that began in 2012 with the project called "Prevention is really an intelligent thing" which IGD and ANT conceived and created together and which, over the last 5 years has meant that 6,000 people have been able to have dermatological check-ups for the prevention of skin cancer and thyroid check-ups. On account of this cooperation, IGD received in 2016 from the non-profit ANT Foundation the "Great Friend of ANT" certificate during the Eubiosia Award ceremony, the yearly event in which the NPO rewards its biggest supporters. Now in its eighth edition, IGD was awarded first prize in 2012 and 2015.

The latter involves the project called "Respirare informati" (Breathe knowingly) in cooperation with the Associazione Italiana Studio Tosse (Italian Association for the Study of Coughs): free tests were organised for visitors in the Shopping Centres to check the state of health of their lungs with a team of lung specialists. The event was carried out in 3 Centres and 295 tests were carried out.

PREVENTION AND AWARENESS OF HEALTH ISSUES IN IGD'S SHOPPING CENTRES



Villanova
di Castenaso (BO)
ANT Mobile Surgery



Romania
Ploiesti
National
Music Festival

Romania

In 2016 Winmarkt organised 144 marketing activities altogether in its Centres (taking into consideration events and campaigns). More specifically these refer to:

- co-marketing campaigns. 24 were carried out, involving approximately 450 tenants in 10 Shopping Centres, for an investment of € 80,400
- events to support and assist any new openings of the most important tenants, amongst which H&M in Ploiesti, the largest in the Winmarkt network
- sponsoring of events with a strong local impact
- support given to NPOs like “Parada Romania” and “Help Autism”, in addition to local sponsorship to support social events with a high number of spectators
- events benefitting young children and older children in the Winiland and Gameland areas. Even though the total number of areas was reduced by 2 (due to the closing of 2 Gamelands during the year), their role as an element of attraction within the local community has remained unchanged, also due to the recreational-educational activities organised in cooperation with the local schools.

Altogether, support given to local events amounted to €6,500, substantially in line with the previous year.

TABLE 2
SUPPORT
GIVEN TO
LOCAL EVENTS
(ROMANIA)

Support given to local events

Contributions for sponsoring or supporting local events

	2016	2015	2014
Contributions for sponsoring or supporting local events	6,500€	6,950€	5,350€

From a communication point of view, the marketing activities were backed up for the first time by the use of text messages sent to the Centres’ customers. These messages were used to inform visitors about specific campaigns or promotional events, as well as the tenants’ special offers.

4.2 Territorial importance

The extent to which an IGD Shopping Centre creates roots in its local area can be measured by its:

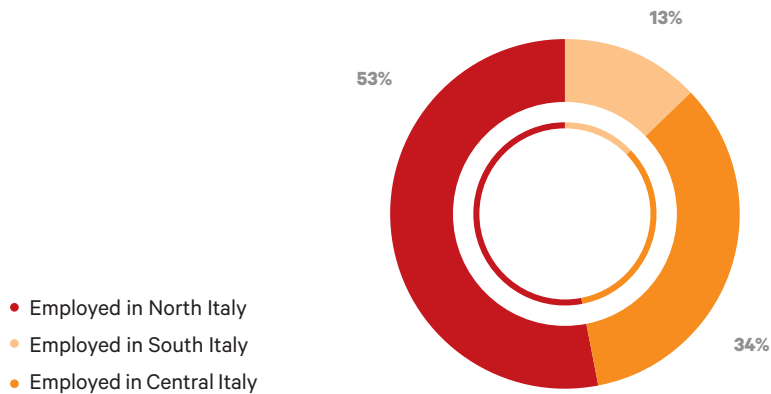
- Ability to offer employment
- Commercial appeal
- Social/meeting place impact

Employment impact

Following the acquisition of Puntadiferro Shopping Centre in Forlì and the opening of Maremà, in Grosseto, IGD's freehold Shopping Centres provide employment overall to approximately 14,200 people, taking into account also the (approximately) 2,200 subcontract employees.

The geographical breakdown of the workers in the Centres is as follows:

CHART 2
**GEOGRAPHICAL
 BREAKDOWN
 OF THOSE EM-
 PLOYED IN IGD
 SHOPPING CEN-
 TRES (ITALY)**



The subcontract employees are those that work for suppliers that provide services to help run the Centres (for example, cleaning, and security) or those that provide marketing services (communication and event marketing). 51% of these firms are locally based for each Centre. This data, which has remained substantially stable over time, bears witness to a relationship that has continued year after year, especially with regard to the not so high-value supplies, where the knowledge of the local area is a competitive advantage.

TABLE 3
LOCAL
SUPPLIERS
(ITALY)

	2016	2015	2014
Number of local suppliers	781	756	724
% out of total suppliers	51%	52%	52%

NB: starting from this Report the number of suppliers refers to the total number of Shopping Centres in the portfolio each year. For 2015 the number recorded here is different from the one in last year's Report as that number did not take into consideration 2 Shopping Centres opened in 2014 (Porta a Mare) and 2015 (Clodi) which were excluded as they were not part of the like for like boundary.

Commercial impact

Local brand names numerically represent 42% of those that operate in the IGD Shopping Centres. Their revenues, which account for 11% of the total, increased compared to 2015, with an average turnover of about 3.6 million euros in each Shopping Centre. This increase was due both to IGD's decision to introduce tenants that are more and more appealing on a local level and to the ability of those tenants already present to understand better and better their visitors' expectations and to appropriately respond to satisfy them.

Social/meeting place impact

The IGD structures are, at the same time, both promoters of local activities and a place where people can meet up in their leisure time.

As per the sustainability target included in the 2016-2018 Business Plan, approximately one out of three of the events carried out in the IGD Centres was a local event. This increase compared to the two previous years was due to the launching, in several Shopping Centres, of specific projects aimed at strengthening the ties with the local area.

TABLE 4
PERCENTAGE OF
LOCAL EVENTS
(ITALY) (G4-SO1)

	2016	2015	2014
Events held in the Centres			
Cultural, recreational-sports events held with local associations	165	130	127
% of local events out of total	34%	29%	29%

NB: data referring to 2015 is different here compared to last year's Report. For an explanation please see Table 1

An example of this commitment can be seen with the “Like for Life” campaign that Maremà Shopping Centre in Grosseto launched with its inauguration. To strengthen its ties with the local community, it created an online initiative which resulted in three defibrillators being donated to three different educational establishments in Grosseto. The initiative was structured in such a way so that this occurred when a predefined number of “likes” was reached on the official Facebook page (<https://www.facebook.com/CentroMarema/posts/685769081589313>). Altogether 3,730 likes were recorded and there were 2,108 interactions with the page, showing how important this event was for the local community.

Grosseto Maremà
defibrillator check
delivery



FOCUS

Città delle Stelle Shopping Centre gave active support to the community during the earthquake

On 24th August 2016 the area surrounding Città delle Stelle Shopping Centre in Ascoli Piceno was affected by a rather strong earthquake (magnitude 6.0), with the epicentre located in Accumoli (45 kms from the structure). The Mall and the Coop Hypermarket immediately swung into action and became a collection point for basic necessities. The items spontaneously donated by the citizens were collected and sorted by the Civil Protection, the Red Cross and Caritas. Local voluntary services also participated in the collection phase, with a significant contribution coming from Libera, Arci and Agesci. The results obtained were remarkable, with an extremely large collection of goods which were subsequently delivered in various stages to the citizens of Accumoli.

Ascoli Piceno
Città delle Stelle
Moments during the
collection of goods



The number of associations involved increased due to the above mentioned projects.

TABLE 5
ASSOCIATIONS
AND OTHER
NON-PROFIT
ORGANISATIONS
RECEIVED IN
THE CENTRES
(ITALY)

Associations and non-profit
organisations received

Local associations involved
Other non-profit organisations

Total

2016(N)	2015(N)	2014(N)
205	177	199
108	82	80
313	259	279

NB: data referring to 2015 is different here compared to last year's Report. For an explanation, please see Table 1

The increase in donations for local bodies or associations was due to greater support given to local sports (especially volleyball and football), accounting for about 1/3 of the total.

TABLE 6
SPONSORSHIPS
AND DONA-
TIONS MADE BY
THE SHOPPING
CENTRES AND
BY THE HEA-
DQUARTERS
(ITALY)

Associations and non-profit
organisations received

**Sponsorships and donations
made by the Consortiums
to local associations for event**

**Donations made
by the headquarters**

Total

2016(€)	2015(€)	2014(€)
172,069	123,263	153,990
3,000	10,500	12,200
175,069	133,763	166,190

NB: data referring to 2015 is different here compared to last year's Report. For an explanation, please see Table 1

**AS A RESULT OF THE PROJECTS
LAUNCHED, COOPERATION WITH
LOCAL ASSOCIATIONS INCREASED**

4.3 Communication

IGD, when interacting with the outside world, uses a form of communication that takes into account two sets of issues, institutional ones and commercial ones. Each is structured differently and consequently different means of communication are used in order to reach the stakeholders in an appropriate manner.

With new technologies, it is possible to use a combination of tools, the effectiveness of which is periodically monitored both internally and by external bodies. The results obtained by the tools used in 2016 are shown below.



Facebook

2016 was an important year for the use of this social network by IGD Shopping Centres. The use of this tool began between 2011 and 2012 when the first Facebook pages were opened. It continued over the years with a steady increase in the Shopping Centres involved and the “likes” received. In 2016 the company decided to take a further step: for this reason it included the issue in the lines of action of its “Innovation Project” (please refer to Paragraph 4 of this Section), the aim being to identify a web strategy that is common to all the Shopping Centres, with a new role for social networks, in line with IGD’s marketing strategies. From an operational point of view, a company that could manage all the Centres’ Facebook pages was identified. At the end of the first year, the results obtained, with regard to the operational objectives defined, are described below:

Operational objective	Result reached
Increase visitor engagement on the page	The engagement rate increased by 73% (people that carried out at least one action regarding the page)
Increase the number of people that view the posts on the IGD Centres’ pages	11,351,157 people viewed a post on the page; this number was 3,378,482 in 2015 (+236%)
Increase the number of fans	The number of fans of the pages grew by 31%, with all the structures recording an increase
Increase tenant engagement in activities on the pages	In all the Shopping Centres the tenants contributed to the pages by giving information about their current offers and promotions or about particular activities they organised.

Furthermore, the Facebook page took an active part in the introduction of online/offline events, as described in paragraph 1 of this Section. For 2017, the goal is to increase the quality of the pages, with particular focus on storytelling and on content marketing activities.

In Romania, Winmarkt has its own Facebook page which focuses on the presentation of commercial opportunities available in its Malls. Out of all the Shopping Centres, it was deemed appropriate to implement this tool in only one Centre, the one in Ploiesti, due to its size and characteristics.



Twitter

Twitter, which is used to communicate institutional information, is a tool which enables a global public of stakeholders to be reached instantaneously, so as to share information and liaise with them in real time. IGD opened its @igdSIQ account in November 2014. The results presented below show a significant increase in the activity carried out on this social network, resulting in an improvement in performance. This is connected to a greater coverage with tweets of the events where IGD was a participant and with a greater use of photographic material.

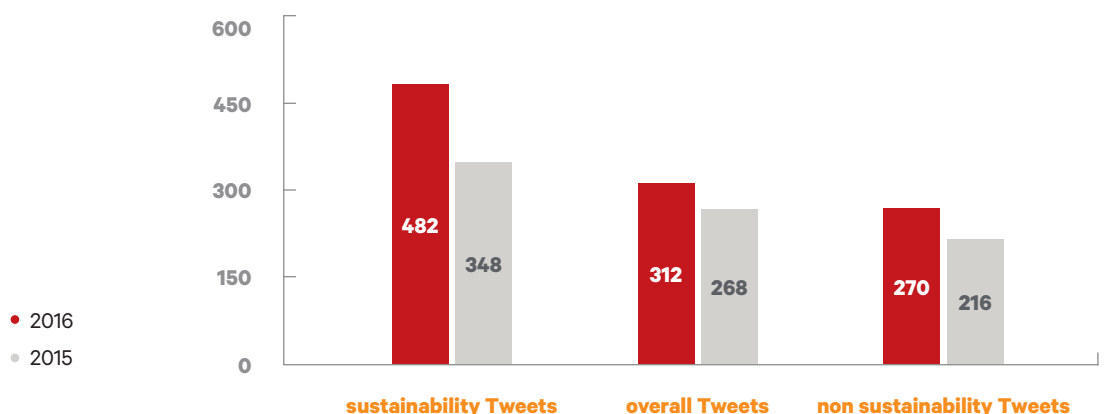
TABLE 7
**TWITTER
NUMBERS
(SOURCE:
TWITTER
ANALYTICS)**

Twitter

	2016(N)	2015(N)	variation % 2016/15
number of Tweets	65	33	+97%
number of Sustainability Tweets	13	13	=
Tweet views	20,312	8,849	+130%
sustainability Tweet views	6,264	4,521	+39%

The tweets on sustainability were confirmed as being those with more views compared to the others, with an increase in figures compared to 2015.

CHART 3
**AVERAGE VIEWS
(SOURCE:
TWITTER
ANALYTICS)**





Website

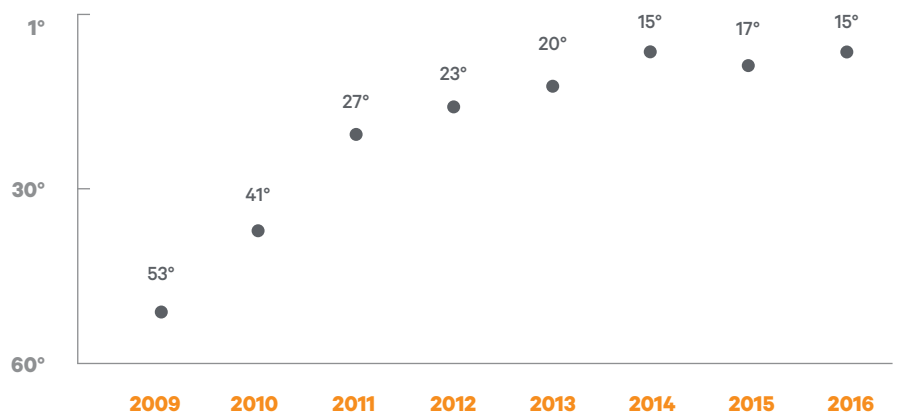
Institutional communication

IGD's objective is to ensure that all its stakeholders are kept informed, by means of its corporate website www.gruppoigd.it in a complete, up-to-date and transparent manner.

This objective was confirmed by the Webranking Italy 2016 results, the Italian research carried out by Lundquist, in cooperation with Comprend, which assesses the most important listed companies by analysing the efficiency and transparency of corporate communication on digital channels. IGD was ranked 15th out of 70 Italian companies assessed, with a score of 58 points out of 100, improving its ranking by two positions compared to 2015 even though its score was virtually unchanged. As in the last few years, no other company with a market capitalisation lower than IGD's is above it in the ranking.

The chart below shows IGD's position in the Web Ranking over the years, starting from 2009, the year in which the company was included in the range of companies to be assessed.

CHART 4
IGD'S POSITION
IN THE WEB
RANKING FROM
WHEN IT WAS
FIRST
INCLUDED



The accesses and visits to the website levelled off, after a continuous increase which had lasted until 2014.

TABLE 8
WEBSITE NUM-
BERS (SOURCE:
GOOGLE
ANALYTICS)

Website

	2016(N)	2015(N)	2014(N)	variation % 2016/15
number of visits	56,211	62,617	78,963	-10%
new visitors (single visitors)	40,216	42,721	58,686	-12%
length of time in minutes on website (average)	2.43	2.50	2.42	-3%
visitors that return	16,725	17,817	21,245	-6%

Every year, the “sustainability” section on the website is updated and enhanced. In 2016 a part on “breaking news” was added to the homepage so that information on actions carried out and results obtained by the company in this sector can be provided in real time.

Shopping Centre websites

In 2016, all the Shopping Centre websites, which have had the same recognisable and specific format since 2015, were also set up as mobile versions.

**ALL THE SHOPPING CENTRES’
WEBSITES HAVE BEEN OPTIMISED
FOR PC AND MOBILE VERSIONS**

IGD website homepage



4.4 Innovation

Innovation, for IGD, means to act on three types of leverages:

1. The *tenant mix* and the *merchandising mix*
2. The structures
3. The purchasing experience in the Mall

The first two aspects represent an important part regarding the attractiveness of the Malls (and for this reason they are included in section 2.2 of this Report). Instead, the aspects regarding the purchasing experience are considered by IGD as being a way to ensure that visitors make the most of the Shopping Centres, with solutions and services in line with their needs and expectations. IGD’s “Innovation Project”, which began in 2016 and is managed by a multifunction group within the Commercial Division, focused its attention on innovating the visitor’s experience within the Shopping Centres by making the most of technologies and multichannel strategies. From an operational point of view, there were 3 lines of action that produced the following results in the first year:

Lines of action	Results reached
<p>Use social media in an accurate and inclusive manner</p>	<p>Please refer to paragraph 3</p>
<p>Enhance the omni-channel approach in the Malls</p>	<p>“Click & Collect” created at ESP Shopping Centre (see focus below)</p>
<p>Offer new services to visitors</p>	<ul style="list-style-type: none"> • Smartphone and tablet chargers introduced in 4 Shopping Centres (this number will be 17 in 2017) • “Trolley Guard” service introduced in one Shopping Centre (2 will be involved in 2017). This service offers free trolley parking with supervision after shopping has been done

This Project will continue in 2017 and its first objective will be to digitalise the Shopping Centres by introducing digital totems to replace printed communication materials and to enable more innovative marketing activities.

FOCUS



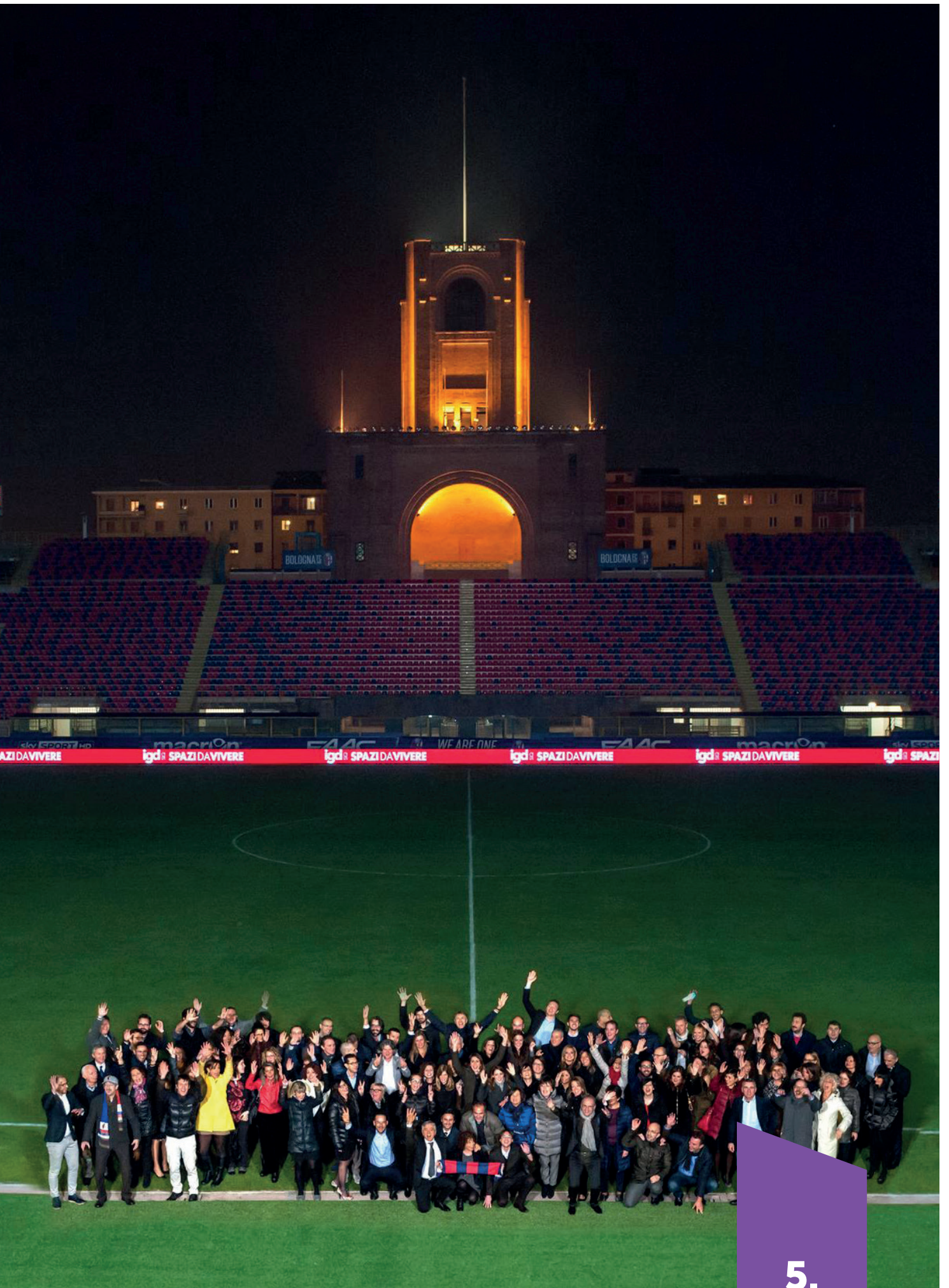
The “Click & Collect” service is a pilot project developed in ESP Shopping Centre for the first time in Italy. It stems from the idea of integrating e-commerce rationale with the need to create traffic in the Shopping Centre Malls and is based on the willingness by consumers to embrace webrooming (researching items online and then purchasing them in-store).

More specifically, by accessing the “Click & Collect” portal through the ESP Centre website (<http://www.centrocommercialeesp.it/>), the visitors can view a range of products and services, both the latest trends and those on special offer, presented by the Centre’s *tenants* and exclusively available to the Portal’s *users*. The customers, therefore, can choose a product *online* and reserve it directly on the Portal free of charge and then go and pick it up and pay for it in the store in the days that follow.

The tenants’ contribution was good with a participation rate of 40% and with the involvement of both chain stores and local tenants. The results regarding the page views and the single items viewed were also good, whereas the results regarding purchases were not yet particularly significant.

This service is being promoted by means of a specific information and communication campaign and it is being periodically monitored in order to identify possible development measures.

Click&Collect
ESP Shopping
Centre



5.

5. EMPLOYEES

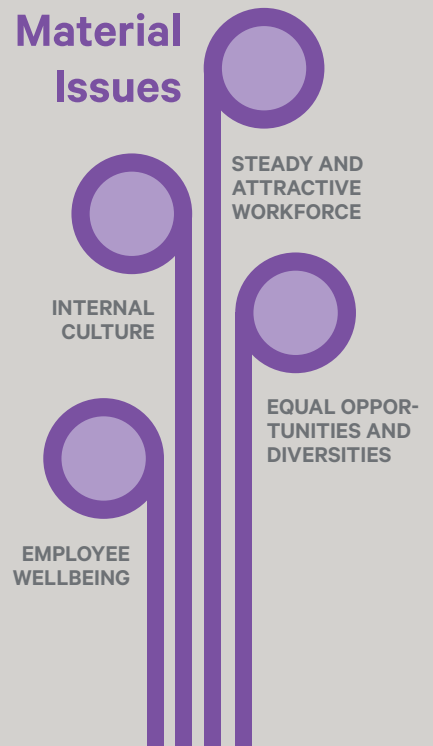
Highlights



Stakeholders involved



Material Issues



IGD's employees are a strategic factor for the development of the Group. In order to enhance each individual's potential, the Company is committed to achieving the right conditions for a stimulating work environment, with particular focus on the implementation of training courses for professional development.

IGD
Employees



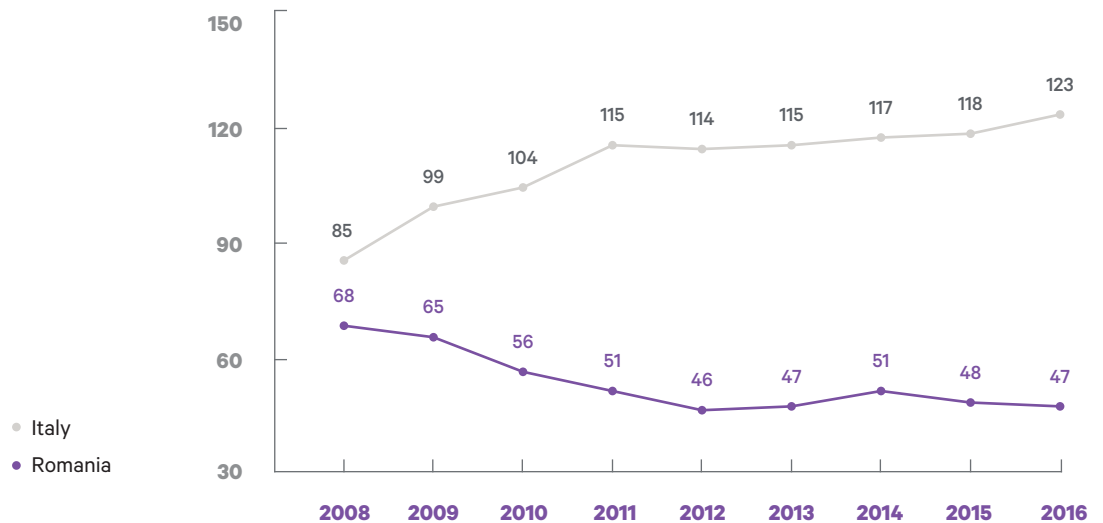
5.1 Steady and attractive workforce

In line with the growth recorded over the last 4 years, the number of IGD employees increased, going from 118 in 2015 to 123 in 2016. This increase can be linked to two factors:

- The development of the network, with the opening of a new Shopping Centre (Maremà in Grosseto) and the acquisition of the management of Centro Poseidon in Carini (Palermo).
- Organisational consolidation, to guarantee a more effective coverage of activities.

In Winmarkt Group, the company workforce remained essentially steady, with just one change in one Shopping Centre.

CHART 1
CORPORATE
WORKFORCE
FLOW (2008-
2016) (G4-10)



Although the total number of permanent contracts as at 31/12/2016 was the same compared to the previous year (118), the number of fixed term contracts grew (5, the previous year there were none) due to 1 maternity leave and resignations during the year. The percentage of permanent contracts stood at 96% of the total, bearing witness to the importance that the company attaches to a steady workforce.

CHART 2
PERCENTAGE
OF EMPLOYEES
WITH PERMA-
NENT CON-
TRACTS (ITALY
AND ROMANIA)

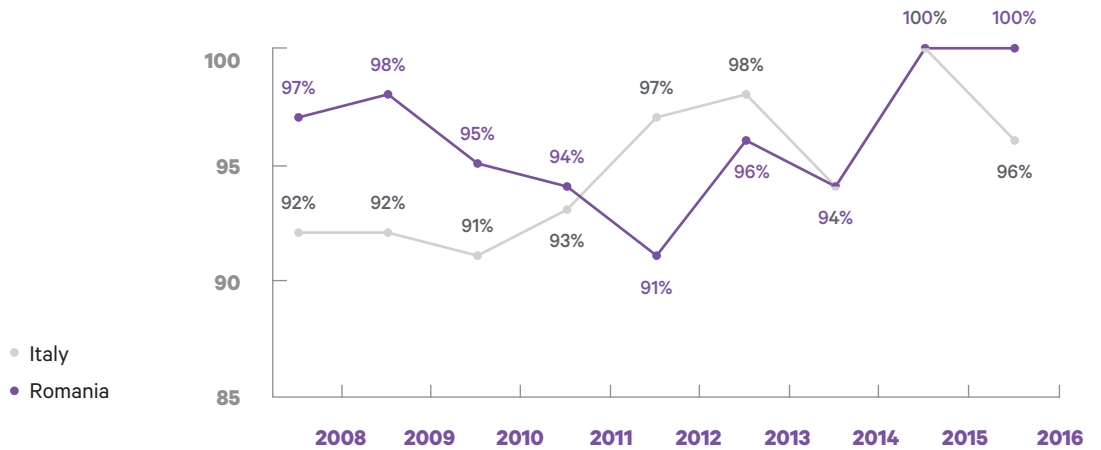


TABLE 1
STAFF BY
CONTRACT
TYPE (ITALY
AND ROMANIA)*
(G4-10)

Fixed term contracts Italy

of which female

of which male

Permanent contracts Italy

of which female

of which male

Fixed term contracts Romania

of which female

of which male

Permanent contracts Romania

of which female

of which male

2016 2015 2014

5 0 7

2 0 4

3 0 3

118 118 110

65 64 59

53 54 51

- - 3

- - 2

- - 1

47 48 48

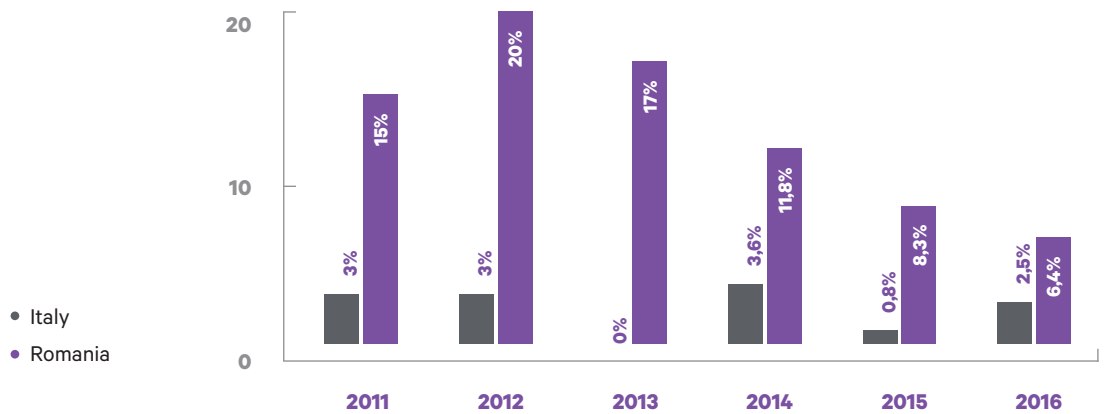
28 28 28

19 20 20

In Italy there were 7 part-time contracts in 2016, of which 5 female and 2 male. These were on reduced hours from the time of hiring or transformed into part-time as per their own request.

Due to 3 permanent contract resignations, the turnover rate increased slightly, settling at 2.5%. The turnover in Winmarkt, after it peaked in 2012 (when it reached 20%), continued to decrease, thus ensuring greater stability.

CHART 3
OUTGOING
TURNOVER
(ITALY AND
ROMANIA)*
(G4-LA1)



* NB: the turnover is calculated as number of contract terminations (excluding those fixed term)/ total employees (excluding those fixed term) at 31.12 of the previous year

TABLE 2
RECRUITMENTS
AND RESIGNA-
TIONS* (ITALY
AND ROMANIA)
(G4-LA1)

Recruitments Italy
Resignations Italy
Recruitments Romania
Resignations Romania

	2016	2015	2014
Recruitments Italy	10	4	7
Resignations Italy	5	3	5
Recruitments Romania	2	1	10
Resignations Romania	3	4	6

* NB: the data also includes fixed term contracts

Both in Italy and Romania all work contracts are regulated by the national collective employment agreement. Furthermore, IGD has its own Enterprise Bargaining Agreement, valid for Italy.

TABLE 3
COLLECTIVE
EMPLOYMENT
AGREEMENTS
(ITALY AND RO-
MANIA) (G4-11)

**Employees covered by collective
employment agreements – Italy**

**Employees covered by collective
employment agreements –
Romania**

	2016	2015	2014
Employees covered by collective employment agreements – Italy	100%	100%	100%
Employees covered by collective employment agreements – Romania	100%	100%	100%

5.2 Internal culture

“Internal culture” includes the activities that IGD promotes to favour the development of its workforce, by means of:

- training aimed at strengthening both role performance and the individual characteristics of the corporate workforce
- an award system that recognises personal development and results obtained
- effective and well-structured internal communication to increase the sharing of information

5.2.1 Training activities

Italy

In 2016 the training programme focused on professional development, favouring courses and activities that improved specific skills and knowledge of both individuals and groups. In the 2015/2016 two year period there were no events that involved all employees (team building) and that focused on managerial growth, unlike in the previous two year period: the aim was that to pave the way in order to implement as best as possible within the corporate processes what emerged from that important training activity and assess the impact it had. The 2016 training programme consisted of the following activities:

- “The construction of the Marketing Plan”, the aim of which was for the Shopping Centres to share and adopt a new model for the drawing up of their Marketing Plans. The course, which was carried out by engaging the services of a consulting firm, involved 51 people altogether and included Marketing Department and Shopping Centre Managers and Assistants. The 16 hours of training provided the participants with the necessary tools for the development of a sole Marketing Plan model;
- English language, with courses offered to an increasingly larger range of people and not only those in managerial roles;
- Refresher/In-depth courses on legal – specialised issues for individual roles;
- Safety, with:
 1. General training for new employees;
 2. Periodic refresher courses, in accordance with Consolidated Act n° 81, for the Workers’ Safety Representatives;
 3. Fire fighting courses for the Headquarters’ Safety Team and for 5 positions in the network.

Furthermore, several employees in the Marketing / Social Responsibility and Planning and Control areas took part in seminars which Impronta Etica periodically organised during the year on innovative issues regarding social responsibility. More specifically, the courses held in 2016 concerned integrated reporting and reputational risks.

TABLE 4
TRAINING
(ITALY) (G4-LA9)

	2016	2015	2014
Employees that took part in training activities (N)	99 (80% out of total)	97 (82% out of total)	117 (100% out of total)
Costs incurred for internal and/or external training (€)	36,516	51,225	70,207
Training hours	1,787	2,866	2,731
Average hours of training per employee	14.5	24.3	23.3
Percentage of revenues invested in training (€)	0.03%	0.04%	0.06%

IGD headquarter offices

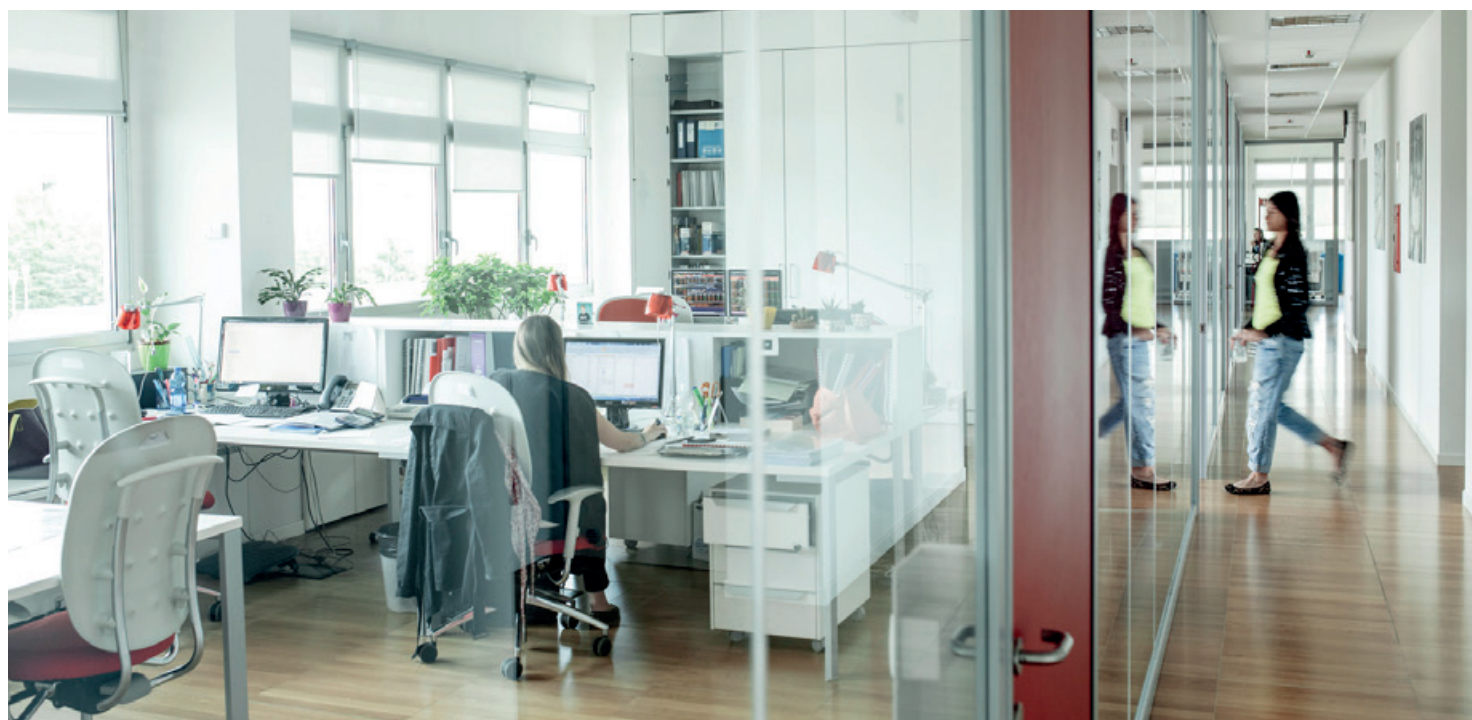
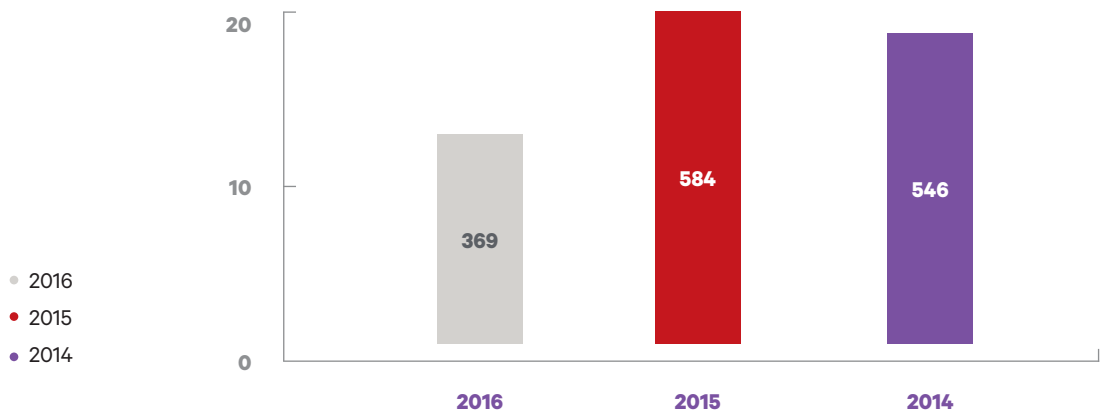


CHART 4
INVESTMENT IN
TRAINING
PER CAPITA
(IN EUROS)



The decrease in expenditure per capita in training can be linked to two factors:

- the decision to offer a programme aimed at technical/specialised training so as to support a specific corporate activity.
- increased participation by employees in specific training sessions organised by trade associations of which IGD is a member (e.g. Legacoop and Unindustria), with costs included in the yearly membership fee.

**80% OF THE EMPLOYEES
TOOK PART IN AT LEAST ONE
TRAINING ACTIVITY IN 2016**

Romania

With regard to Winmarkt Group, training involved:

- 4 commercial/technical/administrative workshops coinciding with the interim closings
- participation in refresher courses on the real estate market, with focus on the trends and latest developments in the local and international real estate market as well as on specific distinctive features in the *real estate* sector
- participation in professional development training courses aimed at individual professional growth and development for the members of the sales department, technical office, legal affairs department and accounting department
- professional/motivational *team building* aimed at all staff
- Visit to the Italian network, aimed at key roles in the sales department (Commercial manager, area managers)

In 2016, in view of the quality and type of training provided, aimed at specific departmental needs, 100% of the workforce was involved.



IGD Mapic

TABLE 5
TRAINING
(ROMANIA)
(G4-LA9)

	2016	2015	2014
Training hours provided (N)	1202	924	300
Number of employees trained (N)	47	46	44
Average hours of training per employee	25.6	20	6,8
Costs incurred for training (€)	20,000	17,000	18,000

5.2.2 Reward system and skills development

IGD has a “Management By Objectives” (MBO) incentive system both in Italy and Romania. This system assigns both targets that are common to the entire company and those more specific to an office or to an employee on a permanent contract. Reaching these targets is a factor for the distribution of variable pay. In Italy in 2016, 114 employees were assigned targets. The distribution of average variable pay in 2016, for targets regarding 2015, was equal to 80% of the maximum amount defined by the system. With a maximum impact of 20% of the Gross Annual Income, the variable share represented 16%. These two figures (average variable share and percentage out of the total) were the highest ever distributed by IGD since it introduced this assessment system (2010), reflecting the good economic performance of the company in the year in question. The pay distributed increased by 7.5% compared to 2015 due to an increase in the number of employees able to receive it, resulting from professional development and because of merit pay rises and the transformation of several fixed term contracts into permanent ones. In Romania, where there is a reward system in place like the Italian one, 100% of the targets were reached by the majority of the employees. Furthermore, in Italy, all the Managerial Staff and Department Heads that are fully operative in their role are assessed by means of a skills development system. In 2016, this system involved 54% of the entire workforce, like in 2015. The number of employees in 2016 that received pay rises following a particular positive assessment was equal to 17 (14% of the entire workforce, up 6 percentage points compared to 2015). Once again, the increase in the number of people receiving merit pay rises can be linked to the good economic results obtained. In Winmarkt Group, in terms of growth and development of internal resources, 6 merit pay rises were granted (results/seniority) and one promotion awarded (new sales area manager).

TABLE 6
SKILLS ASSES-
SMENT (ITALY)
(G4-LA11)

**Employees that
regularly undergo
skills assessment**

**Merit pay rises
awarded during the year**

	2016 (N)	2016 (% out of tot)	2015 (N)	2015 (% out of tot)	2014 (N)	2014 (% out of tot)
Employees that regularly undergo skills assessment	67	54%	64	54%	60	55%
Merit pay rises awarded during the year	17	14%	9	8%	15	13%

5.2.3 Internal communication

In order to promote the effective circulation of information amongst its employees, IGD adopted the following 4 tools:

Tool	Frequency	Contents
Company Conventions	<i>Annual</i>	<p>Unlike the previous years, in 2016 one company convention was organised and not two. It lasted two days and was held in Grosseto at the beginning of January. The aim was to:</p> <ul style="list-style-type: none"> • Offer team building activities not organised by the host structure but available within it (sports activities, instances of relaxation and wellness). • Visit the new Maremà Shopping Centre, opened the month before. • Share the most important latest developments within the company in 2016 (economic results, awards and recognition received, the latest financial transactions).
Newsletter	<i>Quarterly</i>	The newsletter is sent to all employees every three months and contains all the main corporate results, updates on sustainability policies and the most important news regarding the Group.
Press releases	<i>Ad hoc</i>	19 press releases regarding the Group's main events were sent to all employees. In 2016 these dealt with: economic-financial results, the awards won for social and civil reporting, acquisitions and new openings, attainment of the legality Rating, etc.
Company intranet	<i>Continuous</i>	The company intranet, which enables the continuous exchange of information amongst all employees, was not subjected to any particular changes nor implementations in 2016. This was because work was carried out to make a new platform available, capable of accommodating multimedia content and with an innovative method for holding video conferences.

Winmarkt, in 2016, continued with its internal communication system which had been structured during the previous year, aimed at circulating information and knowledge around the Shopping Centres and between these and the headquarters. The tools used are:

- an internal newsletter when there are important corporate events (e.g. the annual Financial Statements, new openings of important stores, etc.);
- a periodic presentation on new commercial and marketing features.
- A workshop every 3 months involving all employees, who, starting with commercial activities, analyse the actions carried out and those to be carried out, with the aim of creating internal synergy.

5.3 Equal opportunities and diversities

5.3.1 Promotion of equal opportunities

The percentage of female workers, between IGD and Winmarkt, stood at 56% (54% in Italy and 60% in Romania).

TABLE 7
BREAKDOWN
OF STAFF BY
GENDER AND
POSITION (ITALY)
(G4-10;LA12)

Position	Gender	2016	2015	2014
DIRECTORS	Male	5	3	3
DIRECTORS	Female	1	1	1
MANAGERIAL STAFF	Male	13	13	13
MANAGERIAL STAFF	Female	7	7	7
DEPARTMENT HEADS	Male	26	26	25
DEPARTMENT HEADS	Female	24	24	23
OFFICE WORKERS	Male	12	12	13
OFFICE WORKERS	Female	35	32	32
TOTAL	Male	56	54	54
TOTAL	Female	67	64	63
TOTAL	-	123	118	117

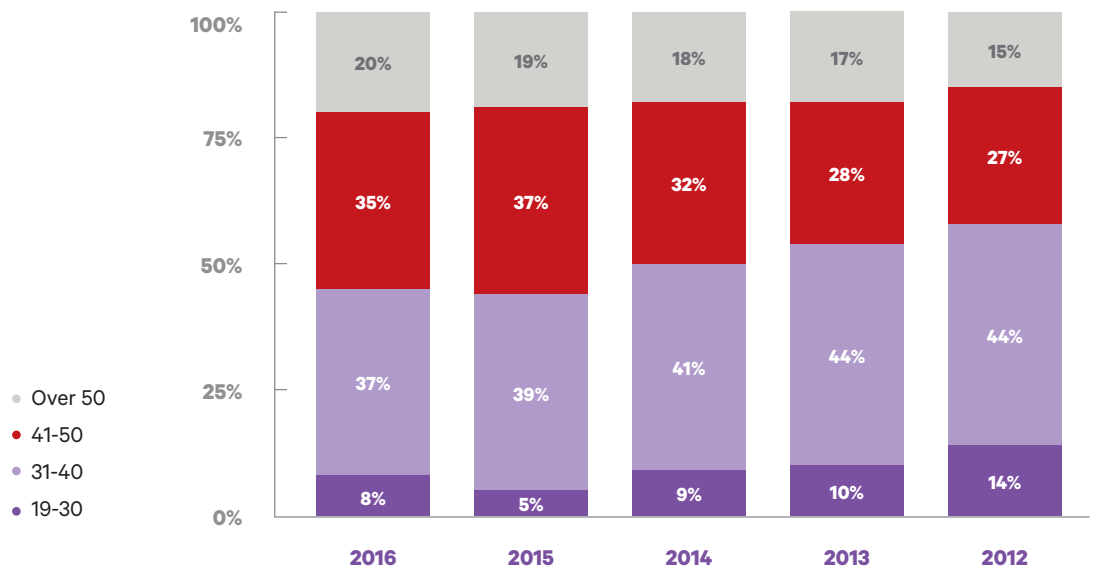
The increase of two in the number of Directors was due to an internal promotion from the role of Managerial Staff and to the decision to include in the parent company workforce a director already operative with both managerial and directorial responsibilities in the foreign subsidiary company.

TABLE 8
BREAKDOWN OF
STAFF BY GEN-
DER AND POSI-
TION (ROMANIA)
(G4-10;LA12)

Position	Gender	2016	2015	2014
DIRECTORS	Male	-	1	1
DIRECTORS	Female	-	-	-
MANAGERIAL STAFF	Male	3	3	3
MANAGERIAL STAFF	Female	2	2	2
DEPARTMENT HEADS	Male	14	14	14
DEPARTMENT HEADS	Female	6	6	8
OFFICE WORKERS	Male	2	2	3
OFFICE WORKERS	Female	20	20	20
TOTAL	Male	19	20	21
TOTAL	Female	28	28	30
TOTAL	-	47	48	51

Due to the low turnover rate, the natural rise in the average age in IGD continued, going from 42 to 43 years of age: this factor is connected to the gradual increase in the percentage of Over 40s (+ 15 percentage points over the last 5 years). On the other hand, the number of Under 30s started to rise again in 2016 after the fall recorded in the previous year. Also in Winmarkt the average age stood at 43, on the increase compared to the 42 years of age in the previous year.

CHART 5
STAFF BY AGE
GROUP (ITALY)
(G4-LA12)



5.4 Employee wellbeing

For IGD, the wellbeing of its employees, which has a significant impact on the internal atmosphere and on the ability of the employees to work in the best way possible, is an issue deserving constant attention. For this reason, in 2016 the company approved a corporate welfare system which systematised the features already in existence and the new opportunities offered by the last two years' altered legislative framework.

**IN 2016 APPROVED A COMPANY
WELFARE SYSTEM**

IGD headquarter offices



FOCUS

5.4.1 Welfare Plan

Continuing the process that was started in 2014, IGD's Operating Management approved the Corporate Welfare Plan in 2016. All the employees were informed about this decision during the annual Convention and it will become operational in the month of April 2017.

To define this Plan, IGD took into consideration both internal and external factors:

- The alteration in the legislative framework: the 2016 Stability Law (law 28 December 2015, N. 208,) and the 2017 Budget Law (law N. 232/2016) with reference to articles 51 and 100 of the Income Tax Consolidation Act, outline the boundaries within which a Welfare Plan can be introduced. The 2016 Stability Law, in particular, provides for incentives for corporate welfare (in this case covered by art. 100 of the Income Tax Consolidation Act: education and training, recreation, welfare services, health care, worship) by means of tax and contribution exemption for the employee for goods or services provided by their employer and a new production bonus process.
- Existing Welfare in IGD: over the years the company has activated several welfare services included in the Collective Employment Agreement, in the collective Enterprise Bargaining Agreement and in its appendix, the Positive Actions Protocol. The employees can also take advantage of several concessions or benefits available in affiliated structures.
- Administrative and territorial aspects of IGD staff: 65 people work in the headquarters in Bologna, the other 58 work in small groups made up of a maximum of 3 people in 11 Italian Regions.

For this reason, the approved Welfare Plan has been designed to:

1. Disseminate and convey in a better way what IGD already has to offer;
2. Identify welfare measures which can be of interest to all employees, also by using means regulated by the latest legislation (vouchers and refunds).

Every employee will be able to discover all they need to know about corporate welfare on an independent Portal which will have a simple interface and will be easy to understand. Everyone will be able to access their own page by means of a personal password. The portal will be divided into the five welfare areas provided for by the law. There will be a counter stating the budget available to each employee, who, in this way, will be able to determine how much is still personally available and how much has already been used.

IGD will be organising a specific communication and training campaign to inform all its employees about the contents on the Portal so that it can be used by everyone in the best way possible.

5.4.2 Monitoring activities and corporate benefits

Monitoring activities

IGD periodically monitors both work related stress indicators and the return to work after parental leave rate.

Work related stress

The assessment process of “Work related stress” (Legislative Decree 81/2008), has been active in IGD since 2011. Both the number of injuries and the sick rate remained at low levels.

TABLE 9
CAUSES
OF ABSENTEEISM

	2016	2015	2014
Injuries	2*	0	5*
% Sick rate**	2.03%	1.66%	2.31%
Disciplinary measures	1	2	2

* The injuries in 2016 and 2014 all occurred during the journey to/from work

** Sick rate: days of absence due to illness / total days worked

Headquarter offices



Return to work after parental leave

All employees that make use of parental leave return to work under the same terms and conditions as before; confirmation that IGD’s policy is aimed at helping to reconcile family needs with work life, not only by enforcing maternity/paternity legislation, but also by means of specific measures which have for some time been included in company contracts.

TABLE 10
**PARENTAL
LEAVE (G4-LA3)**

Total

**Return to work rate
after parental leave**

	2016	2015	2014
Return to work rate after parental leave	100%	100%	100%

Employees’ benefits (G4-LA2)

Employees’ benefits, which are applicable to all employees and emerged as being one of the 10 factors achieving maximum satisfaction in the internal atmosphere assessment in 2015, are incorporated in the collective employment agreement and (in particular) in the collective Enterprise Bargaining Agreement signed in 2013.

Employees with fixed term contracts have the same compensation as those with permanent contracts, with the exception of variable pay and inclusion in the supplementary health care scheme (due to the provisions laid down in the Coopersalute Regulations).

**ALL EMPLOYEES THAT MAKE USE
OF PARENTAL LEAVE RETURN TO WORK
UNDER THE SAME TERMS AND CONDITIONS**

GRI G4 MATRIX AND EPRA TABLE

GRI G4 MATRIX (G4-32)

Since 2010, IGD’s Sustainability Report has been drawn up following the GRI guidelines. The 2016 Sustainability Report has adopted and applied the guidelines drawn up by the Global Reporting Initiative GRI-G4 and those referring to the real estate sector (“Sustainability Reporting Guidelines - Construction and Real Estate Sector Supplement”). The level of application of the GRI G4 indicators is “Core”. There are no omissions as all the indicators regarding the material aspects have been reported. Please refer to the section “Social Responsibility and Materiality” for the correspondence between material aspects and GRI G4.

All the GRI G4 indicators reported in this document, along with the relative page number, are listed in the table below.

TABLE 1
**GENERAL
STANDARD
DISCLOSURE**

General standard disclosure	Core	Page
Strategy and analysis		
G4-1	x	4-7
Organizational profile		
G4-3	x	13-16
G4-4	x	13-16
G4-5	x	13-16
G4-6	x	13-16
G4-7	x	13-16
G4-8	x	13-16
G4-9	x	13-16
G4-10	x	114
G4-11	x	116
G4-12	x	16
G4-13	x	13-16
G4-14	x	16; 39-40; 55
G4-15	x	13-16
G4-16	x	13-16

General standard disclosure

**Identified material aspects
and boundaries**

	Core	Page
G4-17	x	9-12
G4-18	x	9-12
G4-19	x	19-20
G4-20	x	19-20
G4-21	x	19-20
G4-22	x	9-12
G4-23	x	9-12

Stakeholder engagement

G4-24	x	84
G4-25	x	84
G4-26	x	84
G4-27	x	85

Report profile

G4-28	x	9-12
G4-29	x	9-12
G4-30	x	9-12
G4-31	x	Cover
G4-32	x	129-131

Governance

G4-34	x	36-38
G4-38		36-38
G4-42		38
G4-43		38
G4-44		38
G4-45		39-41
G4-46		39-41
G4-47		39-41
G4-48		19-20
G4-51		41
G4-52		41
G4-53		41

Ethics and integrity

G4-56	x	48-49
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TABLE 2
**SPECIFIC
STANDARD
DISCLOSURES**

Material Aspects	Category	Subcategory	DMA and Core Indicators	Pages	Omissions	
Environmental impact of the structures (direct and indirect) along the entire production chain (from construction to operational management)	GRI-G4: ENVIRON- MENT	Energy	G4-DMA	x 23-25; 53-57	(-)	
			G4-EN3	x 58	(-)	
			G4-EN5	60	(-)	
		Water	CRE 1	60	(-)	
			G4-DMA	x 23-25; 64	(-)	
			G4-EN8	x 65	(-)	
			CRE 2	67	(-)	
			Emissions	G4-DMA	x 23-25; 62-63	(-)
				G4-EN15	x 62	(-)
		G4-EN16		62	(-)	
		Waste	G4-EN18	63	(-)	
			CRE 3	63	(-)	
			G4-DMA	x 23-25; 68-70	(-)	
			G4-EN23	x 68-69	(-)	
			Certifications	G4-DMA	x 23-25; 71	(-)
CRE 8	x 71	(-)				
Territorial importance	GRI-G4: SOCIAL	Local	G4-DMA	x 23-25	(-)	
		Community	G4-SO1	x 101	(-)	
Steady and attractive employment	GRI-G4: SOCIAL	Labour Practices and Decent Work	G4-DMA	x 23-25	(-)	
			G4-LA1	x 116	(-)	
				x	(-)	
Employee wellbeing	GRI-G4: SOCIAL	Labour Practices and Decent Work	G4-DMA	x 23-25	(-)	
			G4-LA2	x 128	(-)	
			G4-LA3	128	(-)	
Internal culture (sense of belonging, assessment, growth, communication)	GRI-G4: SOCIAL	Labour Practices and Decent Work	G4-DMA	x 23-25	(-)	
			G4-LA9	x 118	(-)	
			G4-LA11	121	(-)	
Equal opportunities and diversities	GRI-G4: SOCIAL	Labour Practices and Decent Work	G4-DMA	x 23-25	(-)	
			G4-LA12	x 124	(-)	

EPRA TABLE

The environmental indicators referred to in IGD's 2016 Sustainability Report are in compliance with the second edition of EPRA ("Best Practices Recommendations on Sustainability Reporting"), published in September 2014.

The EPRA indicators (units of measure, 2016-2015 results, estimate level, level of coverage compared to boundary), the correspondence with the GRI G4 indicators and their reference in the section, are reported in the table below. The methodological preface at the beginning of section 2, "Quality and efficiency of the Shopping Centres", is also applicable for the interpretation of this table.

Indicator	Epri	GRI-G4	Units of measure	2016	2015	Change from 2015	Coverage	Estimate level	Reference in section	Re-marks
Total electricity consumption	Elec-Abs	G4-EN3	annual kWh	37,734,347	35,918,318	5.1%	21 out of 21	0%	Page 58, table 1	
Like for like electricity consumption	Elec-LfL	G4-EN3	annual kWh	34,828,586	35,918,318	-3.0%	19 out of 19	0%	Page 58, table 1	
Total energy consumption from district heating and cooling	DH&C-Abs	G4-EN3	annual kWh	7,946,990	8,034,860	-1.1%	4 out of 21	0%	Page 59, table 2	
Like for like energy consumption from district heating and cooling	DH&C-LfL	G4-EN3	annual kWh	7,320,390	8,034,860	-8.9%	3 out of 19	0%	Page 59, table 2	
Total energy consumption from fuel	Fuels-Abs	G4-EN3	annual kWh	12,697,734	11,699,415	8.5%	13 out of 21	0%	Page 59, table 3	
Like for like energy consumption from fuel	Fuels-LfL	G4-EN3	annual kWh	12,697,734	11,699,415	8.5%	13 out of 19	0%	Page 59, table 3	
Building energy intensity	Energy-Int	G4-EN 5 + CRE1	kWh/(sqm common areas+ GLA)	187.90	193.93	-3.1%	7 out of 21	0%		*(Please see below)
	Energy-Int	G4-EN 5 + CRE1	kWh/(sqm common areas+ GLA)	146.78	154.10	-4.7%	21 out of 21	32%	Page 60, table 5	***(Please see below)
Direct GHG emissions (total) - Scope 1	GHG-Dir-Abs	G4-EN15	ton Co2e	2,251	2,074	8.5%	21 out of 21	0%	Page 62, table 6	
Indirect GHG emissions (total) - Scope 2	GHG-Indi-Abs	G4-EN16	ton Co2e	21,430	20,483	4.6%	21 out of 21	0%	Page 62, table 6	
Direct GHG emissions (like for like) - Scope 1	GHG-Dir-LfL	G4-EN15	ton Co2e	2,251	2,074	8.5%	19 out of 19	0%	Page 62, table 6	

Indicator	Epra	GRI-G4	Units of measure	2016	2015	Change from 2015	Coverage	Estimate level	Reference in section	Re-marks
Indirect GHG emissions (like for like) - Scope 2	GHG-Indir-LfL	G4-EN16	ton Co2e	19,777	20,483	-3.4%	19 out of 19	0%	Page 62, table 6	
Building GHG emissions intensity	GHG-Int	G4-EN18 + CRE3	Kg CO2e/(sqm common areas+GLA)	69.19	73.27	-5.6%	21 out of 21	0%	Page 63, table 7	
Total water consumption	Water-Abs	G4-EN8	m3	523,100	526,681	-0.7%	21 out of 21	0%	Page 65, table 8	
Like for like water consumption	Water-LfL	G4-EN8	m3	492,358	526,681	-6.5%	19 out of 19	2%	Page 65, table 8	
Building water consumption intensity	Water-Int	CRE2	m3 / (sqm common areas+GLA)	1.53	1.71	-10.7%	21 out of 21	0%	Page 67, table 10	
Weight of waste by disposal method (total)	Waste-Abs	G4-EN23	ton	2,258	2,458	-8.1%	21 out of 21	0%	Page 68, table 12	
	Waste-Abs	G4-EN23	of which sent to recycling	1,598	1,535				Page 68, table 12	
	Waste-Abs	G4-EN23	of which sent to incinerator	35	34				Page 68, table 12	
	Waste-Abs	G4-EN23	of which sent to landfill	625	889				Page 68, table 12	
Weight of waste by disposal method (like for like)	Waste-LfL	G4-EN23	ton	2,258	2,458	-8.1%	19 out of 19	0%	Page 68, table 12	
	Waste-LfL	G4-EN23	of which sent to recycling	1,598	1,535				Page 68, table 12	
	Waste-LfL	G4-EN23	of which sent to incinerator	35	34				Page 68, table 12	
	Waste-LfL	G4-EN23	of which sent to landfill	625	889				Page 68, table 12	
Type and number of assets certified	Cert-tot	CRE8	% of total square metr. of portfolio	65%	51%		11 out of 21	0%	Page 71	

* Intensity of 7 Centres where no estimate on car park consumption was carried out in 2016, was also included
 ** Energy intensity of all 21 Centres within the absolute boundary. Estimated electricity consumption of 14 Centres' car parks and actual electricity consumption of 7 Centres' car parks were subtracted from total.



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