

**Report on Corporate Governance and
Ownership Structure**

for the year ended on 31 December 2011

approved on 8 March 2012

available on the website www.gruppoigd.it



Immobiliare Grande Distribuzione
Società di Investimento Immobiliare Quotata S.p.A.
abbreviated to **IGD SIIQ SpA**

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GLOSSARY

Board: the Issuers' Board of Directors appointed by the Shareholders' Meeting held on 23 April 2009

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

Code/Corporate Governance Code: the Corporate Governance Code for listed companies approved in March 2006, and amended in March 2010, by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the Italian Stock Exchange). Unless specified otherwise, the principals, criteria and comments referred to are those found in the 2006 Code.

CONSOB: the Commissione Nazionale per le Company e la Borsa (Italy's Stock Market Regulator)

CONSOB Market Regulations: market regulations issued by CONSOB pursuant to Resolution n.16191 of 2007, as subsequently amended.

CONSOB Regulations for Issuers: the regulations for issuers approved CONSOB in Resolution n. 11971 of 1999, as amended.

CONSOB Regulations for Related Party Transactions: the Regulations issued by CONSOB pursuant to Resolution n. 17221 of 12 March 2010, as subsequently amended, for related party transactions.

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

Issuer or the Company: issuer of stock referred to in this Report

Report: the Report on Corporate Governance and Ownership Structure that companies are required to prepare pursuant to Art. 123-bis TUF

TUF *"Testo unico delle disposizioni in materia di intermediazione finanziaria"* Legislative Decree n. 58 dated 24 February 1998 - Financial Markets Consolidation Act:

Year: financial year closed on 31.12.2011 referred to in this Report

1. COMPANY PROFILE

IGD SIQ S.p.A. adheres to and complies with the Corporate Governance code for Italian Companies issued in March 2006, and amended in March 2010, by the Corporate Governance Committee of *Borsa Italiana S.p.A.*.

The Board of Directors to be appointed by the Company in 2012 will comply with the provisions of the Code approved in December 2011 relating to the composition of the Board and its Committees.

In compliance with the law, this Report contains a general description of the company's corporate governance structure and contains information about the ownership structure and adherence to the Corporate Governance Code.

Immobiliare Grande Distribuzione Company di Investimento Immobiliare Quotata S.p.A. has a traditional system of management and control founded on the centrality of the Board of Directors. The financial audit is performed by external auditors, in accordance with the law.

The Company's Corporate Governance model is based on: (i) the guiding role of the Board of Directors in matters of corporate strategy, as a whole and through specifically appointed committees; (ii) the transparency of business decisions within the Company and vis-à-vis the market; (iii) the definition of a remuneration policy for the directors and the managers with strategic responsibilities which complies with the Code iv) the efficiency and efficacy of the internal control system; (v) the strict governance of potential conflicts of interest; and (vi) clear procedures for transactions with related parties and for the treatment of corporate information

The Company's mission is to create value for all its stakeholders: shareholders, employees, clients and suppliers through sustainable growth.

In 2011, the Company approved the Corporate Sustainability Report which describes the characteristics of the IGD Group, the recent phases of its growth, its future growth objectives and the results achieved in 2010 with regard to economic, environmental and social sustainability.

The Corporate Sustainability Report is available to the public on the Company's website: www.gruppoigd.it

2. INFORMATION ON OWNERSHIP STRUCTURE (pursuant to Art. 123-bis, par. 1, T.U.F)

a) Share capital structure (pursuant Art. 123-bis, par. 1, lett. a), TUF)

The share capital approved at 9 March 2011 totals €392,855,265.00, of which €309,249,261.00 is fully paid-in and subscribed, divided in 309,249,261 ordinary shares with a par value of €1 each.

[Please note that during the meeting held on 8 March 2012, during which the Board of Directors approved this report, it also resolved to propose that the Extraordinary Annual General Meeting, convened on 19 and 20 April 2012, in second and first call, respectively, approve the elimination of the indication of the shares' par value.]

b) Share transfer restrictions (pursuant to art. 123-bis, par- 1, letter b), TUF)

There are no restrictions and all shares are freely transferable.

c) Significant interests in share capital (pursuant to Art. 123-bis, par. 1, lett. c), TUF)

Based on the declarations received under art. 120 of TUF and other available information, the shareholders with voting rights holding more than 2% of the company's ordinary share capital at 8 March 2012 are those indicated in Table 1 "Significant interests in share capital" attached to this report.

d) Shares granting special rights (pursuant to Art. 123-bis, para. 1, lett. d), TUF)

The shares issued all have the same rights.

e) Employee share ownership: exercise of voting rights (pursuant to art. 123-bis, par. 1, letter e), TUF)

There are no specific mechanisms which provide for employee share ownership.

f) Restrictions on voting rights (pursuant to Art. 123-bis, par. 1, lett. f), TUF)

There are no restrictions on voting rights.

g) Shareholder Agreements (pursuant to Art. 123-bis, par. 1, lett. g), TUF)

The Company is party to the following shareholder agreement deemed relevant pursuant to Art. 122 of Legislative Decree 58/1998 (TUF):

- On 7 February 2011 Coop Adriatica S.c.a r.l. ("Coop Adriatica") and Unicoop Tirreno Company Cooperativa ("Unicoop Tirreno") stipulated a Shareholders' Agreement which establishes a voting block of Immobiliare Grande Distribuzione SIIQ S.p.A. shares, pursuant to Art. 122 paragraphs 1 and 5 lett. A) and B), of Legislative Decree n. 58/1998 designed to facilitate the Company's strategic decisions and their management. The Agreement involves 170,516,129 ordinary IGD shares or 55.140% of the company's share capital (the "Syndicated Shares") of which 157,713,123 or 51% of the share capital are bound by a voting block (the "Block Shares"). The agreement will expire on 30 June 2012.

The agreement referred to above is available to the public on CONSOB's website, as required with current law.

h) Provisions relating to change of control clauses (pursuant to Art. 123-bis, par.1, lett. h), TUF) and takeover bids (pursuant to Art. 104, par. 1-ter, and 104-bis, par. 1)

In the course of their normal business, the Company and group companies may stipulate agreements with financial partners which include clauses which grant each of the parties the right to rescind and/or amend said agreements and/or require repayment of the loan in the event the direct or indirect control of the company contracting party should change.

With regard to the provisions found in the company by-laws relating to takeover bids, there are no clauses which provide for exceptions to the passivity rule nor application of the breakthrough rule.

i) Authority to increase share capital and authorizations to buy back shares (pursuant to Art. 123-bis, par. 1, lett. m), TUF)

During the Annual General Meeting, meeting in extraordinary session on 25 June 2007, shareholders voted to issue bonds convertible into newly issued ordinary shares of IGD with a combined nominal value of €230,000,000.00, represented by 2,300 convertible bonds with a nominal value of €100,000.00 each, excluding any pre-emption rights, pursuant to Art. 2441, 5th and 6th paragraphs, of the Italian Civil Code and resolved to increase the share capital, in a divisible manner, for the purpose of servicing conversion of the bonds up to a maximum of € 46,653,144.00 at par, in one or more instalments through the issue of up to 46,653,144 ordinary shares of a par value of €1.00 each, with the same dividend rights as shares in circulation on the issue date to be used exclusively and irrevocably to service the conversion of the bonds. The capital increase will remain irrevocable through the expiration of the bond conversion period and is limited to the amount of shares subject to conversion.

Subsequently, on 22 April 2010, the Extraordinary Annual General Meeting, approved amendments to the terms and conditions of the above mentioned convertible bond to extend the expiration from June 2012 to 28 December 2013, increase the cash coupon from 2.50% to 3.50% with payment of the coupon half-yearly instead of yearly, and lower the conversion price from € 4.93 a € 2.75. Consequently, the Extraordinary Shareholders' Meeting resolved to increase share capital in order to service the conversion of the bond for up to a maximum amount of € 83,636,364.00, in one or more instalments, through the issue of up to maximum of 83,636,364 ordinary shares with a par value of €1.00 each.

On 20 April 2011 the Ordinary Annual General Meeting granted the Board of Directors the authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code. On 8 March 2012 the Company's Board of Directors resolved to propose that the shareholders convened in ordinary session on 19 April 2012 revoke the expiring authorization granted by the shareholders 20 April 2011 and grant a new authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code.

The purchase and disposal of treasury shares will be done in accordance with the means established by the shareholders as indicated in the Directors' Report.

As of the date in which the Directors' Report was approved, the Company holds 10,976,592 treasury shares, equal to 3.549% of the share capital.

I) Direction and control (pursuant to Art. 2497 et seq. Italian Civil Code)

The Company is subject to the direction and control of shareholder Coop Adriatica s.c.ar.l. who controls 41.497% of the company's share capital.

OTHER INFORMATION

Indemnity of Directors (pursuant to art. 123-bis, para 1, letter i), TUF)

There is no agreement between the Company and the Directors in the event of resignation, dismissal or termination following a takeover bid.

Please refer to the information contained in the Remuneration Report published pursuant to Art. 123-ter of TUF and available on the Company's website: www.gruppoigd.it.

Norms applicable to the appointment and replacement of directors, amendments to the corporate by-laws (pursuant to Art. 123-bis, par. 1, lett. I), TUF)

The appointment and replacement of the directors, as well as amendments to the corporate by-laws, are conducted and governed in accordance with Title V of the bylaws (Board of Directors) made available on the company's website (www.gruppoigd.it). Please refer to the section "Board of Directors" of this report for further information.

3. COMPLIANCE (pursuant to Art. 123-bis, par. 2, lett. a), T.U.F)

Since its IPO, on 11 February 2005, the Company has adopted the Corporate Governance Code and has structured its corporate governance, the rules and standards of conduct, in a way that ensures efficient and transparent corporate bodies and control systems in line with the code guidelines.

The code is published on Borsa Italiana's website (www.borsaitaliana.it).

The structure of the company's governance is described in this section of the Directors' Report.

CORPORATE GOVERNANCE STRUCTURE

Insofar as it is an Italian company with shares listed on the stock exchange which adheres to the code referred to above, the governance structure is founded on a traditional model comprised of: Shareholders' Meetings, the Board of Directors, Board of Statutory Auditors and External Auditors.

The Shareholders' Meeting is the forum used by the shareholders to express their wishes. The resolutions are made in accordance with the law and the bylaws while the meetings are governed by specific regulations adopted by the Company in order to ensure that the meetings are carried out in an orderly and efficient manner. The issuer's current corporate by-laws comply with the new directives contained in Legislative Decree 27/2010 relating to shareholders' rights which facilitate shareholder participation and the exercise of voting rights during the shareholder meetings.

The Board of Directors defines the strategy for the Company and its subsidiaries and oversees the business operations. In accordance with the bylaws, the Board of Directors may take all measures it deems fit for implementing and achieving the corporate purpose, except for those that the law or the bylaws reserve for the shareholders.

The Board of Statutory Auditors oversees compliance with the law and the bylaws and ensures that the standards of correct administration are observed and, in particular, that the organizational, administrative and accounting structures are adequate, that they function correctly, that the corporate governance rules provided for in the Code are complied with

and that the disclosures made by the Company to its subsidiaries comply with Art. 114, paragraph 2, of the TUF (public disclosures).

The Board of Statutory Auditors is not responsible for financial audit which is, in accordance with the law, assigned to a financial audit company appointed by the shareholders. In this regard the Board of Statutory Auditors may be called upon to provide shareholders with a motivated opinion as to the choice of the external audit firm to be hired for financial audit.

The company's subsidiaries include the Romanian company WinMagazine SA which, however, has no impact on IGD's current corporate governance structure

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (pursuant to Art. 123-bis, para. 1, lett. I), TUF)

The Company is administered by a Board of Directors composed, as per the bylaws, of seven to nineteen members.

The shareholders' meeting of 23 April 2009 decided that there will be 15 members in the Board of Directors, to serve until the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2011.

Pursuant to Articles 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists submitted by the shareholders in maximum transparency and in accordance with Art. 6.P.1 of the Corporate Governance Code. In accordance with Art. 16.3 of the bylaws, lists may be submitted by shareholders who, alone or together with others, hold the percent interest determined in accordance with CONSOB regulations. The lists must be filed at the head office at least twenty-five days in advance of the first-call date of the meeting which, in accordance with the provisions of Legislative Decree 27/2010 relating to Shareholders' Rights, will be mentioned in the notice of call. Pursuant to Art. 147-*ter*, paragraph 1-*bis*, TUF, Shareholders must submit the certification attesting to possession of the shares needed to file voting lists, determined on the basis of the shareholders of record on the day the lists were filed with the company, issued by an intermediary authorized in accordance with the law at least 21 days prior to the Annual General Meeting is to be held.

The candidates must be numbered sequentially in the lists up to the number of seats to be filled. In accordance with the latest version of Art. 147 *ter*, fourth paragraph, of the TUF, Art. 16.3, last passage, of the bylaws states that every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law.

Please note also that with regard to gender quotas within administrative and control bodies, introduced in Law 120 of 12 July 2011, and acknowledged in the Regulations for Issuers, on 8 March 2012 the Board of Directors approved this report and also resolved to submit to the Annual General Meeting, convened in extraordinary session on 19 and 20 April 2012, in first and second call respectively, a proposal to amend the bylaws in order to include provisions involving the way in which the lists for the election of the Board of Directors and the Board of Statutory Auditors are drawn up in order to promote equal gender opportunity as called for in the previously mentioned law.

In compliance with the bylaws, the lists must be filed along with the candidates' irrevocable acceptance of office (should they be elected), curriculum vitae, and statements confirming that there are no reasons for ineligibility and/or disqualification and that they meet the requirements set by law.

Art. 16.4 of the bylaws, reflecting the new provisions of Art. 147-*ter*, paragraph 3 of the TUF (as amended by the Investor Protection Law and the Corrective Decree), prohibits any shareholder from submitting or participating in the submission

of more than one list. In keeping with the above, Art. 16.7 of the bylaws states that if more than one list is submitted, at least one director must be appointed from the minority list. Thus, if the candidates ranked with the highest quotients come from a single list, the candidate from the minority lists who has earned the highest quotient will be elected in place of the candidate at the bottom of the ranking.

Art. 16.8 of the bylaws, on the subject of filling vacancies on the Board of Directors, combines the co-optation system with the requirement that minority interests be represented and that at least two directors qualify as independent pursuant to Art. 147-ter, par. 3 of the TUF.

The shareholders' agreement between Coop Adriatica and Unicoop Tirreno, deemed relevant as per Art. 122 of the TUF, was recently renewed on 7 February 2011 and will expire on 30 June 2012.

Pursuant to Art. 2 of the agreement above the Board of Directors of IGD is to be comprised of 15 members for the duration of the agreement. In the event the Board of Directors is renewed, the parties agreed to submit a list of fifteen candidates, consisting of 7 directors designated by the Coop Adriatica (3 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998), 5 directors designated by Unicoop Tirreno (2 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998) and 3 directors designated jointly by Coop Adriatica and Unicoop Tirreno (independent pursuant to Borsa Italiana's Corporate Governance Code). Furthermore, pursuant to both Art. 2 above and Art. 16.7 of the bylaws, if more than one list is submitted, at least one director must be appointed from the minority list.

Succession plan

The Company has not adopted a succession plan for its executive directors.

4.2 COMPOSITION (pursuant to Art. 123-bis, para 2, lett. d) TUF)

The Board of Directors in office through 31.12.2011 consists of 15 directors and was appointed by the shareholders during the meeting held on 23 April 2009 for a term of three years which expires on the date the Annual General Meeting is called to approve the financial statements at 31 December 2011.

During the Shareholders' Meeting held on 23 April 2009 the two lists of the majority shareholders Coop Adriatica and Unicoop Tirreno and the two minority shareholders Company Fondazione Cassa di Risparmio di Imola and Fondazione Cassa di Risparmio di Bologna were presented. The lists were submitted with all the documentation relating to the personal characteristics of the candidates along with their irrevocable acceptance of the appointment in the time period provided for under the law.

The members of the current Board of Directors, along with their status as executive or non-executive and/or independent members as per the Corporate Governance Code and the committees formed as of the date in which this report was approved, can be found in Table 2 "Structure of the Board of Directors and Committees" attached.

The current Board of Directors is composed of members who possess different professional and personal characteristics and include university professors, freelance professionals, entrepreneurs, as well as corporate executives. The majority of the directors qualify as independent as defined in the Corporate Governance Code and the TUF.

In accordance with the Rules for Corporate Governance approved by the Board of Directors on 18 September 2008 and updated during the meeting held on 9 March 2011 and on 10 November 2011, the directors agree to accept appointments when they feel that they will be able to dedicate sufficient time to fulfilling their duties given the nature of the assignment, including taking into account any other directorships or statutory auditorships held in other companies, including in light of the maximum permitted number of appointments described below.

All the directors dedicate the time deemed necessary to diligently fulfil their duties, taking into account other offices held and are aware of the responsibilities inherent in the positions they hold; they must be constantly up-to-date as to new laws and regulations which concern the Company and its operation.

The directors must comply with the Ethical Code, the Code of Internal Dealing and any other provisions with which the Company may regulate the directors' conduct; the directors, like the statutory auditors, must treat any documents and information to which they might have access in the course of their duties with the maximum confidentiality.

Maximum number of appointments allowed in other companies

In order to regulate the maximum permitted number of appointments in another company that a director may hold, the Company drafted specific regulations referred to as the "Limits to the maximum number of appointments allowed in other companies" which were approved by the Board of Directors on 13 December 2010, in accordance with the proposal received from the Nominations Committee. Based on the regulations, the term "maximum number" does not refer solely to the number of offices held, but also attributes a weight to each type of appointment in relation to the nature and size of the company, as well as the position held by IGD's directors in other companies, in light of the fact that more time is dedicated to certain positions than to others. In light of this consideration, IGD's Board of Directors held that the weight to be attributed to the office of Chairman, Executive Director be different, for example, than that of a non-executive director or member of the Board of Statutory Auditors. Lastly, the weight attributed each office was also different based on the type and size of the company and two sub-categories were established; Group A and Group B. Group A includes other companies listed on regulated markets, financial institutions, banks, insurance companies or other large companies. All the companies which are not part of Group A are automatically considered part of Group B. In light of these considerations, the Board listed the overall weight of the offices held in other companies which can be considered compatible with acting effectively as a director in IGD.

The general criteria described above were approved by the Nominations Committee and then by IGD's Board of Directors in light of the fact that in order to act as a director the appointees must be able to devote the time necessary to diligently and effectively fulfil his/her obligations. On the basis, therefore, of the regulations governing "Limits to the maximum number of appointments allowed in other companies" the current board was found to be fully compliant.¹

Pursuant to the Corporate Governance Code the principle offices held by directors in companies other than those of the IGD Group can be found in Table 4 "Offices held by the directors at 31.12.2011", attached.

4.3 ROLE AND FUNCTIONS OF THE BOARD OF DIRECTORS (pursuant to Art. 123-bis, par 2, lett. d) TUF)

The Company is administered by a Board of Directors.

In order to ensure maximum attendance at the Board meetings, they are held on the dates indicated in a financial calendar which has been disclosed to the market in accordance with *Borsa Italiana's* instructions. Additional meetings may be called if deemed necessary in order to address certain issues; the Board, at any rate, takes the steps necessary to effectively fulfil its duties. The Company published the following financial calendar which calls for 4 meetings to be held in 2012:

- 8 March 2012: Board of Directors' meeting to examine the separate and consolidated financial statements at 31.12.2011;
- 10 May 2012: Board of Directors' meeting to examine the Interim Management Statement at 31.03.2012;

¹ Corporate Governance Code: Art. 1.C.3.

- 28 August 2012: Board of Directors' meeting to examine the Half-year Financial Report at 30.06.2012;
- 8 November 2012: Board of Directors' meeting to examine the Interim Management Statement at 30.09.2012.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2012.

Pursuant to Art. 17.3 of the bylaws, the chairman calls and presides over meetings of the Board of Directors; conducts, coordinates and moderates the discussion and related activities; and announces the results of votes.

Without prejudice to the call prerogatives guaranteed by law, meetings of the Board of Directors are called by the chairman, or the chairman's deputy, whenever this person sees fit or at the request of a majority of the directors. Art. 18 of the bylaws also provides for Board of Directors' meetings to be called by the Board of Statutory Auditors. Meetings are normally called by telegram, fax, or other means as long as this ensures proof of receipt at the domicile of each member of the Board of Directors at least five days in advance of the meeting. In urgent cases, meetings may be called two days in advance. The statutory auditors are informed of the meeting according to the same terms described above. Typically the meetings are called via e-mail.

The power to call the Board of Directors' meetings granted to the Board of Statutory Auditors or by any member thereof complies with Art. 151, second paragraph of TUF as amended by Law n. 262/2005 (the Uniform Savings Act).

The Board of Directors meets at the place specified in the notice of meeting, which may be the registered office or anywhere else in Italy.

The Issuer, in order to promote active participation at the Board meetings, provides the Directors and the Statutory Auditors with the documentation relating to the items on the Agenda at least two days before the meeting is to be held.

Board meetings are presided over by the chairman or, if the chairman is unavailable, by the vice chairman (if appointed) or, if the vice chairman is unavailable, by the most senior director in terms of age.

For each meeting the Board of Directors, at the chairman's proposal, elects a secretary who may or may not be a member and who will sign the minutes of the meeting.

The bylaws require the presence of at least one member of the Board of Statutory Auditors at all sessions of the Board of Directors, to ensure that the auditors are informed of the Company's activities and of the transactions having a significant impact on profitability, assets, liabilities, and financial position carried out by the Company or its subsidiaries, in particular those transactions in which they have an interest on their own or third parties' account; that are influenced by the party in charge of management and coordination; or that have been the subject of resolutions, debate or announcement during the course of the session. If no statutory auditor is present at a meeting of the Board of Directors, or if the procedures adopted in accordance with the preceding section do not guarantee that the auditors are informed on at least a quarterly basis, then according to the bylaws the chairman and/or the chief executive officer must report in writing on his or her activities to the chairman of the Board of Statutory Auditors within three months. This report must be mentioned in the minutes of the first subsequent meeting of the Board of Statutory Auditors.

Typically the Issuer's managers attend the Board of Directors' meetings in order to provide additional information regarding the items on the Agenda.

During the year ended 31 December 2011, the Board of Directors held 7 meetings, on 9 March, 13 April, 11 May, 23 June, 25 August, 10 November, 15 December, duly attended by the directors and by a member of the Board of Statutory Auditors. The absentee rate was quite low and all absences were excused. Each meeting lasted an average of 3 hours.

Some meetings of the Board of Directors were attended by Company executives or external parties, when deemed appropriate, so they could provide specialized input on the topics up for debate.

Following the criteria set forth in Art. 1.C.1 of the Corporate Governance Code, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries²;
- judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries as arranged by the chief executive officer, with particular reference to the internal control system and the management of conflicts of interest;
- defines, with the help of the Internal Control Committee, the guidelines for the internal control system and, at least once a year defines, evaluates its adequacy, efficacy and functioning with respect to the nature of the Company's business and appoints an executive director to monitor the functioning of the internal control system;
- appoints and dismisses, in accordance with the proposal submitted by the executive director in charge of internal control and recommendations of the Internal Control Committee, one or more internal control officers;
- in order to encourage the involvement and cooperation of the directors, institutes the board committees and commissions deemed necessary for the proper functioning of the Company, while also defining its active duties and consulting functions;
- grants and revokes the powers of the chief executive officer, defining limits and procedures; establishes the frequency—no less than quarterly—with which the chief executive officer must report on his or her activities to the Board of Directors;
- determines, after consulting the Board of Statutory Auditors and the relative committee, the compensation of the chief executive officer and the other directors with particular responsibilities, and divides the Board of Directors' overall compensation among its members if the shareholders' meeting has not done so;
- evaluates general business performance, taking account of the information received from the chief executive officer, and periodically comparing actual results with forecasts;
- examines and approves in advance the transactions of the Company and its subsidiaries, where such transactions are strategically, economically or financially significant for the Company, paying special attention to situations in which one or more directors have an interest on their own or on third parties' behalf and, more generally, to transactions with related parties;
- decides which controls are necessary to prevent conflicts of interest and defines the regulations for transactions with related parties and establishes the general criteria to define significant transactions and adopts measures to ensure that the strategically important subsidiaries submit any such transactions to the Board of Directors of the Parent Company for examination;
- evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, expressing any opinions as to the professional figures whose presence on the board would be considered appropriate;

² Corporate Governance Code Art. 1.C.1., lett. a)

- prepares the report on corporate governance in accordance with the Corporate Governance Code with particular focus on the number of Board of Directors' meetings held during the year and the attendance of each director;
- after the appointment of an independent director and subsequently once a year, evaluates – based on the information received from the interested party or, at any rate, available to the Company - the independent status of its non-executive members: this independence is evaluated on the basis of the criteria indicated in the Corporate Governance Code and any other facts which could impact each instance; the Board of Directors will advise the market as to the results of its evaluations (upon appointment, in a press release and, subsequently, in the Corporate Governance Report).

Pursuant to the Corporate Governance Code, the Board of Directors, during the meeting held on 9 March 2011, used the reports provided by the Chief Executive Officer during the year in accordance Art. 2381 of the Italian Civil Code, the reports prepared by the Internal Control Committee, the Supervisory Board, and the Internal Audit, as well as the Report prepared by the Financial Reporting Officer regarding the preparation of the accounting ledgers, to evaluate the adequacy of the Company's and its subsidiaries organizational, administrative and general accounting structures, particularly with regard to the internal control system and the management of any conflicts of interest ³.

The Board of Directors, in accordance with the bylaws and the current norms and regulations and based on the information provided by the Chief Executive Officer and the Board of Statutory Auditors, evaluated the company's performance, its outlook and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries at least quarterly.⁴

In 2011, the Board of Directors, also met specifically to: (i) examine and grant advance approval of any transactions undertaken by the Company and its subsidiaries of significant strategic, economic, capital or financial transactions, particularly those in which one or more directors held an interest directly or on behalf of third parties ⁵; (ii) assess and express an opinion (in this instance positive) about the size, composition and proper functioning of the Board of Directors and its committees⁶.

With regard to the latter, for the year that closed on 31 December 2011, the Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. The outcome is described below.

³ Corporate Governance Code Art. 1.C.1., lett. b)

⁴ Corporate Governance Code Art. 1.C.1., lett. e)

⁵ Corporate Governance Code Art. 1.C.1. lett. f)

⁶ Corporate Governance Code Art. 1.C.1, lett.g)

Board performance evaluation

IGD hired the consulting company Egon Zehnder International to help with this self-assessment process. This survey was conducted in accordance with the most sophisticated international best practices and was carried out on the basis of:

- discussions with each Director, after having completed a questionnaire prepared for this purpose, in light of the areas in need of improvement indicated in the 2009 Board Review;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

The Board Review results, including the areas found to be in need of further improvement, were presented during the Board of Directors' meeting held on 9 March 2011. More in detail, IGD's Board of Directors was found to have achieved levels of market excellence in terms of:

- Size which was found to be adequate and efficient, with a majority of independent directors;
- Balanced composition and, overall, the presence of the necessary expertise and managerial experience;
- Efficient functioning, thanks above all to:
 - positive and efficient environment; adequate and timely distribution of information to the directors in preparation for the Board meetings;
 - effective dialogue and ability to make decisions, in particular with regard to financial matters and the assessment of investments;
 - the Chairman's ability to coordinate, guide and facilitate the Board's activities which was, once again, well supported by the Chief Executive Officer
 - useful and adequate participation of company managers in the Board meetings when deemed opportune.

Please note that in accordance with the provisions regarding non competition clauses in Art. 2390 of the Italian Civil Code, no general or advance exceptions in this regard were authorized⁷.

4.4 EXECUTIVE DIRECTORS

⁷ Corporate Governance Code Art. 1.C.4.

Chief Executive Officer

The bylaws⁸ state that the Board of Directors may delegate its powers, within the confines of Art. 2381 of the Italian Civil Code and determining the limits of such authority, to an executive committee comprised of some of its members and/or one or more members given the title of chief executive officer or executive directors.

On 30 April 2009, the Board of Directors confirmed Claudio Albertini as Chief Executive Officer, granting him the following powers, which were subsequently amended on 17 December 2009:

- to develop and propose – as agreed with the Chairman – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to develop and propose the strategies and financial policies of the Company and the group in relation to the growth, profitability and risk objectives determined by the Board of Directors, with responsibility for their implementation; to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;
- to optimize the instruments and procedures of financial management and manage relations with the financial system;
- to develop and propose strategies for organizational development and policies for hiring, managing and training human resources;
- to recommend group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly formulated; to ensure compliance with group directives and with administrative, legal, and tax regulations and laws;
- to coordinate the drafting of the business plans, annual budget and the relative reporting;
- to monitor and coordinate any related activities: general services, any legal problems and fiscal implications;
- to assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors;
- to assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;
- to assume responsibility for the proper maintenance of real estate assets according to rental contracts between IGD SIIQ S.p.A. and third parties and the budgets approved by the Board of Directors, in compliance with applicable provisions of law;
- to assume responsibility for preparing the annual plan of work and the respective budget forecasts, with regard to both new construction and maintenance, subject to the approval of the Board of Directors;
- to interface, as agreed upon with the Chairman, with the shareholder cooperatives, regarding any integration of the respective investment plans.

Chairman and Vice Chairman of the Board of Directors

⁸ Art. 23 of the bylaws

In compliance with the bylaws⁹ the Board of Directors appoints from among its members a Chairman, if the shareholders have not done so, and a Vice Chairman. If the Chairman is absent, the chairmanship is assumed by the Vice Chairman and if the Vice Chairman is absent the chairmanship is assumed by the Chief Executive Officer.

The chairman of the Board of Directors has signing authority for the Company and shall represent it as its Legal Representative¹⁰ before any legal or administrative authority and vis-à-vis third parties; if the chairman is absent or unavailable, this authority is held by the Vice Chairman (if appointed), or by the most senior director in terms of age if the vice chairman is also absent or unavailable. Unless otherwise resolved, legal representation is also held by each Executive Director appointed in accordance with the bylaws.

During the meeting held on 30 April 2009, the Board of Directors appointed Gilberto Coffari Chairman and assigned him the following functions, subsequently amended on 17 December 2009 and 23 June 2011:

- to develop and propose – as agreed with the Chief Executive Officer and as per his proposal – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to coordinate the Company's programmed investments with the real estate projects undertaken by the shareholder cooperatives;
- to interface with the shareholder cooperatives regarding any integration of the respective investment plans.
- to take responsibility for the internal audit functions, with the exception of those reserved for the Chief Executive Officer who is responsible for the full functioning of the Internal Control System.
- to maintain and develop – together with the Chief Executive Officer – relationships with the consumer sector cooperatives in order to explore possible aggregations of the shopping centers included the real estate portfolio.

During the meeting held on 30 April 2009, the Board of Directors appointed Sergio Costalli Vice Chairman, granting him the powers assigned to the Chairman to be exercised if the latter is absent or unavailable.

Executive Committee (pursuant to Art. 123-bis, para. 2, lett. d), TUF)

The Company did not appoint an Executive Committee.

Reporting to the Board of Directors

In accordance with Article 23.2 of the bylaws and Art. 150 of TUF, the Board of Directors and the Board of Statutory Auditors must report in writing at least once a quarter, when the Board meetings are held, on general performance, the business outlook, and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries. Each director may request that the deputized parties provide the Board with information regarding the Company's management.

For the purposes of fostering organized reporting, the Company has adopted a set of specific Guidelines which define the rules to be followed for complying with the reporting obligations.

⁹ Art. 17 of the bylaws

¹⁰ Art. 24.1 of the bylaws

The main purpose of these guidelines is to provide corporate governance tools that are concrete examples of the recommendations found in the Corporate Governance Code. The guidelines, in particular, ensure the transparency of the Company's management, make it possible for each director to be involved in the management in a more knowledgeable way thanks to the efficient flow of information between the deputized parties and the Board as per the Corporate Governance Code which stress the centrality of the Board's role while also seeking to reinforce the internal control functions.

The guidelines also contain information about the supervisory activities of the Board of Statutory Auditors pursuant to Art. 149 (TUF).

The Guidelines are published in full on the Company's website (www.gruppoigd.it).

4.5 OTHER EXECUTIVE DIRECTORS ¹¹

The Board of Directors appointed the Chief Executive Officer Claudio Albertini to act as Executive Director.

4.6 INDEPENDENT DIRECTORS

The Company's Board of Directors evaluated compliance with the requirements for independent, non-executive directors provided for in the Corporate Governance Code and TUF upon and subsequent to appointment of the directors. The outcome of this evaluation was disclosed to the market.

After having examined the information provided by the directors, in the meeting held on 8 March 2012 the Board of Directors confirmed that the independent directors appointed (Aristide Canosani, Fabio Carpanelli, Massimo Franzoni, Francesco Gentili, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini, Sergio Santi) still qualified as such¹². In accordance with the Corporate Governance Code, the Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board¹³. As the current Board of Directors is comprised of 15 members, the independent directors represent 53% of the total number of directors and 57% of the total number of non-executive directors. Please note that the Board of Directors also verified that all the directors who qualify as independent pursuant to the Corporate Governance Code also meet the requirements for independent applied to members of the Board of Statutory Auditors pursuant to TUF.

The Independent Directors met once in 2011 (15 December 2011) as convened by the Lead Independent Director

¹¹ Corporate Governance Code: Art. 2.C.1.

¹² Corporate Governance Code: Art 3.C.4

¹³ Corporate Governance Code: Art. 3.C.5.

4.7 LEAD INDEPENDENT DIRECTOR

In February 2007, in order to further enhance the role of independent directors, the Board decided to introduce the title of **Lead Independent Director**. More in detail, the Board of Directors deemed it opportune to appoint a lead independent director also because the Chairman of the Board of Directors is also the Chairman of the Board of Directors of the Company's majority shareholder.

In order to improve the contribution and role of the independent directors will refer to the Lead Independent Director, Riccardo Sabadini, who will act as the reference person and coordinator for all positions and activities of the independent directors.

The Lead Independent Director, acting individually or at the request of other directors, may also call meetings of independent directors only ("independent directors' executive sessions") to discuss topics deemed of interest in relation to the functioning of the Board of Directors or the Company's management.

5. TREATMENT OF CORPORATE INFORMATION

Procedure for managing and disclosing price sensitive information

In accordance with Code recommendations, particularly with regard to price sensitive information pursuant to Art. 114, para. 1 TUF, in December 2006, the Company adopted an internal procedure for the secure, confidential management and disclosure of price sensitive information and documents¹⁴.

The procedure is to be followed by all members of corporate bodies, as well as managers and employees of the Company and its subsidiaries who have access to price sensitive information. They must, therefore, keep confidential the documents and information obtained during the course of their duties and follow the procedure the Company has adopted for the internal management and disclosure to third parties of such data.

The procedure also aims to prevent such information from being disclosed selectively (i.e. divulged ahead of time to certain parties, such as shareholders, reporters or analysts), or in an untimely, incomplete or inadequate manner.

¹⁴ Corporate Governance Code: Art. 8.C.4.

Registry of Insiders

Pursuant to Art. 115-bis TUF and in order to foster greater control in the internal management and disclosure of price sensitive information, in June 2006 the Company established a registry of the persons who have access to price sensitive information, the "Registry of Insiders".

The purpose of the above mentioned regulation is twofold; to develop greater awareness as to the importance of price sensitive information and to facilitate Consob's supervisory activities, as well as the judicial authorities' investigations in cases involving potential market abuse.

All the directors, statutory auditors, managers and employees who have access, on a continuous basis to price sensitive information, are listed in the registry.

Internal dealing

In accordance with Art. 114, paragraph 7 of Legislative Decree 58 of 24 February 1998, as amended (the TUF), and with the implementation provisions found in Arts. 152-sexies et seq. of the CONSOB regulations approved with Resolution 11971 of 14 May 1999, as amended (the "Regulations for Issuers"), effective as of January 2007 the Board of Directors adopted a procedure governing mandatory notification and conduct on the subject of transactions carried out by relevant persons and parties closely related to such persons on the Company's shares or on related financial instruments.

The code of conduct is available at www.gruppoigd.it in the Investor Relations section.

6. BOARD COMMITTEES (pursuant to Art. 123-bis, par. 2, lett. d), TUF)

In 2008 the Board of Directors, in accordance with Art. 5.P.1. of the Code, formed the Compensation Committee, the Nominations Committee and the Chairman's Committee, the Internal Control Committee and the Committee for Related Party Transactions. The members of each committee were appointed when the Board was recently confirmed in 2009 (with regard to the Committee for Related Party Transactions, please refer to paragraph 12 "Directors' interests and related party transactions").

7. NOMINATIONS COMMITTEE

The Company's Board of Directors instituted a Nominations Committee in 2008 in accordance with Art. 6.P.2. of the Corporate Governance Code.

Composition and role of the Nominations Committee (pursuant to Art. 123-bis, par 2, lett. d) TUF)

The Nominations Committee consists of three non-executive independent directors in the persons of Andrea Parenti, Giorgio Boldreghini and Fabio Carpanelli.

The Nominations Committee met 2 times in 2011 and expressed its opinion about the subsidiaries' directors and the hiring of managers.

Functions of the Nominations Committee

The Nominations Committee submits proposals regarding the optimal composition of the Board of Directors, Company management and selection of directors, statutory auditors and management for subsidiaries held to be of strategic importance in order to guarantee an adequate level of separation between directors and management. The Nominations Committee may also be called upon to express an opinion about the type of administrative body to be formed (single party or board), the number of members and the candidates to be presented for director, statutory auditor, chairman, vice chairman and general manager (and/or chief executive officer) of the subsidiaries or affiliates.

8. COMPENSATION COMMITTEE

Composition and role of the compensation committee (pursuant to art. 123-bis, par. 2, lett. d), TUF)

The Compensation Committee is comprised of three independent directors in the persons of Riccardo Sabadini, also appointed Chairman, Sergio Santi and Francesco Gentili.

The Compensation Committee met 7 times in 2011: Santi Sergio attended 86% of the meetings, Francesco Gentili and Riccardo Sabadini 100%.

The information regarding the functions of the Compensation Committee can be found in the Remuneration Report, to which you are invited to refer, published in accordance with art. 123-ter of TUF, available on the Company's website <http://www.gruppoigd.it/Governance/Remunerazione>.

9. DIRECTORS' REMUNERATION

This information can be found in the Remuneration Report, to which you are invited to refer, published in accordance with art. 123-ter of TUF, available on the Company's website <http://www.gruppoigd.it/Governance/Remunerazione>.

CHAIRMAN'S COMMITTEE

The Chairman's Committee is comprised of the Chairman, the Vice Chairman, the Chief Executive Officer, as well as the Director Roberto Zamboni and Independent Director Sergio Santi.

The Chairman's Committee assists in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors and oversees the correct implementation of same. The committee is also called upon to express opinions regarding the strategically relevant development and investment transactions to the extent that the latter could have a significant impact on the value or composition of the company's equity or stock price.

The Chairman's Committee met 5 times in 2011.

10.INTERNAL CONTROL COMMITTEE¹⁵

The Internal Control Committee was established by the Board of Directors in accordance with the Rules for Corporate Governance and the recommendations found in the Corporate Governance Code¹⁶.

Composition and role of the internal control committee (pursuant to art. 123-bis, par. 2, lett. d), TUF)

The Internal Control Committee is made up of three non-executive directors, the first two of whom are independent¹⁷, in the persons of Aristide Canosani, Massimo Franzoni and Leonardo Caporioni. The Board of Directors considers Leonardo Caporioni to have sufficient accounting and financial experience¹⁸

The Chairman of the Board of Statutory Auditors, or who on his behalf¹⁹, may be invited to attend the meetings of the Internal Control Committee.

In 2011 the Internal Control Committee met 5 times, on 8 March, 7 April, 23 June and 10 November and minutes were regularly taken. Each meeting lasted an average of 1 hour with attendance reaching 100% for Massimo Franzoni, 80% for Aristide Canosani and 100% for Leonardo Caporioni.

Functions of the Internal Control Committee

The Internal Control Committee helps the Board of Directors: i) to define the guidelines for the Company's internal control system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored while also evaluating the extent to which these risks are compatible with sound and correct business management²⁰; ii) to appoint the executive director in charge of supervising the proper functioning of the internal control system, as required by the Corporate Governance Code; iii) to draft the part of the annual corporate governance pertaining to the internal control system, its essential components and the evaluation as to the overall adequacy of the system itself.

The Internal Control Committee, in addition to assisting the Board of Directors on the matters above, also:

- assesses, along with the Financial Reporting Officer and the auditors, the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of both the separate and consolidated financial statements²¹;
- at the request of the executive director in charge, expresses opinions on specific aspects concerning the identification of business risks, and on the planning, realization and management of the internal control system²²;
- evaluates the plan of work and periodic reports prepared by the internal control officers²³;

¹⁵ The Internal Control Committee referred to is the committee formed in accordance with the Corporate Governance Code to which the Internal Control Committee defers, as does the Board of Statutory Auditors, in accordance with regulations related to financial audit pursuant to Art. 19 of Legislative Decree 39/2010

¹⁶ Corporate Governance Code: Art. 8.P.4.

¹⁷ Corporate Governance Code: Art. 5.C.1., lett. a)

¹⁸ Corporate Governance Code: Art. 8.P.4.

¹⁹ Corporate Governance Code: Art. 8.C.4.

²⁰ Corporate Governance Code: Art 8.C.1.

²¹ Corporate Governance Code: Art 8.C.3., lett. a)

²² Corporate Governance Code: Art 8.C.3., lett. b)

²³ Corporate Governance Code: Art 8.C.3, lett. c)

- evaluates accounting firm's bids for the external auditing assignment, and reviews the external auditing plan and the auditors' reports and recommendations²⁴;
- monitors the efficacy of the external auditing process²⁵;
- performs the other duties entrusted to it by the Board of Directors, particularly as regards relations with the external auditors, the Board of Statutory Auditors, the Supervisory Board and the Financial Reporting Officer;
- reports to the Board of Directors at least every six months, when the annual and interim reports are approved, on the work performed and the adequacy of the internal control system²⁶.

Through the end of 2010 the Internal Control Committee held a particular role with regard to transactions with related parties which is discussed in paragraph 14 "Directors' Interests and Transactions with Related Parties" based on the "Procedure for Related Party Transactions" adopted by the Company through the previously mentioned date. At the end of 2010, IGD's Board of Directors, in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob regulations governing related party transactions as per Resolution n. 17389 of 23.06.2010, adopted a new "Procedure for Related Party Transactions" and, at the same time, formed a new "Committee for Related Party Transactions" which is responsible for topics pertinent to related party transactions effective 1 January 2011.

The "Procedures for related party transaction" adopted by the Company in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob Regulations for Related Party Transactions became effective as of 1 January 2011. Consequently, in 2011 the "Committee for Related Party Transactions" took over the activities relative to transactions related party transactions, including those which upon until 31.12.2010 had been carried out by the Internal Control Committee.

During the meetings held in 2011 the Committee was involved primarily in the following activities:

- a. assessment, along with the Financial Reporting Officer, of the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements;
- b. examination of the controls conducted by Internal Audit based on the work plan agreed upon.

11.INTERNAL CONTROL SYSTEM ²⁷

The Internal Control System consists in the set of rules, procedures and organizational structures designed to ensure that the business is run correctly and in line with the objectives agreed upon through the proper identification, assessment and control of the primary risks facing the company. This internal control system helps guarantee (i) the safeguarding of the company's assets, (ii) the efficiency and efficacy of the company's operations, (iii) the reliability of financial information, and (iv) compliance with laws and regulations.

The roles and responsibilities with regard to risk management and the control system are identified and defined in the report "IGD's Internal Control System" which summarizes the structure and functions of the Internal Control System and

²⁴ Corporate Governance Code: Art. 8.C.3, lett. d)

²⁵ Corporate Governance Code: Art. 8.C.3, lett. e)

²⁶ Corporate Governance Code: Art. 8.C.3, lett. g)

²⁷ Corporate Governance Code: Art. 1.C.1., lett. b)

which was approved by the Board of Directors on 14 May 2008. These provisions are in line with the recommendations found in Borsa Italiana's Corporate Governance Code to which the Company adheres since its IPO.

The Board of Directors is responsible for the internal control system and toward this end works with the Internal Control Committee in order to establish system guidelines and periodically verify that they are being complied with.

The position of Executive director in charge of internal control, identified in the person of the Chief Executive Officer, must identify the company's primary risks and implement the guidelines defined by the Board of Directors, while verifying their overall adequacy, efficacy and efficiency.

The Internal Control Officer, also the Head of Internal Audit, must verify that the internal control system is always adequate, fully operative and functional.

IGD's Internal Control Officer was appointed by the Board of Directors, after having consulted with the Internal Control Committee, from within the audit company Unilab.

The Internal Control Officer reports to the Internal Control Committee and to the Board of Statutory Auditors; it may also be requested that he report to the Executive director in charge of internal control.

In order to most effectively serve its control and risk management needs, as well as its complexity, its status as a listed company and business dynamics, IGD developed an integrated model for risk management which is in line with renowned international Enterprise Risk Management (ERM) standards. This "ERM" model helps top management to identify the primary risks to which the Company is exposed, how to manage them, as well as to define the risk management system. The main objective is to implement a systematic and pro-active risk management system capable of understanding the potential negative impact of risks in advance, take the necessary steps to control them, as well as continuously monitor the different exposures.

Thanks to the Enterprise Risk Management project completed by IGD, the results of which were presented to the Board of Directors on 15 December 2011, a systematic management system was implemented which makes it possible for the Group and top management to identify, measure and assess strategic, operational, financial and compliance risks.

The risk management system adopted is constantly updated and developed by management in order to ensure that it is adequate in light of changes in the organizational structure or business. The methods used as part of the Group's ERM system call for the following periodic activities: (i) verification and/or update of the risk map, in light of the Company's strategies and the organizational and business models; (ii) confirmation as to the efficacy of the risk assessment model used and its appropriateness given the Company's organizational structure, business and strategies; (iii) analysis of the risks identified, the organization of the risk management personnel and the risk control measures used; (iv) assessment of the risks to which Group companies are exposed; (v) assessment of the level of risk coverage based on the control mechanisms used; (vi) prioritization of the risks and the steps to be taken; (vii) risk tolerance analysis in accordance with the instructions received from the Group's top management; (viii) definition of the management and control strategies and assignment of responsibilities; (ix) monitoring implementation of the system and related activities over time.

In 2011 the Group continued to implement the ERM system by adopting methods and operative tools which made it easier assess risk, above all financial, as well as to monitor the system on the basis of a risk assessment plan. As part of this project, the company Unilab, under the supervision of the Chief Executive Officer, was appointed to act as Risk Manager. The Risk Management team will coordinate the activities relating to the implementation of the model and the control of the risk control activities.

A specific working group was formed in order to carry out the activities listed above.

In 2011 IGD also updated the Group's Risk Assessment program, verifying the status of the risks assessed during the first phase of the ERM project and the most significant changes made with regard to their identification and mitigation, as well as incorporating new criteria for assessing the impact of reputation risk.

The internal controls implemented in relation to the financial reporting process play an important part in the general process used to identify and assess areas of the Group's business risk and to develop an internal control system that best controls these business risks.

The ERM model should not, therefore, be considered separately from the internal controls implemented in relation to the financial reporting process, insofar as both are part of IGD's overall internal control systems.

In this regard, it is noted that the preparation of the yearly and interim financial reports and, in particular, to the identification of the principle risks facing IGD and the Group, are strictly linked to the Enterprise Risk Management systems used by the Company and the Group to identify, assess and mitigate business risk.

Main features of the existing internal control and risk management systems in relation to the financial reporting process

With regard to the internal controls implemented in relation to the financial reporting process, in prior years IGD has undertaken to comply with Law 262/05 by updating the accounting and administrative control models and has also executed the controls necessary to support the Financial Reporting Officer's certification process.

The above mentioned accounting and administrative control system represents the set of rules, procedures and internal tools used by the Company to ensure the reliability, accuracy, and timeliness of financial reporting.

The methods used by the Financial Reporting Officer in the development of the accounting and administrative control system are those described in specific guidelines drafted in this regard which are in line with the recommendations for the Financial Reporting Officer found in the guidelines issued by ANDAF.

The internal control system implemented in relation to IGD's financial reporting process involves the following activities:

- Identification of the perimeter of the relevant administrative-accounting processes;
- Assessment of the risk management and administrative-accounting control processes;
- Identification and implementation of any needed improvements;
- Definition of the administrative-accounting control system;
- Verification as to the functioning of the controls.

As part of the yearly and half-yearly financial reporting process, in order to understand the principal risks to which IGD and the Group are exposed, the Financial Reporting Officer works with the parties involved in the Company's and the Group's Enterprise Risk Management system (the working group initially dedicated to the launch of the ERM system) in order to identify and assess business risks. During 2011, as part of the Enterprise Risk Management program, the administrative-accounting control system was subject to specific monitoring in accordance with Law 262/05.

The activities listed above are described in greater detail below.

Identification of the perimeter of the relevant administrative-accounting processes

This activity involves defining the perimeter of the Group and Group company processes to be controlled. Quantitative and qualitative parameters are used to assess the risks and the administrative-accounting controls based on the impact that the different items have on the financial statements.

This perimeter is constantly reviewed each year by the Company to determine if any changes are needed, including with regard to the companies doing business in Romania. Another review of the perimeter was made in order to update the administrative-accounting controls in light of changes in the Group's organizational structure and business.

This scoping phase calls for a multi-year plan based on which the processes, risks and administrative-accounting controls are reviewed.

Assessment of the processes, risks and administrative-accounting controls

This activity involves assessing the financial reporting control system used with regard to each item, process and transaction in order to effectively mitigate the risks linked to the administrative-accounting process.

The approach used takes into account the margin for error, as well as the risk that fraudulent acts may occur, by providing for controls and verifications of this type of risk which are coordinated with the controls implemented as part of the entire internal control system.

The approach used also takes into account both manual and IT system controls which include automatic controls incorporated into applications, as well as the general IT controls that regulate system access, systems development and the adequacy of the IT structures.

Based on the multiyear plan referred to above, the assessment of the processes pertaining to Group companies was prioritized. More in detail, the analyses of the processes used to identify and control risks continued as part of the risk assessment and the scoping reviews conducted pursuant to Law 262/05. The Financial Reporting Officer constantly monitored the adequacy of the controls implemented and, if necessary, took corrective action.

Definition of the administrative-accounting system

Based on the results of the assessment of the processes, risks and controls, the Company then defines or updates the administrative-accounting procedures and guarantees their adequacy with respect to the internal control system by monitoring the different phases of the process used to update or define each procedure. The administrative-accounting procedures are defined and implemented on the basis of a plan; the Company also standardized the administrative-accounting procedures used by the Romanian companies.

Verification of the administrative-accounting procedures

The administrative-accounting procedures are continuously monitored; toward this end specific checks are programmed in order to ensure that the administrative-accounting procedures and the relative controls have been correctly implemented. These controls are made of the entire perimeter of the companies active in Italy, with the support of Internal Audit, as well as in Romania.

* * *

During the year the Board monitored the adequacy, efficacy and functioning of the internal control system, based on the information provided by the Internal Control Committee, as well as the reports prepared by the Chief Executive Officer, the Financial Reporting Office and Internal Audit.

* * *

11.1 EXECUTIVE IN CHARGE OF INTERNAL CONTROL

In 2007 the Board of Directors, with the help of the Internal Control Committee, identified the Executive director in charge of internal control in the person of the Chief Executive Officer who, in accordance with the Code's recommendations, has the following duties:

- identification of the company's principal risks, taking into account of the business carried out by the Issuer and its subsidiaries and periodically report his findings to the Board of Directors;
- execution of the guidelines defined by the Board of Directors while ensuring that the internal control system is properly planned, implemented and managed and verifying its

overall adequacy, efficacy and efficiency; adaptation of this system to reflect business conditions and changes in the law and regulations;

- submission of proposals regarding the appointment, dismissal and compensation of one or more Internal Control Officers to the Board of Directors.

The Executive director in charge of internal control performed his duties with the support of the Internal Control Committee and the Internal Control Officer and also used the powers granted him in order to guarantee full compliance with the Corporate Governance Code for listed companies.

11.2 INTERNAL CONTROL OFFICER

The Board of Directors, after consulting with the Internal Control Committee and as per the recommendation of the Executive director in charge of internal control, appointed the Internal Control Officer from within Internal Audit, outsourced to the company Unilab.

The Board of Directors viewed this choice as the most effective in light of the Company's characteristics and size, as well as the independent nature and expertise of the candidate. The independence and autonomy of the Internal Control Officer are guaranteed by the fact that he is not responsible for any operations nor is he supervised by any division heads or involved in any business activities.

The Internal Control Officer prepares a plan of work for the audit activities and monitors the internal control system. In order to do so the Officer has access to all useful information. More in detail, the Officer verifies that the rules and procedures adopted by the Company in order to reach its objectives are complied with and that the Company structures are adequate. The Officer also reports periodically to the Internal Control Committee and to the Supervisory Board.

11.3 DECREE 231/2001 ORGANIZATIONAL MODEL

In 2006 the Board of Directors approved adoption of the Organizational Model, as subsequently amended, which further strengthened the internal control system.

The Organizational Model seeks to ensure that the system complies with Decree 231/2001 based on which companies were made administratively responsible in criminal proceedings for certain types of crimes committed by top managers and subordinates and is based on the standards and procedures described below.

The Organizational Model includes the following:

- a. mapping of the activities at risk based on the information gathered regarding IGD's activities and organizational structure;
- b. the Ethical Code, which formulates the general principles (diligence, honesty and fairness) inspiring the conduct of business;
- c. internal control mechanisms monitoring areas at risk;
- d. the disciplinary system which enforces the Model's rules;

- e. the Supervisory Board which is charged with monitoring the effectiveness, adequacy and compliance with the Model.

The Supervisory Board may act independently and must ensure that the Model is constantly updated.

The Supervisory Board also provides the Board of Directors with information regarding the changes that need to be made to the Model in order to comply with norms and regulations and to reflect the business operations.

The Supervisory Board reports to the Chairman of the Board of Directors and the Board of Statutory Auditors on a periodic basis and to the Board of Directors every six months.

Please note that the Company's internal audit, carried out by the company Unilab, provides the support necessary for the management and analysis of the information generated pursuant to Art. 6, par. 2, lett. d) of Legislative Decree 231/01, as well as for the execution of specific audits deemed necessary based on the information gathered.

The Supervisory Board is currently made up of independent director Fabio Carpanelli, who serves as chairman, and by independent directors Sergio Santi and Francesco Gentili. In 2011 it met four times; on 5 March, 13 May, 23 September, and 13 December with attendance reaching 100% for all members.

The Model is also available on the company's website www.gruppoigd.it, in the IR/corporate documents section.

11.4 EXTERNAL AUDITORS

The activities related to financial audit are carried out by a company selected by the shareholders from among those listed in Consob's specific roll.

On 16 September 2004 the shareholders granted the company Reconta Ernst&Young the assignment, which was subsequently renewed on 23 April 2007, for the financial audit of separate and consolidated annual and half-yearly financial statements for the period 2006-2014. The assignment was granted on the basis of a detailed analysis of the motivated opinion submitted by the Board of Statutory Auditors in accordance with current norms and regulations.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2011 can be found in the notes to the separate and consolidated financial statements.

11.5 FINANCIAL REPORTING OFFICER

In compliance with art. 154-bis of TUF and Article 23.5 of the bylaws, the Board of Directors must appoint a Financial Reporting Officer, subject to the unbinding opinion of the Board of Statutory Auditors, who has matured at least five years of experience in a) administrative or control activities and who has had a supervisory role in companies or entities with assets of not less than €10 million, or b) professional activities, including as part of audit functions, strictly connected to business activities and functions that the officer is called up to perform.

In July 2007, after receiving a favourable opinion from the statutory auditors, the Board of Directors appointed Grazia Margherita Piolanti as the Financial Reporting Officer for an indefinite period and invested her with responsibilities, powers and means.

The Financial Reporting Officer has access to adequate administrative and accounting procedures in order to draft the separate and, where provided for, the consolidated financial statements, as well as all other financial documents.

The Board of Directors must ensure that the Financial Reporting Officer is granted the organizational and operational power and means needed to carry out the duties assigned herein.

The Financial Reporting Officer must provide a written declaration which accompanies the announcements made by the Company to the market, as well as the interim and financial reports, attesting that the information contained reflects the underlying records, ledgers and accounting entries.

The Financial Reporting Officer, along with the executive officer (s) must provide a report on the separate and consolidated (if prepared) yearly financial statements and on the half year report attesting:

- that the administrative and accounting procedures used to prepare the separate and financial statements are adequate in light of the characteristics of the Company's business.

The Financial Reporting Officer must also attest that the separate and consolidated financial statements:

- a) are drawn up in accordance with the international accounting standards recognized by the European Union pursuant to the Regulation 1606/2002/EC;
- b) correspond to the ledgers and accounting entries;
- c) provide fair and truthful disclosures of the company's income statement, balance sheet and financial positions and the companies included in the scope of consolidation.

Lastly, the Financial Reporting Officer, along with the deputized bodies, must attest that the directors' report accurately depicts the operating performance and results of both the Company and the businesses included in the scope of consolidation, as well as the principle risks and uncertainties to which they are exposed.

12.DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

With regard to the transactions with related parties, as of 1 January 2011 the Company applied the "Procedure for Related Party Transactions" approved on 11 November 2010 by the Board of Directors, subject to the favorable opinion of the Committee for Related Party Transactions, pursuant to Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions. The Company's Board of Statutory Auditors also verified that the procedure approved by the Board of Directors complied with the Consob Regulations.

The purpose of the "Procedure for Related Party Transactions" is to define the rules governing the approval and execution of related party transactions entered into by the Company, directly or through its subsidiaries, in order to ensure the transparency, as well as the substantive and procedural fairness of the transaction.

The term "Related Party" is defined explicitly in the Regulations, as per IAS 24, with marginal adjustments in order to ensure that the perimeter of related parties and related transactions is correctly determined. In order to maintain consistency in the financial statements, the Company decided to apply the Procedure to the subsidiaries of the company which exercises a significant influence over IGD, pursuant to Art. 4, par. 2, of the Regulations.

Related party transactions are transactions in which there is a transfer of resources, services or obligations between one or more related parties, regardless of whether a price is charged.

The Regulations distinguish between:

Material related party transactions (including cumulatively): one in which at least one of the following Consob materiality ratios has a value of 5% or more:

- (i) transaction materiality ratio: this is the ratio between the amount of the transaction and the higher of the amount of equity IGD SIIQ's capitalization;
- (ii) assets materiality ratio: the ratio between the total assets of the entity involved in the transactions and IGD SIIQ's total assets;
- (iii) liabilities materiality ratio: the ratio between acquired entity's total liabilities and IGD SIIQ's total assets.

Less material related party transactions, which includes all the other transactions.

The Regulations establish the criteria to be used in approving the material and less material transactions:

- the Committee for Related Party Transactions and the body involved in the approval of the transaction must be provided with complete and adequate information in a timely manner prior to approval;
- the Committee for Related Party Transactions may, at the expense of the Company, avail itself of independent experts;
- a statement attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct must be included in the minutes, when recorded.
- the Board of Directors and the Board of Statutory Auditors must be informed as to the status of the transactions at least on a quarterly basis.

Furthermore, pursuant to and in accordance with the Regulations, the Procedures for Related Party Transactions also includes a list of the transactions which are not governed by the Regulations (with the exception of certain disclosure requirements) and which include:

1. immaterial transactions (below the amount indicated in the Company's Procedure).
2. resolutions relating to remuneration of directors holding particular offices (Chairman, Chief Executive Officer, committee members) and under certain conditions (i.e. if the company's compensation policy calls for the involvement of the Compensation Committee).
3. compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-*bis* of TUF.
4. routine transactions concluded in accordance with market equivalent or standard conditions (i.e. service contracts).
5. transactions with or between subsidiaries and associate companies (when the transaction does not correspond to a material interest of other related parties, without prejudice to any periodic accounting information provided).

The Company formed the Committee for Related Party Transactions in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions.

The Committee for Related Party Transactions is comprised of three independent directors: Riccardo Saladini, also appointed Chairman, Giorgio Boldregghini and Andrea Parenti, appointed by the Board of Directors on 26 August 2010. The Committee's functions are governed by the Procedures for Related Party Transactions approved by the Board of Directors on 11 November 2010 and summarized below.

The Committee for Related Party Transactions met three times in 2011 on 30 March, 7 April and 12 April.

More in detail, the Committee for Related Party Transactions:

- a) will issue a non-binding opinion regarding the company's interest in completing a less material transaction, its fairness and correctness;
- b) in the case of material transactions, is involved – by way of one or more of its specifically appointed members – in the transaction's preliminary phases and negotiations in accordance with the Procedures. Once the preliminary phases are completed, the Committee will express a binding opinion regarding whether or not the transaction is in the Company's best interest and if the terms and conditions are fair and substantively correct.

The Committee for Related Party Transactions with regard to

- less material transactions, will issue a non-binding opinion regarding the company's interest in completing the transaction, its fairness and procedural correctness;
- material transactions, without prejudice to the transactions subject to a Board of Directors' resolution, will issue a binding opinion. Furthermore, the Committee for Related Party Transactions, or who on its behalf, will be involved in the preliminary phases (by receiving the information distributed) and the negotiations and is entitled to request information and share comments with the parties involved in the negotiations of this type of transaction. Once the preliminary phases are terminated, the Committee for Related Party Transactions must issue, in a timely manner, a favorable, binding opinion attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct. In order to formulate its opinion, if deemed necessary and opportune, the Committee for Related Party Transactions may avail itself of one or more independent experts of its choosing. The experts chosen by the Committee must be recognized professionals, experts in the subject matter involved and proven to be without any conflict of interest with regard to the transaction. In the event the Committee is not in favour of the transaction, and if so provided in the bylaws, the Board may, at any rate, proceed with the transaction as long as it is approved by the shareholders. In this instance and whenever the Board of Directors intends to submit a material transaction to the shareholders for approval despite the negative opinion issued by the Committee for Related Party Transactions, the transaction may not be completed in the event a majority of non-related shareholders vote against the transaction, as long as said shareholders represent at least 10% of the share capital with voting rights.

The procedure described above can be found on the Company's website (www.gruppoigd.it).

13. APPOINTMENT OF THE STATUTORY AUDITORS

Pursuant to Art. 26.2 of the Bylaws, members of the Board of Statutory Auditors are elected on the basis of preference lists that must be filed at the registered office along with declarations in which each candidate states that he/she is not in violation of the limits for multiple assignments provided for under the law, as well as detailed information about each candidate's personal and professional background, at least twenty days in advance of the shareholders' meeting called for this purpose.

According to Art. 26 of the bylaws, the following procedure applies to the appointment of the Board of Statutory Auditors:

- from the list obtaining the highest number of votes, two standing auditors and one alternate auditor will be taken in the order in which they appear on the list;

- the third standing auditor and the second alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.

In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present at the meeting shall vote. The candidates on the list winning a simple majority of votes are elected.

The first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Candidates for statutory auditor must meet the requirements set by law. For the purposes of judging the qualifications of those with at least three years' experience in:

- (a) professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business;
- (b) management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:
 - all subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;
 - sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.

Those whose situations are incompatible with the title and/or who do not satisfy the requirements of integrity and qualification established by law, and those who are standing auditors at more than five companies listed on official Italian markets, may not be elected as statutory auditors and, if elected, lose office. Positions held at parent companies, subsidiaries, or affiliates do not apply.

With regard to the Chairman of the Board of Statutory Auditors, pursuant to Art. 148, par. 2 bis, TUF, as amended by the Uniform Savings Act, the former was appointed by the Shareholders' Meeting from the minority list of candidates, in accordance with Articles 26.4 and 26.5 of the bylaws and the current norms and regulations based on which the first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Please note also that with regard to gender quotas within administrative and control bodies, introduced in Law 120 of 12 July 2011, and acknowledged in the Regulations for Issuers, on 8 March 2012 the Board of Directors approved this report and also resolved to submit to the Annual General Meeting, convened in extraordinary session on 19 and 20 April 2012, in first and second call respectively, a proposal to amend the bylaws in order to include provisions involving the way in which the lists for the election of the Board of Directors and the Board of Statutory Auditors are drawn up in order to promote equal gender opportunity as called for in the previously mentioned law.

14. STATUTORY AUDITORS (pursuant to Art. 123-bis, par. 2, lett. d) TUF)

The current Board of Statutory Auditors appointed during the Shareholders' Meeting held on 23 April 2009, is comprised of three standing and two alternate auditors in the persons of: Romano Conti (Chairman), minority list candidate, Roberto

Chiusoli (standing auditor) majority list candidate, Franco Gargani (standing auditor), majority list candidate, Isabella Landi (alternate auditor) majority list candidate, and Monica Manzini (alternate auditor), majority list candidate.

The statutory auditors were appointed on the basis of a list system.

In 2011 the Board of Statutory Auditors met 8 times on 20 January, 28 February, 8 March, 22 March, 25 March, 1 June, 23 June, and 4 August. Additional meetings were held specifically with the Company's management, with external auditors, and with the Internal Control Committee.

In order to comply with amendments made to the new Corporate Governance Code regarding the Board of Statutory Auditors, independent members and declarations to this effect, the Board verified that the criteria and the procedures adopted by the Board of Directors in this regard were adequate.

The Board of Statutory Auditors supervises the work of the external auditors. Furthermore, pursuant to Art. 27.2 of the bylaws the ordinary Shareholders' Meeting grants the assignment to the external auditors on the basis of the motivated opinion submitted by the Statutory Auditors.

The names of the statutory auditors in office are listed in Table 3 "Structure of the Board of Statutory Auditors" attached.

15.RELATIONS WITH SHAREHOLDERS

The Company strives to maintain a constant dialogue with its shareholders and investors based on an understanding of mutual roles, and regularly organizes meetings with the Italian and international financial community in full compliance with laws on price-sensitive information.

Toward this end, the Board of Directors appointed an Investor Relations Manager, and set up a dedicated unit and a section on the Company's website (www.gruppoigd.it).

In this section, investors can download a complete range of documents regarding IGD's accounts and corporate governance.

16.SHAREHOLDERS' MEETINGS

Pursuant to Art. 10.3 of the bylaws, the protocol for shareholders' meetings is formalized in a set of Regulations, approved by the shareholders in ordinary session.

Regulations governing the attendance and the exercise of voting rights at Shareholders' Meetings have recently been changed pursuant to Legislative Decree n. 27 of 27 January 2010, (the "**D. Lgs. 27/2010**"), in implementation of EC directive 2007/36/EC relating to shareholders' rights, in order to facilitate attendance of listed companies' Shareholders' Meetings. Partial integration of D. Lgs. 27/2010 in the Company's bylaws was approved by the Board of Directors on 13 December 2010, pursuant to Art. 2365, para. 2, of the Italian Civil Code and Art. 22.1(ii) of the bylaws.

In accordance with the law, the Shareholders' Meetings are convened as per the notice published on the Company's website and in at least one national daily newspaper (Art. 125-bis TUF and Resolution n. 17002 of 17 August 2009).

Under Art. 125-bis TUF the notice of call must be published at least 30 days prior to the day in which the Shareholders' Meeting is to be held. The timeframe is different when the Shareholders' Meetings are called to (i) appoint members of the corporate bodies (i.e. 40 days prior to the day in which the Shareholders' Meeting is to be held); (ii) resolve on takeover bids (i.e. 15 days prior to the day in which the Shareholders' Meeting is to be held); and (iii) resolve on

reducing share capital and appoint a liquidator (i.e. 21 days prior to the day in which the Shareholders' Meeting is to be held).

Pursuant to Art. 12.2 of the bylaws, in order to attend and vote at the Shareholders' Meetings, shareholders must provide the Company with the certification issued by a licensed intermediary indicating the shareholdings recorded as of the seventh trading day prior to the date set for the Shareholders' Meeting in first call (the record date). Under Art. 83-sexies TUF, any movements in the shareholdings subsequent to this period will not be considered for the purposes of voting rights.

Pursuant to Art. 13 of the bylaws, those in possession of voting rights may be represented via a written proxy submitted in accordance with the law. The proxy may also be submitted by accessing a specific section on the Company's website, as well as via certified e-mail submitted in accordance with the modalities indicated in the notice of call.

Furthermore, pursuant to Art. 13.3 of the bylaws, as amended by shareholders on 20 April 2011, in the notice of call the Company may appoint a designated representative for each Shareholders' Meeting to which the proxies with voting instructions relative to all or some of the items on the agenda may be granted, in accordance with the law.

Under the new regulations, shareholders may submit questions relating to the items on the agenda prior to the Shareholders' Meeting. These questions will be answered, at the latest, during the meeting itself (Art. 127-ter TUF). Questions for which answers are provided in the Q&A section of the Company's website need not be answered.

I The current Regulations for Shareholder Meetings, approved during the Shareholders' Meeting held on 26 March 2003 and published on www.gruppoigd.it in the Investor Relations section, are designed to guarantee that the Shareholders' Meetings are conducted in an orderly fashion and in full respect of the rights of each shareholder to request clarifications in relation to certain issues being discussed, to express opinions and submit proposals.

On 20 April 2011, during the Annual General Meeting, shareholders resolved to amend the Regulations for Shareholder Meetings in order to comply with Legislative Decree 27/2010 and the provisions relating to shareholders' rights.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to Art. 123-bis, par. 2, lett. a) TUF)

The Company adopted the Decree 231 Organizational Model as described in more detail in paragraph 11.3, to which you should refer.

18. SUBSEQUENT CHANGES

No changes took place in the corporate governance structure following the end of the year.

ATTACHMENTS

Board of Directors

Table 1; "Information on the ownership structure"

Table 2 "Structure of the Board of Directors and Committees"

Table 3 "Structure of the Board of Statutory Auditors"

Table 4 "Offices held by the directors at 31.12.2011"

Board of Statutory Auditors

Table 5: "Offices held by the statutory auditors at 31.12.2011"

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE				
	N. of shares	% of share capital	Listed(indicate which markets) / not listed	Rights and obligations
Ordinary shares	309,249,261	100%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. - STAR segment	
Shares with limited voting rights	None			
Shares without voting rights	10,976,592	3.549%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. - STAR segment	

OTHER FINANCIAL INSTRUMENTS				
		<i>newly issued shares</i>		<i>(granting the right to subscribe to</i>
	Listed(indicate which markets) / not listed	N. of securities in circulation	Class of shares subject to conversion	Number of shares subject to conversion
Convertible bonds		2,300	Shares convertible in ordinary shares excluding option rights	83,636,364
Warrant	No			

SIGNIFICANT INTEREST IN SHARE CAPITAL			
Declarant	Direct shareholder	% of ordinary capital	% of voting capital
Coop Adriatica	Coop Adriatica	41.497	43.024
Unicoop Tirreno	Unicoop Tirreno	13.642	14.143
IGD SIIQ SpA	IGD SIIQ SpA	3.549	(without voting rights)
AXA INVESTMENT MANAGERS	AXA INVESTMENT MANAGERS	2.005	2.078
SCHRODER INVESTMENT MANAGEMENT LTD	SCHRODER INVESTMENT MANAGEMENT LTD	2.024	2.098
F&C ASSET MANAGEMENT PLC	F&C ASSET MANAGEMENT PLC	2.007	2.08
EUROPEAN INVESTORS INCORPORATED	EUROPEAN INVESTORS INCORPORATED	4.903	5.083

TABLE 2 "STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES AT 31.12.2011"

Consiglio di Amministrazione											Comitato Controllo Interno		Comitato Remun.		Comitato Nomine		Lead Independent		Comitato Presidenza		Organismo di Vigilanza		Comitato Parti Correlate	
Carica	Componenti		In carica dal	In carica fino a	Lista (M/m) *	Esec.	Non esec.	Indip. da Codice	Indip. da TUF	(%) **	Numero altri incarichi ***	****	**	****	**	****	**	****	**	****	**	****	**	
Presidente	Coffari	Gilberto	23/4/2009	31/12/2011	M		x			100%	2								x	100%				
Amministratore delegato	Albertini	Claudio	23/4/2009	31/12/2011	M	x				100%	8								x	100%				
	Zamboni	Roberto	23/4/2009	31/12/2011	M		x			71%	6								x	80%				
	Costalli	Sergio	23/4/2009	31/12/2011	M		x			71%	7								x	100%				
	Caporioni	Leonardo	23/4/2009	31/12/2011	M		x			71%	7	x	100%											
	Pellegrini	Fernando	23/4/2009	31/12/2011	M		x			71%	3													
	Canosani	Aristide	23/4/2009	31/12/2011	M			x	x	86%	5	x	100%				x	100%						
	Carpanelli	Fabio	23/4/2009	31/12/2011	M			x	x	100%	3			x	100%	x	100%				x	100%		
	Franzoni	Massimo	23/4/2009	31/12/2011	M			x	x	57%	2	x	100%				x	100%						
	Gentili	Francesco	23/4/2009	31/12/2011	M			x	x	86%	2			x	100%						x	100%		
	Parenti	Andrea	23/4/2009	31/12/2011	M			x	x	100%	21			x	100%	x	100%						x	100%
	Sabadini	Riccardo	23/4/2009	31/12/2011	M			x	x	71%	1			x	100%								x	100%
	Boldregghini	Giorgio	23/4/2009	31/12/2011	M			x	x	100%	1			x	100%	x	100%						x	67%
	Santi	Sergio	23/4/2009	31/12/2011	m			x	x	86%	14			x	86%				x	100%	x	60%	x	80%
	Pirazzini	Corrado	23/4/2009	31/12/2011	M					86%	17													
AMMINISTRATORI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO																								
Indicare il quorum richiesto per la presentazione delle liste in occasione dell'ultima nomina:																								
N. di riunioni svolte dal 01 Gennaio 2011						CDA: 7			CCI: 4			CR: 7			CN: 2		LI: 1		CP: 5		ODV: 5		CPC: 3	

* La colonna è indicata M/m a seconda che il componente sia stato eletto dalla lista votata dalla maggioranza (M) o da una minoranza (m).

** La colonna è indicata la percentuale di partecipazione degli amministratori alle riunioni rispettivamente del C.d.A. e dei comitati (n. di presenze/n. di riunioni svolte durante l'effettivo periodo di carica del soggetto interessato).

*** Questa colonna è indicata il numero di incarichi di amministratore o sindaco ricoperti dal soggetto interessato in altre società quotate in mercati regolamentati, anche esteri, in società finanziarie, bancarie, assicurative o di rilevanti dimensioni.

**** Questa colonna è indicata con una "X" l'appartenenza del componente del C.d.A. al comitato.

TABLE 3 “STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT 31.12.2011”

Collegio Sindacale								
Carica	Componenti	In carica dal	In carica fino a	Lista (M/m)	Indipendenza da Codice	** (%)	Numero altri incarichi***	**** (%)
PRESIDENTE	CONTI ROMANO	23 aprile 2009	31 dicembre 2011	m	X	100%	19	57%
SINDACO EFFETTIVO	CHIUSOLI ROBERTO	23 aprile 2009	31 dicembre 2011	M	X	50%	6	71%
SINDACO EFFETTIVO	GARGANI FRANCO	23 aprile 2009	31 dicembre 2011	M	X	63%	19	86%
SINDACO SUPPLENTE	LANDI ISABELLA	23 aprile 2009	31 dicembre 2011	M				
SINDACO SUPPLENTE	MANZINI MONICA	23 aprile 2009	31 dicembre 2011	m				
SINDACI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO:								
cognome								
nome								
Quorum richiesto per la presentazione delle liste in occasione dell'ultima nomina:								
Numero riunioni svolte durante l'Esercizio di riferimento: 8								

NOTE:

* In questa colonna è indicato M/m a seconda che il componente sia stato eletto dalla lista votata dalla maggioranza (M) o da una minoranza (m).

** In questa colonna è indicata la percentuale di partecipazione dei sindaci alle riunioni del Collegio (n. di presenze/n. di riunioni svolte durante l'effettivo periodo di carica del soggetto interessato).

*** In questa colonna è indicato il numero di incarichi di amministratore o sindaco ricoperti dal soggetto interessato rilevanti ai sensi dell'art. 148 bis TUF. L'elenco completo degli incarichi è allegato ai sensi dell'art. 144-*quinques* del Regolamento Em

**** In questa colonna è indicata la percentuale di partecipazione dei sindaci alle riunioni del CDA (n. di presenze/n. di riunioni svolte durante l'effettivo periodo di carica del soggetto interessato)

TABLE 4 “OFFICES HELD BY THE DIRECTORS AT 31.12.2011”

Amministratore	Cariche ricoperte in altre società	Società del Gruppo 'IGD'	Società del Gruppo Soci 'IGD'
COFFARI GILBERTO Presidente	Vice presidente UNIPOL BANCA S.P.A.		
	Consigliere FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI		
ALBERTINI CLAUDIO Amministratore Delegato	Sindaco Effettivo CEFLA CAPITAL SERVICES S.P.A.		
	Consigliere FINANZIARIA DI PARTECIPAZIONE E SERVIZI S.R.L. FIN. P.A.S.		
	Consigliere PEGASO FINANZIARIA S.P.A.		
	Consigliere SOFINCO S.P.A.		
	Consigliere SORIN S.P.A.		
	Consigliere PROTOS - SOCIETA' DI CONTROLLI TECNICI E FINANZIARI S.P.A.		
	Consigliere HOLCOA S.P.A.		
ZAMBONI ROBERTO Consigliere	Consigliere UNIPOL_MERCHANT - BANCA PER LE IMPRESE S.P.A.		
	Consigliere UNAGRO S.P.A.		
	Vice Presidente INRES - ISTITUTO NAZIONALE CONSULENZA, PROGETTAZIONE, INGEGNERIA- SOCIETA' COOPERATIVA		
	Consigliere FORUM - S.R.L.		
	Consigliere INIZIATIVE BOLOGNA NORD S.R.L. IN SIGLA I.B.N. S.R.L.		
	Consigliere SEDICOOP S.R.L.		
COSTALLI SERGIO Vice Presidente	Consigliere CONSORZIO BOLOGNESE ENERGIA-GALVANI - C.B.E.G. SOCIETA' CONSORTILE A RESPONSABILITA' LIMITATA.		
	Consigliere FINSOE S.P.A. - FINANZIARIA DELL'ECONOMIA SOCIALE S.P.A.		
	Vice Presidente UNIPOL BANCA S.P.A.		
	Presidente del C.d.A. UGE_MERCHANT S.P.A.		
	Vice-Presidente UNICOOP TIRRENO SOCIETA' COOPERATIVA A RESPONSABILITA LIMITATA		x
CAPORIONI LEONARDO Consigliere	Presidente - HOLMO DEL TIRRENO SPA		
	Presidente - FONDAZIONE 'MEMORIE COOPERATIVE'		
	Consigliere U.G.F. S.P.A.		
	Vicepresidente C.d.A. IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.p.a.		
	Consigliere COOPERARE S.p.a.		
	Consigliere COOPERATIVA LAVORATORI DELLE COSTRUZIONI-SOCIETA COOPERATIVA		
	Sindaco COOPERSALUTE - FONDO DI ASSISTENZA SALINARIA INTEGRATIVA DIPENDENTI COOP DI CONSUMO		
PELLEGRINI FERNANDO Consigliere	Consigliere AXIS S.R.L.		
	Vice Presidente del Cda - TIRRENO LOGISTICA S.R.L.		
	Presidente del Collegio sindacale - COMPAGNIA FINANZIARIA ED IMMOBILIARE TOSCANA SPA		
	Presidente del Comitato Esecutivo e Vice-Presidente del C.d.A. SIMGEST - SOCIETA' DI INTERMEDIAZIONE MOBILIARE S.P.A.		
	Vice Presidente HOLMO DEL TIRRENO S.P.A.		
CANOSANI ARISTIDE Consigliere	Presidente del C.d.A. SOCIETA' GESTIONE FINANZIARIA S.R.L. - SO.GE.FIN		
	Consigliere AVIVA S.P.A.		
	Consigliere CNP VITA S.P.A.		
CARPANELLI FABIO Consigliere	Consigliere COOP. ADRIATICA - SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA		x
	Presidente del C.d.A. CREDITRAS ASSICURAZIONI S.P.A.		
	Presidente del C.d.A. CREDITRAS VITA S.P.A.		
	Presidente del Consiglio di Sorveglianza MANUTENCOOP FACILITY MANAGEMENT SOCIETA' PER AZIONI		
FRANZONI MASSIMO Consigliere	Amministratore Unico VEICOLO 5 SRL		
	Presidente del C.d.A. AUTOSTAZIONE DI BOLOGNA SRL		
	Rappresentante comune degli Azionisti privilegiati UNIPOL GRUPPO FINANZIARIO S.P.A.		
GENTILI FRANCESCO Consigliere	Vice presidente consiglio amministrazione F&R 2010 SRL		
	Consigliere BANCA DELLA MAREMMA - CREDITO COOPERATIVO DI GROSSETO - SOCIETA' COOPERATIVA		
PARENTI ANDREA Consigliere	Amministratore GLISCO S.A.S.		
	Consigliere delegato CECCHI GORI HOME VIDEO SRL		
	Sindaco Effettivo CONSORZIO MACROLOTTO IND. N.2 DI PRATO		
	Sindaco Effettivo COMMERCIALE ORTOINVEST SRL		
	Sindaco Effettivo EDILSVILUPPO SPA		
	Presidente del Collegio Sindacale F.LLI CIAMPOLINI & C. SPA		
	Presidente del Collegio Sindacale FRAMAFRUIT SPA		
	Presidente del Collegio Sindacale FRUTTITAL FIRENZE SPA		
	Presidente del Collegio Sindacale GALANDI & C. SPA		
	Presidente del Collegio Sindacale GIOTTOFRUIT COMMERCIALE SRL		
	Presidente del Collegio Sindacale IMMOBILIARE SUD-EST SPA		
	Sindaco Effettivo MEGA SRL		
	Sindaco Revisore FOND. OSPEDALE PEDIATRICO MEYER		
	Presidente del Collegio Sindacale IMMOBILIARE MINERVA SPA		
	Presidente del Collegio Sindacale PENTAFIN SPA		
	Presidente del Collegio Sindacale PICCHI SPA		
	Presidente del Collegio Sindacale PIDA SPA		
	Presidente del Collegio Sindacale SDI SOCIETA' DISTRIBUZIONE IMBALLAGGI SRL		
	Presidente del Collegio Sindacale TIRRENO IMMOBILIARE SRL		
	Sindaco Effettivo UNICA S.C. DI ABITAZIONE		
Presidente del Collegio Sindacale EGAN IMMOBILIARE SRL			
Sindaco Effettivo BINFI SPA			
SABADINI RICCARDO Consigliere	Consigliere SAPIR S.P.A.		
	Presidente del c.d.a. TECNOPOLIS SOC. COOP		
SANTI SERGIO Consigliere	Presidente del Collegio Sindacale HERA S.P.A.		
	Presidente del c.d.a. FONDAZIONE CASSA DI RISPARMIO DI IMOLA		
	Presidente del Collegio Sindacale WIMAXER S.P.A.		
	Sindaco Effettivo HERA COMM S.R.L.		
	Sindaco Effettivo HERA ENERGIE RINNOVABILI S.P.A.		
	Sindaco Effettivo HERA TRADING S.R.L.		
	Sindaco Effettivo HERA AMBIENTE S.R.L.		
	Sindaco Effettivo UNIFLOTTE S.R.L.		
	Sindaco Effettivo HERA LUCE S.R.L.		
	Sindaco Effettivo MODENA NETWORK S.P.A.		
	Sindaco Effettivo SET S.P.A.		
	Sindaco Effettivo FAMULA ON-LINE S.P.A.		
	Consigliere A.M. GENERAL CONTRACTOR S.P.A.		
	Sindaco Effettivo AKRON S.P.A.		
	PIRAZZINI CORRADO Consigliere	Consigliere FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI	
Vice Presidente del Consiglio di Sorveglianza CONSORZIO NAZIONALE E SERVIZI S.C.			
Consigliere ASSICOOP RAVENNA SPA			
Presidente del c.d.a. COPU RA SOC. COOP.			
Presidente del c.d.a. ARMONIA HOLDING SPA			
Liquidatore ATHENA SRL			
Consigliere CENTROPLAST SPA			
Consigliere DISTER ENERGIA SPA			
Consigliere GRUPPO NETLUNO SPA			
Amministratore Unico ECGAMER SRL			
Vice Presidente del c.d.a. MORINA SRL			
Consigliere UNAGRO S.P.A.			
Consigliere PEGASO SOCIETA' CONSORTILE A R.L.			
Vice-Presidente del c.d.a. EDILNET			
Vice-Presidente del c.d.a. VALORE SVILUPPO S.P.A.			
Vice-Presidente del c.d.a. SPORT IN RIVIERA SRL			
Consigliere KINEO ENERGY FACILITY SRL			

TABLE 5: "OFFICES HELD BY THE STATUTORY AUDITORS AT 31.12.2011"

Sindaco	Cariche ricoperte in altre società	Società
ROMANO CONTI		
PRESIDENTE DEL COLLEGIO SINDACALE	AMMINISTRATORE UNICO	FINMECO S.R.L.
	SINDACO EFFETTIVO	UNICREDIT LEASING S.P.A.
	PRESIDENTE DEL COLLEGIO SINDACALE	A.M. GENERAL CONTRACTOR S.P.A.
	AMMINISTRATORE	DESPINA S.P.A.
	AMMINISTRATORE	G.M.G. GROUP S.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	COMET HOLDING S.P.A.
	SINDACO EFFETTIVO	EDITORIALE CORRIERE DI BOLOGNA S.R.L.
	SINDACO EFFETTIVO	COMET S.P.A.
	PRESIDENTE DEL COLLEGIO SINDACALE	FERRARIO S.P.A.
	SINDACO EFFETTIVO	GALOTTI S.P.A.
	AMMINISTRATORE UNICO	FIN.GI - S.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	SECONDA S.P.A.
	AMMINISTRATORE	SIMBULEIA S.P.A.
	PRESIDENTE DEL COLLEGIO SINDACALE	CENTRO SPERIMENTALE DEL LATTE SPA
	AMMINISTRATORE	D. & C. - COMPAGNIA DI IMPORTAZIONE PRODOTTI ALIMENTARI, DOLCIARI, VINI E LIQUORI - S.P.A.
	AMMINISTRATORE	MAJANI SPA
	PRESIDENTE DEL COMITATO DI CONTROLLO SULLA GESTIONE	MAJANI SPA
	AMMINISTRATORE	ACBGROUP S.P.A.
	PRESIDENTE DEL COLLEGIO SINDACALE	ZEROQUATTRO SRL
ROBERTO CHIUSOLI		
SINDACO EFFETTIVO	PRESIDENTE DEL COLLEGIO SINDACALE	UNIPOL GRUPPO FINANZIARIO SPA
	PRESIDENTE DEL COLLEGIO SINDACALE	UGF BANCA SPA
	PRESIDENTE DEL COLLEGIO SINDACALE	GRANAROLO SPA
	MEMBRO DEL CONSIGLIO DI SORVEGLIANZA	MANUTENCOOP FACILITY MANAGEMENT SPA
	SINDACO EFFETTIVO	HPS SPA
	PRESIDENTE DEL COLLEGIO SINDACALE	INIZIATIVE BOLOGNA NORD
FRANCO GARGANI		
SINDACO EFFETTIVO	SINDACO EFFETTIVO	POLO UNIVERSITARIO GROSSETANO SOCIETA CONSORTILE A.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	ASIU SPA
	PRESIDENTE DEL COLLEGIO SINDACALE	ORIZZONTE S.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	COMPAGNIA PORTUALI - SOC. COOP. A R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	CE.VAL.CO. - CENTRO PER LA VALORIZZAZIONE ECONOMICA DELLA COSTA TOSCANA SPA - I N L I Q U I D A Z I O N E
	PRESIDENTE DEL COLLEGIO SINDACALE	GEMA COMMERCIALE S.R.L.
	SINDACO EFFETTIVO	SAN GIACOMO - SOCIETA' COOPERATIVA SOCIALE
	SINDACO EFFETTIVO	AXIS S.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	S.G.F. S.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	MAISIS - SOCIETA' A RESPONSABILITA' LIMITATA
	PRESIDENTE DEL COLLEGIO SINDACALE	TIRRENO LOGISTICA S.R.L.
	SINDACO EFFETTIVO	SOLARIA S.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	UNICOOP TIRRENO SOC. COOP. A R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	INDAL. 2000 S.R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	SVILUPPO DISCOUNT S.P.A. (O SOLO S.D. S.P.A.)
	SINDACO EFFETTIVO	SOF S.P.A.
	SINDACO EFFETTIVO	L'ORMEGGIO - SOCIETA' COOPERATIVA A R.L.
	PRESIDENTE DEL COLLEGIO SINDACALE	PORT SECURITY PIOMBINO S.R.L.U.
	SINDACO EFFETTIVO	CONSORZIO REGIONALE ETURIA SOCIETA' COOPERATIVA A R.L.

