

REPORT ON CORPORATE STRUCTURE AND OWNERSHIP STRUCTURE

Pursuant to article 123-bis of TUF

2018





**MONDOVICINO
SHOPPING CENTER &
RETAIL PARK**

CUNEO

Opening 2007

Mall GLA sqm 7,197

Food anchor GLA sqm 12,550



2,377,857 visitors in 2018



Environmental Certifications:

UNI EN ISO 14001

REPORT ON CORPORATE STRUCTURE AND OWNERSHIP STRUCTURE

Pursuant to article 123-*bis* of TUF

Approved by the Board of Directors on 26 February 2019

www.gruppoigd.it

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Glossary

CODE/CORPORATE GOVERNANCE CODE:

the Corporate Governance Code for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

BOARD:

the Issuers' Board of Directors.

ISSUER OR THE COMPANY:

issuer of stock referred to in this Report.

YEAR:

financial year referred to in this Report.

CONSOB REGULATIONS FOR ISSUERS:

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

CONSOB MARKET REGULATIONS:

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

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 (as subsequently amended).



3.1

COMPANY PROFILE

The Company 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 with advisory and consulting functions; (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 and risk management 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 and financial community, employees, visitors and local community, tenants and suppliers. The Company

believes this is possible through sustainable growth. Again in 2018 the Company prepared a Corporate Sustainability Report which describes the characteristics of the IGD Group, its recent growth, the objectives for future development and the main results achieved in 2018 relating to economic, environmental and social sustainability. Every year the Company makes the Corporate Sustainability Report, approved by IGD SIIQ Spa's Board of Directors, available to the public on its website at <http://www.gruppoigd.it/en/sustainability/sustainability-report/>.

The Company qualifies as a SME pursuant to art. 1.w-quarter.1) TUF. More specifically, based on this article, an enterprise qualifies as a SME if at least one of the following requirements is satisfied: (i) sales do not exceed €300 million, or (ii) the market capitalization is less than €500 million. Companies who exceed these thresholds for three years in a row do not qualify as SMEs. IGD qualifies as a SME as the sales recorded in the years 2018, 2017 and 2016 are below the threshold indicated by Consob, as shown below.

REVENUES				AVERAGE CAPITALIZATION			
2018	2017	2016	2015	2018	2017	2016	2015
124,888,689	112,599,302	76,853,607	75,000,944	725,307,328.57	694,208,144.99	597,345,595.00	640,455,610.92

3.2

INFORMATION ON
OWNERSHIP STRUCTURE

(pursuant to Art. 123-bis, par. 1, T.U.F) as at 26 February 2019

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

The share capital approved at the date of this Report totals €749,738,139.26 of which is fully paid-in and subscribed, divided in 110,341,903 ordinary shares without a stated par value (see Table 1).

On 23 April 2018, the capital increase approved during the Extraordinary Shareholders' Meeting held on 12 February 2018 was completed, resulting in the issue of 29,037,340 shares for a total of €149,977,861.10.

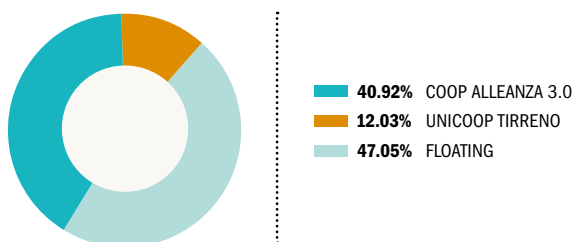
Moreover on 19 February 2018 the reverse stock split of IGD ordinary shares at a ratio of 1 new ordinary share for every 10 ordinary shares held, approved during the Extraordinary Shareholders' Meeting held on 12 February 2018.

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 information available to the Company, the shareholders with voting rights holding more than 5% of the company's ordinary share capital are those indicated in Table 1 "Significant interests in share capital" attached to this report.

IGD'S SHAREHOLDERS

Coop Alleanza 3.0 soc. coop. is the company formed following the merger of Coop Adriatica s.c.a r.l., Coop Consumatori Nordest soc.coop and Coop Estense s.c. effective 1 January 2016.

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)**

At 26 February 2019 the Company is not party to any shareholder agreements deemed relevant pursuant to Art. 122 of TUF.

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.

Without prejudice to the above, the Company:

- (i) on 7 May 2014, completed a €150 million private placement of unsecured senior notes, due January 2019, the regulations for which call for the issue of a put option that may be exercised by the note holders in the event control of the Company should change;
- (ii) on 21 April 2015, made an offer to exchange outstanding bonds "€144,900,000 4.335 per cent. Notes due 7 May 2017" and "€150,000,000 3.875 per cent. Notes due 7 January 2019" with new senior notes "€162,000,000 2.65 per cent. Notes due 21 April 2022". The regulations for the notes "162,000,000 2.65 per cent. Notes due 21 April 2022" call for the issue of a put option that may be exercised by the note holders in the event control of the Company should change;
- (iii) on 31 May 2016, issued senior fixed rate notes "€300,000,000 2.500 per cent. Notes due 31 May 2021" the regulations for which call for a put option that may be exercised by the note holders in the event control of the Company should change;
- (iv) on 11 January 2017 issued, through a private placement, an unsecured non-convertible bond loan, for a nominal amount of €100 million, expiring January 2024,

the regulations for which call for a put option that may be exercised by the note holders in the event control of the Company should change;

- (v) on 16 October 2018 stipulated an agreement for a 3-year EUR 200 million senior unsecured facility with BNP Paribas and a pool of other lenders which contains a mandatory early termination clause in the event control of the Company should change.

With regard to the provisions found in the company bylaws relating to takeover bids, there are no clauses which provide for exceptions to the passivity rule nor application of the neutrality rules.

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

The Board of Directors, pursuant to Art. 2443 of the Italian Civil Code has the right to, by 12 April 2022, increase share capital against payment, in one or more instalments, by up to 10% of the current share capital, to be subscribed by parties selected by the Board of Directors including qualified investors and/or business partners and/or financial partners in Italy and abroad or shareholders of the Company – excluding pre-emption rights pursuant to Art. 2441, paragraph 4 (2), as long as the issue price corresponds to the shares' market price which must be confirmed in a report issued by the external auditors.

The shareholders, meeting in ordinary session on 1 June 2018, granted the Board of Directors the power to buy and sell treasury shares, in accordance with art. 2357, second paragraph, of the Italian Civil Code. For more information about the authorization granted please refer to the report prepared for the ordinary session of the Annual General

Meeting held on 1 June 2018 available at <http://www.gruppoigd.it/en/governance/shareholders-meeting/>.

The Company hold no. 65,103 treasury shares at the date of this report.

j) Management and coordination (pursuant to Art. 2497 et seq. Italian Civil Code)

The Company, pursuant to Art. 2497 of the Italian Civil Code, is subject to the management and coordination of shareholder Coop Alleanza 3.0 soc.coop. which controls 40.92% of the Company's share capital.

→ **Other information**

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

With regard to information relative to any agreements between the Company and the Directors in the event of resignation, dismissal or termination following a takeover bid, please refer to the information found in the Remuneration Report published pursuant to Art. 123-ter of TUF and available on the Company's website: <http://www.gruppoigd.it/en/governance/remuneration/>.

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

3.3

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 available on Borsa Italiana's website at <https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2018clean.pdf>.

In line with the best international practices relating to corporate governance and in light of the recommendations found in the Corporate Governance Code approved by Borsa Italiana's Corporate Governance Committee, the Company adopted its own Corporate Governance Regulations which, along with the other documents (corporate bylaws, Decree 231/01 Model for organization, management and control, code of ethics, Regulations for Shareholders' Meetings, Procedures for related party transactions, Regulations for the management of privileged information, the Internal dealing code) – comprise the group of self-governance instruments used by the Company.

In accordance with the law, the Report contains a general description of the corporate governance system adopted by the Company, along with information on the shareholder structure and application of the Corporate Governance Code, as per the “comply or explain” standard set out in the “Guidelines and transitional phase” section found in the Code .

The Company's subsidiaries include two Romanian companies, WinMagazin S.A. and WinMarkt Management S.r.l., which, however, do not have any impact on the current structure of IGD's governance.

→ Corporate governance structure

Insofar as IGD 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. Financial audits are carried out by 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 Board of Directors examines and approves the Company's strategic, business and financial plans and defines the nature and level of risk deemed compatible with the Company's strategic objectives, including all the risks deemed material to medium/long-term sustainability.

In accordance with the bylaws, the Board of Directors may take all measures it deems appropriate 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 financial audit assignment was granted to the registered audit firm appointed during the Annual General Meeting based on the motivated proposal submitted by the Board of Statutory Auditors.

3.4 BOARD OF DIRECTORS

3.4.1 Appointment and replacement (pursuant to Art. 123-*bis*, para. 1, lett. l), TUF)

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

During the Annual General Meeting held on 1 June 2018, shareholders decided that the Board of Directors will be comprised of 11, rather than the previous 13, directors to serve for the three-year period ending on the date of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2020.

Pursuant to Articles 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists which comply with the current laws relating to gender equality. In accordance with Art. 16.3 of the bylaws, lists could be submitted by shareholders who, alone or together with others, hold the interest determined in accordance with CONSOB (for 2019 equal to 2.5% of the Company's share capital, pursuant to Consob regulation n. 13 of 24 January 2019). The lists must be filed at the head office at least twenty-five days in advance of the first-call date of the meeting. Shareholders must prove possession of the shares needed to file voting lists by submitting the relative certification by the deadline for the publication of the list (namely at least 21 days prior to the Annual General Meeting). Pursuant to art. 147-*ter*, paragraph 1-*bis*, TUF, ownership of the minimum amount needed to participate in the filing of a list is based on the number of shares officially held by the shareholder on the day the lists are filed with the Issuer.

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. The lists which include three or more candidates must include candidates of both genders, as indicated in the notice of call for the Annual General Meeting, in order to ensure that the composition of the Board of Directors complies with current laws relating to gender equality.

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 confirm-

ing 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 provisions of Art. 147-*ter*, paragraph 3 of the TUF, 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. Pursuant to art. 16.7-*bis* of the bylaws – as introduced by the amendments approved by the shareholders meeting in ordinary session on 18 April 2013 – if the law relating to gender equality fails to be complied with as a result of the votes cast, the candidates belonging to the more represented gender with the least amount of votes on the list that receives the most votes will be replaced by the number of candidates on the same list needed to ensure compliance with the laws governing gender equality without prejudice to the minimum number of independent directors required under the law. In the event that not enough candidates of the least represented gender appear on the list that receives the greatest number of votes, the shareholders will appoint the directors of the least represented gender with the majority of votes required by law.

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, as well as in accordance with the laws governing gender equality.

→ Succession plan

In light of the particular structure of its shareholder base, as well as the powers granted to the Board of Directors, at the date on which this report was approved, the Company had not adopted a specific succession plan for the executive directors as the Company can promptly activate the Board of Directors in order to adopt the appropriate resolutions.

3.4.2 Composition (pursuant to Art. 123-*bis*, para 2, lett. d) TUF)

The Board of Directors in office from 1 January 2018 to 31 May 2018 was comprised of 13 Directors: Elio Gasperoni (Chairman), Claudio Albertini (CEO), Fernando Pellegrini (vice-Chairman), Leonardo Caporioni, Gilberto Coffari, Aristide Canosani, Milva Carletti, Rossella Saoncella, Elisabetta Gualandri, Andrea Parenti, Matteo Cidonio, Livia Salvini and Luca Dondi Dall'Orologio.

On 1 June 2018, during the ordinary AGM, shareholders appointed the Board of Directors, that will be in office since the Annual General Meeting called to approve the financial statements for the year ending 31 December 2020.

The Board of Directors actually in office is comprised of 11 Directors: Elio Gasperoni (Chairman), Claudio Albertini (CEO), Rossella Saoncella (Vice-Chairman), Gian Maria Menabò, Luca Dondi Dall'Orologio, Sergio Lugaesi, Elisabetta Gualandri, Livia Salvini, Alessia Savino, Eric Jean Véron and Timothy Guy Michele Santini.

During the Shareholders' Meeting held on 1 June 2018 four lists were presented, by: Coop Alleanza 3.0 soc. Coop. (List no. 1), Unicoop Tirreno soc. Coop. (List no. 2), GWM Growth Fund S.A. (List no. 3) and a group of institutional investors (List no. 4). The lists were submitted with all the documentation relating to the personal and professional characteristics of the candidates along with the statements relating to the qualifications of some as independent and irrevocable acceptance of the appointment in the time period provided for under the law.

More in detail, from List no. 1, submitted by the majority shareholder Coop Alleanza 3.0 soc. Coop., were appointed the following members: Elio Gasperoni, Claudio Albertini, Rossella Saoncella, Gian Maria Menabò, Luca Dondi Dall'Orologio, Sergio Lugaesi and Elisabetta Gualandri. This list was voted by 59.66% of the shares represented in AGM.

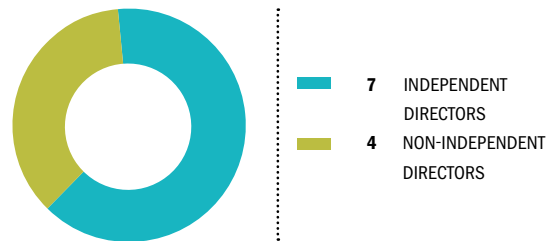
From List no. 2, submitted by the shareholder Unicoop Tirreno soc. Coop., were appointed the Directors Livia Salvini and Alessia Savino. This list was voted by 16.18% of the shares represented in AGM.

From List no. 3, submitted by GWM Growth Fund S.A., were appointed the Directors Eric Jean Véron and Timothy Guy Michele Santini. This list was voted by 17.19% of the shares represented in AGM.

List no. 4, voted by 6.73% of the shares represented in AGM, did not obtain sufficient votes for the appointment of the candidates indicated therein.

In table 2 and 2-*bis* attached to the report, can be found the members of the Board of Directors in office during the year, along with their status as executive or non-executive and/or independent members as per the Corporate Governance Code and the committees formed.

DIRECTORS' INDEPENDENCE



The personal characteristics and professional experience of the single members of the Board of Directors as at the date of the present report, are provided below.

ELIO GASPERONI **Chairman of the Board of Directors**

Born in 1953, Mr. Gasperini received a degree in philosophy from the University of Florence's History of Political Doctrine department in 1978. He has several offices and positions including as part of the public administration and local institutions. He is a member of Coop Alleanza 3.0's Board of Directors and Vice Chairman of Coop Alleanza 3.0 soc.coop. and Unipol Banca S.p.A. His presence in IGD enhances and strengthens the dialogue with the local authorities. He also holds the offices indicated in Table 4.

ROSSELLA SAONCELLA **Vice-Chairman**

Born in 1954, Ms. Saoncella received a degree in Physics from the University of Bologna in 1977 and in 1978 completed a masters in Business Administration at IFOA. She was General Manager of the Granarolo Group through 2011 and, prior to 1993, an executive of the CONAD Group. Over the past few years she has held administrative offices for municipalities in Emilia Romagna and she has been a Directors at HERA S.p.A.

CLAUDIO ALBERTINI **CEO since May 2009 (Director since 2006)**

Mr. Albertini, born in 1958, is registered in the order of chartered accountants and accounting experts in Bologna and in the register of auditors. He has been at the helm of IGD since May 2009, after having served as a member of the Company's Board for three years. For more than twenty years Mr. Albertini was part of the Gruppo Unipol where he ultimately acted as General Manager of Unipol Merchant.

GIAN MARIA MENABÒ
Non-executive Director

Born in 1959, he received a diploma from the Carlo D'Arco Technical Institute in Mantova in 1978. He worked for the PAM group from 1980 to 1992. Subsequently he was in Coop Consumatori Nordest, from 1992 to 2015, where he was the head of various divisions and ultimately became Commercial Director, a position which he held from 2003 to 2015. In Coop Alleanza 3.0 Mr. Menabò is currently Director of Asset Management and Development. He also holds the offices indicated in Table 4.

ERIC JEAN VÉRON
Independent Director

Eric Jean Véron, a French-Dutch citizen born in 1974, is a logistics real estate sector entrepreneur. After working in the banking sector, he joined the American fund ProLogis at the end of the 1990s where he developed different projects in France and Italy. In 2003 he founded the company Vailog, leader in the Italian logistics real estate sector. After having developed an area of more than 2,000,000 square meters for logistics in Europe and China, Vailog was sold to the British fund SEGRO Plc in 2015. Eric Véron is still a minority shareholder and Chief Executive Office of Vailog. He was appointed regional representative of the French citizens abroad, he speaks 5 different languages, he has gained experience and lived in different cities in Europe, America and Asia. He also holds the offices indicated in Table 4.

LIVIA SALVINI
Independent Director

Born in 1957, Ms. Salvini received a law degree from the La Sapienza University in Rome in 1982. Professor of Tax Law at LUISS - Guido Carli University in Rome and Avvocato Cassazionista (the highest order of attorneys) as well as a PhD in Tax Law, Ms. Salvini boasts a twenty year academic career and has been part of numerous ministerial and government commissions and studies. She is the author of two monographs on VAT and the relative procedures, assessment and application, as well as numerous studies on tax matters. She also holds the offices listed in Table 4.

LUCA DONDI DALL'OROLOGIO
Independent Director

Born in 1972, Mr. Dall'Orologio received a degree in Political Science (focus on economic policies) from the University of Bologna in 1997. He is an economist with experience in the valuation of investment projects relating, in particular, to the real estate sector and infrastructure. An expert in socio-economic and regional analysis, assessment of demand and application of applied economics, he is currently the Chief Executive Officer of Nomisma S.p.A., where he previously acted as Chief Operating Officer, Head of "Real Estate Systems and Urban Strategies" and Head of the unit "Real Estate Analyses and Valuations", as a result of which he coordinated the activities relating to assessment, monitoring

and measuring of real estate investment risk. He is also a member of Nomisma Energia S.r.l.'s BoD and the special valuation unit at Jean Monnet LUM University. He also holds the offices listed in Table 4.

SERGIO LUGARESÌ
Independent Director

He was born in 1957 in Ravenna, is married and has three children. Mr. Lugaresi received a degree in Economics from the University of Modena in 1982 and a PhD in Economics from the University of Bologna in 1987. Consultant, as of January 2018 is Senior Adviser of Oxera and he has been working with the Italian Banking Association (*Associazione Bancaria Italiana* or *ABI*) on the relationship with the European Central Bank in Frankfurt since July 2013. He became a member of the European Banking Authority's Banking Stakeholder Group in April 2016. He acted as the temporary head of the World Bank in Rome (2014-2017), Senior Vice President, Head of Regulatory Affairs, of the UniCredit Group (2007-2013). Prior to this experience he was Chief Economist at Banca di Roma and the Capitalia Group (1997-2007). Between 1992 and 1995 he worked for the International Monetary Fund and is still a member of its "expert panel" for which he occasionally provides technical assistance. He has published a number of papers and books relating to economic and monetary policy, industrial economics, management of credit risk and fiscal policy. He works with the financial daily *Sole 24 Ore* and the website *Lavoce.info*.

TIMOTHY GUY MICHELE SANTINI
Independent Director

Born in 1966, he is a Modern Languages graduate and a professional member of The Royal Institution Of Chartered Surveyors in England. He trained at Jones Lang LaSalle in London and worked in the European and Retail Teams, specialising in out-of-town retail. He spent over twenty years with Eurocommercial Properties where he was a senior director, responsible for the Italian activities of the Company. He reported directly to shareholders, analysts and the Board of Management. He set up the Italian offices of Eurocommercial and has bought, managed, refurbished and extended some of Italy's best known shopping centres. Prior to focussing on Italy he was active in the asset management of shopping centres in France and properties in Spain, Belgium and The Netherlands. He currently advises on the Italian retail market and closely monitors retail trends across Europe.

ELISABETTA GUALANDRI
Independent Director

Born in 1955, Ms. Gualandri has a degree in Business Economics from the University of Modena and a masters degree in Financial Economics from University College of North Wales (UK). A lecturer in financial intermediation at the University of Modena and Reggio Emilia, she also collaborates with CEFIN and Softech-ICT centers. Statutory auditor at the Bank of Italy from 2007 through 2012, she is a mem-

ber of BPER's BoD since 2012. Since 2016 she is a member of Abi Servizi S.p.A.'s BoD. She has been acting as an advisor for the European Commission's program Horizon 2020, Access to Finance Group since 2013. She is also a member of the CTS of the incubator Knowbel in Modena. The topics about which she has written numerous publications, participating also in national and international seminars, include banking regulation, the financial crisis, financing innovative SMEs and startups. She also holds the offices listed in Table 4.

ALESSIA SAVINO Non-executive Director

Born in 1967, she received a degree in Economics and Banking from Milan's *Università Cattolica*, and subsequently completed a master's program in Management Development at L. Bocconi's Business Management School in Milan. She is currently head of Finance and Real Estate Development at Unicoop Tirreno, where she has been working since February 2017. A finance expert, she has matured experience in both banking and business management as she has worked for two important banking groups and two multinational manufacturing companies. On the corporate side, she acted as General Manager and member of the BoD of the Giorgio Armani Group's financial company for around 15 years; prior to this experience she acted as treasurer of the company Aprilia, today the Piaggio Group. As for banking, she was part of the corporate division's financial sector as head of securities trading for the joint venture of Credito Italiano and Natwest Bank of London, Banca CreditWest and, subsequently head of the division responsible for covering interest rate risk management of the banking group Credito Emiliano in Reggio Emilia. She is also vice chairman and a member of the BoD of Sogefin and is a member of the BoD and the Executive Committee of Simgest, a stock brokerage firm. She also holds the offices listed in Table 4.

In compliance with the Corporate Governance Code, the directors take office only when they believe that they will be able to dedicate the time needed to carry out their duties diligently, including in light of their roles in any Board committees, as well as the workload connected to their professional activities, the number of and time dedicated to other offices held as director or statutory auditor in other companies as per the limits on multiple assignments described below, ensuring that this condition remains throughout their term of office.

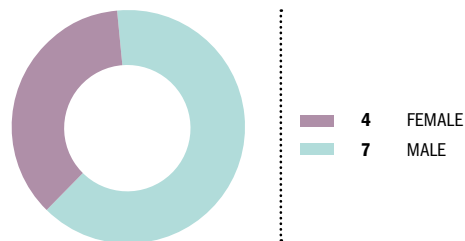
The Directors, aware of the responsibilities inherent in the office held, must be constantly updated on the newest legislative and regulatory developments affecting the Company and its business.

The directors must comply with the Code of Ethics, the Internal Dealing Code and any other provisions with which the Company regulates 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.

→ Diversity

The Board of Directors is comprised of individuals with different professional and personal profiles, including university professors, independent professionals, entrepreneurs, as well as company executives. The majority of the directors appointed qualify as independent under the Corporate Governance Code and TUF. The composition of the Board of Directors also complies with current law governing gender equality. Toward this end, it's worth pointing out that Coop Alleanza 3.0 (previously Coop Adriatica) e Unicoop Tirreno soc. Coop. voluntarily complied with Law 120/2011 in advance and included the number of candidates of the least represented gender called for in said law in the lists for the Board of Directors and the Board of Statutory Auditors submitted on 19 April 2012.

GENDER QUOTAS IN THE BOARD OF DIRECTORS



In light of the recent renewal of the Board of Directors and the Board of Statutory Auditors, the adoption of a policy relating to the composition of the board will be examined by the corporate bodies during the new term of office.

→ Maximum number of appointments allowed in other companies

In order to regulate the maximum permitted number of appointments in other companies 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, and updated on 26 February 2015 as per the opinion of the Nominations and Compensation Committee. The regulations are available to the public on the Company's website: <http://www.gruppoigd.it/en/governance/board-of-directors/>.

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/independent director or member of the Board of Statutory Auditors as well as because of the possible membership in one or more Committees constituted within the Board of Directors. 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 listed companies, financial institutions, banks, insurance companies or other large companies that meet the requirements listed in the Regulations. 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 composition of the Board of Directors at 26 February 2019 was found to be fully compliant with the regulations governing "Limits to the maximum number of appointments"¹.

The principle offices held by directors in companies other than those of the IGD Group can be found in Table 4, attached.

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

→ Induction Program

In 2017 no specific seminars relating to induction were organized for the members of corporate bodies as it was deemed unnecessary. During the Board meetings, however, the Company's management provided the Board of Directors and the Board of Statutory Auditors with extensive updates relating to business trends and the retail real estate market. In 2018, after the appointment of the new Board of Directors, induction sessions were organized for the board members. More in detail, a "Board Members Induction Day" was held on 16 July 2018 during which the Company made a presentation to the new board members. On 30 October 2018, during the preliminary presentation to board members of the strategic guidelines underlying the Business Plan 2019-2021 (approved during the next Board meeting), the Chief Executive Officer provided an overview of the Company's development over the last decade. Moreover, during the Board meetings, however, the Company's management provided the Board of Directors and the Board of Statutory Auditors with extensive updates relating to business trends and the retail real estate market.

3.4.3 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 which meets on a regular basis and which is organized in such a way as to guarantee that its duties are carried out efficiently.

The Board of Directors' primary responsibility is to determine and pursue the strategic objectives of the Company and the entire Group, as well as define the nature and level of risk deemed compatible with the Company's strategic objectives, including all the risks deemed material to medium/long-term sustainability.

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.

On 13 December 2018, the Company published the following financial calendar which calls for 4 meetings to be held in 2019, in detail:

- **26 February 2019:** Board of Directors' meeting to examine the separate and consolidated financial statements at 31 December 2018;
- **7 May 2019:** Board of Directors' meeting to examine the Interim Management Statement at 31 March 2019;
- **2 August 2019:** Board of Directors' meeting to examine the Half-year Financial Report at 30 June 2019;

- **7 November 2019:** Board of Directors' meeting to examine the Interim Management Statement at 30 September 2019.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2019.

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. He must ensure that the Board of Directors constantly pursues its primary responsibility, namely achieving the strategic goals of the Company and the entire Group.

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. 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.

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 Chairman of the Board of Directors works to ensure that the directors and statutory auditors receive the documentation relating to the items on the Agenda in a timely manner and prior to the date on which the meeting is to be held².

The documentation relative to the Board meeting agendas was regularly made available to each director on the Company's website; directors may access it on an exclusive basis using a password created by a personalized token. The publication of the documentation is preceded by a notice sent by e-mail from a specific function identified inside the Company. During 2018 the adequate notice period on average was equal to 2 (two) days.

During the meetings, the Chairman of the Board of Directors assured an extensive discussion of the items on the agenda allowing a constructive debate, also thanks to the regular participation of the Company's top management.

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. The Chairman of the Board of Directors, including if requested by one or more directors, may request that the Chief Executive Officer invite executives

of the Company or Group companies to attend the Board meetings to provide in depth information about the items on the Agenda.

During the year ended 31 December 2018, the Board of Directors held 7 meetings, on 22 February, 21 March, 9 May, 6 June, 3 August, 7 November and 13 December duly attended by the directors and by at least one member of the Board of Statutory Auditors. The absentee rate was quite low and all absences were excused. Each meeting lasted an average of around 2 hours and 45 minutes. Some meetings of the Board of Directors were attended by Company executives and/or external parties, 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:

- a) examines and approves the strategic, business and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries, periodically monitoring implementation; defines the Company's corporate governance system and Group structure;
- b) defines the nature and level of risk deemed compatible with the Company's strategic objectives³ including all the risks deemed material to the long-term sustainability of the Company's business;
- c) judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries with particular reference to the internal control system and the risk management;
- d) 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;
- e) establishes the frequency with which the delegated bodies must report to the Board of Directors on the progress made during the year relating to their assignments and the most significant operations carried out in the period, which will, at any rate, not be more than once a quarter;
- f) evaluates general business performance, taking account of the information received from the delegated bodies, and periodically comparing actual results with forecasts;
- g) resolves on the operations carried out by the Company and its subsidiaries where such transactions are strategically, economically or financially significant for the Company; toward this end, determines the general criteria to be used to define relevant transactions and ensures

² Corporate Governance Code: Art 1.C.5.

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

that the strategically significant subsidiaries submit any transactions that could have a significant impact on the Company to the Board of Directors for approval;

- h) evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, also taking into account professional qualifications, experience, including as a manager, along with the nature of its members and their seniority;
- i) in light of the results of the assessment referred to in letter h) above, expressed to the shareholders, prior to the appointment of the new Board of Directors, any opinions about the type of professional that should be part of the Board;
- l) provides information in the report on corporate governance: (i) on the composition of the Board, indicating the qualifications (executive, non-executive, independent), offices held within the Board (for example, Chairman or Chief Executive Officer), the main professional characteristics, as well as how long the office has been held; (ii) on how the duties assigned are fulfilled and, more specifically on the number and the average duration of the Board meetings held during the year and the attendance record of each Board member; (iii) on the ways the assessment in letter h) above was carried out (iv) on the timeliness and completeness of the information provided before the Board, providing indications if the information was provided in a timely enough manner – and, at any rate, in accordance with the Company's bylaws;
- m) after the appointment of an independent director and, subsequently when circumstances materialize which could impact the latter's independent status and, at any rate 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 members⁴: 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). In these documents the Board of Directors: (i) indicates if parameters other than those indicated in the Corporate Governance Code were used, including with regard to a single director; and (ii) describes the quantitative and/or qualitative criteria used to assess the significance of the relationships being evaluated⁵;
- n) each year, based on the information received from the Directors, records notes in the Report on Corporate Governance, the assignments held by Directors in other companies as directors or statutory auditors in financial, banking, insurance or large companies, listed on regulat-

ed markets (in Italy or abroad);

- o) expresses an opinion with regard to the criteria to be used to determine the maximum permitted number of directorships or statutory auditorships in other companies deemed to be compatible with holding the office of Company director, taking into account the position held in any Board committees. Toward this end, on the basis of a specific procedure⁶, looks at the workload connected with each directorship (executive director, non-executive or independent), including in relation to the type and size of the company in which the offices are held, as well as whether the latter are part of the Group⁷;
- p) determines, based on the opinion of the Nominations and Remuneration Committee, who is to be appointed to act as a Company executive, as well as a member of the Board of Directors, Board of Statutory Auditors, Chief Executive Officers and General Manager of the strategically relevant subsidiaries; based on the opinion of the Nominations and Remuneration Committee, determines compensation;
- q) promotes initiatives designed to facilitate active and informed shareholder participation, as well as the exercise of shareholder rights, guaranteeing that they are provided with timely and complete information;
- r) ensures that the Decree 231/2001 Organizational, Management and Control Model is updated and complied with, while completing a risk map of the potential criminal violations with the support of the Supervisory Board;
- s) appoints, subject to the opinion of the Board of Statutory Auditors, a Financial Reporting Officer in accordance with Law 262/2005;
- t) may call upon an independent Director to act as lead independent director, a point of reference and coordinator for all positions and activities of the non-executive, and in particular, independent directors⁸;
- u) in the event the shareholders, in light of organizational needs, authorize that an exception be made to the non-compete clauses referred to in Art. 2390 of the Italian Civil Code, evaluates on the merits of each situation and reports its findings to the first Shareholders' Meeting. Toward this end, upon appointment each Director will inform the Board of any activities carried out which compete with those of the Issuer and any relevant changes;
- v) in order to ensure the correct handling of corporate information, updates, based on the proposal of the Chief Executive Officer of the Chairman of the Board of Directors, the Procedures for the management, handling and disclo-

4 Corporate Governance Code Art. 3.P.2

5 Corporate Governance Code Art.3.C.4.

6 Toward this end the Company has established limits for multiple assignments approved by the Board of Directors on 13 December 2010.

7 Corporate Governance Code Art. 1.C.3

8 Corporate Governance Code Art. 2.C.4.

sure of confidential information and documents, with regard particularly to price sensitive information⁹;

- z) evaluates whether a succession plan for the executive directors should be adopted or not, subject to the opinion of the Nominations and Remuneration Committee¹⁰.

As part of the Company's internal control and risk management, the Board of Directors, subject to the opinion of the Control and Risk Committee:

- defines the guidelines for the internal control and risk management system so that the principal risks that the Company and its subsidiaries face are correctly identified, as well as adequately assessed, managed and monitored, while also determining the extent to which the risks are compatible with the strategic goals identified;
- evaluates, at least once a year, the adequacy and efficacy of the internal control and risk management system with respect to the business and the inherent risk profile;
- approves, at least once a year, the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;
- describes the main features of the internal control and risk management system in the report on corporate governance, along with the methods used to coordinate the different parties involved, and expresses an opinion as to its adequacy;
- evaluates, after having consulted with the Board of Statutory Auditors, the opinion issued by the external auditors upon completion of the financial audit;
- appoints and replaces, based on the proposal of the Director in charge of the Internal Control and Risk Management System, as well as after having consulted with the Board of Statutory Auditors, the Head of Internal Audit.

The functions of the Board of Directors, as described above, comply with the applicable recommendations found in the Corporate Governance Code.

Pursuant to the Corporate Governance Code, during the meeting held on 26 February 2019 the Board of Directors used the reports provided by the Director in charge of Internal Control System, the Control and Risk Committee (formerly 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 interest¹¹. In this regard, it should be noted that all the subsidiaries are considered strategic (see section 2.1 of the Report on Operations at 31 December 2018) as the Group's businesses are run by the subsidiaries.

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.

In 2018, 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. The significant strategic, economic, capital or financial transactions are those falling within the category of operations empowered to the Board under the bylaws, with particular attention for those in which one or more directors held an interest directly or on behalf of third parties; (ii) assess and express an opinion (in this instance positive) about the size, composition and proper functioning of the Board of Directors and its committees.

In accordance with the Corporate Governance Code and in light of the recent recommendations of the Corporate Governance Committee, in 2018 IGD's Board of Directors continued with the Board Review process, begun in 2007, and assessed the size, composition and functioning of the Board and the Board committees.

For the year ended on 31 December 2018, IGD hired the consulting company Egon Zehnder to help with this self-assessment process.

Please note that the consulting company Egon Zehnder does not carry out any other activities for IGD or its subsidiaries.

The evaluation process was carried out on the basis of:

- discussions with each Director, in January and February 2019, after having completed a questionnaire prepared for this purpose using methods deemed adequate for a Board in the first year of its term;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board. When the replies were positive, but did not add any particular value, the topic was not addressed in the report.
- discussions of the Board on the main results and suggestions for possible improvements during the next two years of the Board's mandate.

The Board Review results were presented during the Board of Directors' meeting held on 26 February 2019.

The discussions with each director and based on the questionnaire focused primarily on the following topics:

1. Size and composition of the Board of Directors
2. Independence, integration and training
3. Board of Director meetings and decisional processes
4. The role of the Chairman of the Board of Directors
5. Relationships between Directors and Management
6. Information and presentations
7. Strategy and objectives

⁹ Corporate Governance Code Art. 1.C.1 lett j)

¹⁰ Corporate Governance Code Art. 5.C.2.

¹¹ Corporate Governance Code Art. 1.

8. Risk management and compensation policies
9. Structure, people and succession plans
10. Board of Directors committees
11. The Board of Statutory Auditors
12. Board dynamics, synthesis and benchmarking

For each area we discussed the strong points and areas in need of improvement.

Based on the comments gathered and the subsequent analysis, we find that during the first year of its mandate IGD's Board complied with the Corporate Governance Code and the recent recommendations of the Corporate Governance Committee (December 2018).

Appreciation was expressed (and deemed areas of excellence) for the adequate size and composition, the valid combination of expertise, varied and well structured, along with the diversity which was renewed following the arrival of competent and credible international third parties or independent members who are also experts on Italy, who contributed further knowledge of the real estate business to the Board. Appreciation was also expressed for the Board's positive and open environment, the presence and attendance of the directors, the direct, open, detailed discussions between the independent and non-independent members, as well as the contribution of the independent directors. The work done by the Chief Executive Officer and management was also appreciated, as were the information provided, the presentations made and the role of the Chairman. The dynamic is productive and the discussions open. The Board also demonstrated the capacity to reflect on its practices, to innovate, discuss strategies and change. The Directors appreciate the organization and functioning of the Committees, the contribution of the Board to strategy, risk management and renew the commitment to and satisfaction with the work done.

The results of the board review and Egon Zehnder's assessment are positive with respect to the size, composition and functioning of the Board of Directors..

The Directors also identified a few areas that could be worked on by the Board in the future, namely:

- preparation of a comprehensive and structured Succession Plan for the key resources, including with a view to motivation and retention;
- continuous discussion of alternative strategies for the medium/long-term with respect, specifically, to key business and sector issues (diversification, asset rotation...) which includes the examination of alternative scenarios for the long-term role of the majority shareholder in order to define an increasingly clear strategic direction and create greater value for shareholders;
- further improvement in the distribution of the information provided prior to the board meetings in order to ensure an even more efficient flow of information and further enhance the value of the content;
- continue with the induction of the board members, including informally, which fosters the integration of the Directors with the Board team.

Please note that at the date of this Report, the Company's shareholders had not authorized general or preventive exceptions to the non-compete clauses provided for in Art. 2390 of the Italian Civil Code¹².

¹² Corporate Governance Code Art. 1.C.4.

3.4.4 Executive Directors

→ Chief Executive Officer

The bylaws¹³ 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.

During the meeting held on 6 June 2018, following the Annual General Meeting during which the Board was renewed, Claudio Albertini was confirmed Chief Executive Officer and granted the following powers:

- 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;

¹³ Art. 23 of the bylaws

- 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 the Company and third parties and the budgets approved by the Board of Directors and in compliance with current laws;
- 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.
- to define, together with the Chairman, the optimal size of the administrative bodies and select the Directors and Statutory Auditors, as well as the Chairman, Vice Chairman and/or Chief Executive Officer of subsidiaries and affiliates so that the Chairman may submit them to the Nominations and Remuneration Committee;
- to oversee the appointment of the main managerial positions within the Group;
- to define, together with the Chairman, the proposals for the compensation of the Company's and Group's top management to be submitted to the Nominations and Remuneration Committee;
- to ensure that the Company's organizational, administrative and accounting functions are adequate in light of the size of the business.

Pursuant to the Corporate Governance Code, the Company's Chief Executive Officer is primarily responsible for the business operations. In this regard, please note that the Chief Executive Officer does not act as a director for another Issuer that is not part of the same Group of which a director of the Company is Chief Executive Officer (interlocking directorate).

→ Chairman and Vice-Chairman of the Board of Directors

In compliance with the bylaws¹⁴ 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 Representative¹⁵ 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 6 June 2018, the Board of Directors appointed Elio Gasperoni, as Chairman of the Board granting him the following duties:

- 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 interface with the shareholder cooperatives regarding any update of the respective investment plans in the Shopping Centers segment;
- to act as the director in charge of Internal Control and Risk Management; in this role, working with, to the extent necessary, the Chief Executive Officer, he: (i) works to identify the main business risks of the Company and its subsidiaries and submits them periodically to the Board of Directors for examination; (ii) executes the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying the overall adequacy, efficacy and efficiency; (iii) reports periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures; (iv) adapts this system to any change in operating conditions, the law or regulations; (v) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results; (vi) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures; (vii) submits proposals to the Board of Directors as to who to appoint Head of Internal Audit, any termina-

¹⁴ Art. 17 of the bylaws

¹⁵ Art. 24.1 of the bylaws

tions, and compensation and provides the Board of Directors with proposals as to how to ensure that the Head of Internal Audit has access to the resources needed to fulfill his duties.

The purpose of attributing the role of Director in Charge of Control and Risk Management to the Chairman, who following this assignment is considered as executive director, is to separate the management of control functions from operations, consistent with what was done last term.

During the meeting held on 6 June 2018, the Board of Directors appointed Rossella Saoncella as 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 be informed 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. The reports will be provided at the time of the Board's approval of the periodic financial reports (Financial Statement, Half-year Financial Report, and Interim Management Statements). 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. 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).

3.4.5 Other executive directors¹⁶

The Board of Directors appointed the Chief Executive Officer Claudio Albertini an Executive Director. During the meeting held on 6 June 2018 the Board of Directors appointed Mr. Gasperoni Chairman and confirmed his assignment as the Director in Charge of the Internal Control and Risk Management System. While not assigned any other mandates, the latter is now considered an Executive Director in light of the powers granted as a result of this assignment alone as per the Corporate Governance Code¹⁷.

¹⁶ Corporate Governance Code: Art. 2.C.1.

¹⁷ More specifically, the comment to Art. 7 of the Corporate Governance Code provides that "[I]f the Chief Executive Officer may act as the Director in Charge of the Internal Control and Risk Management System as may, alternatively, an executive director or a director with no other powers deemed particularly suitable for the role who will become an executive director as a result of the assignment".

3.4.6 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 appointment and subsequently on an annual basis. The outcome of this evaluation was disclosed to the market. After having examined the information provided and statements made by the directors, during the meeting held on 26 February 2019 the Board of Directors confirmed that the independent directors Luca Dondi Dall'Orologia, Elisabetta Gualandri, Sergio Lugaresi, Livia Salvini, Rossella Saoncella, Timothy Guy Michele Santini and Eric Jean Véron. During the meeting on 26 February 2019 the independent directors were still qualified as such¹⁸ pursuant to and in accordance with TUF, Consob Market Regulations and the Corporate

Governance Code.

In accordance with the Corporate Governance Code, on 11 February 2019 the Board of Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board¹⁹.

As the current Board of Directors is comprised of 11 members, the independent directors represent 64% (7 out of 11) of the total number of directors and 82% (9 out of 11) of the total number of non-executive directors.

The independent directors met on 8 February 2019 to discuss the topics of greatest interest with respect to the functioning of the Board of Directors and the company's operation.

¹⁸ Corporate Governance Code: Art. 3.C.4.

¹⁹ Corporate Governance Code: Art. 3.C.5.

3.4.7 Lead Independent Director

In light of the separation of the offices of Chairman and Chief Executive Officer and the fact that the office of Chairman is not held by a person that controls the Company, the independent directors deemed it unnecessary to appoint a Lead Independent Director.

3.5

TREATMENT OF CORPORATE INFORMATION

→ Procedure for the management of relevant and price sensitive information

In accordance with Corporate Governance 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 documents. Furthermore, in accordance with Art. 115-bis TUF, the Company established a registry of the persons who have access to price sensitive information already in June 2006.

After the EU Regulation 596/2014 (“**MAR**”) took effect the Company adopted a Procedure for the Management, Handling and Public Disclosure of Confidential and Price Sensitive Information and the Registry of Insiders.

On 3 August 2018, the Company updated this procedure (the “**Procedure for the Management of Relevant and Price Sensitive Information of IGD SIIQ S.p.A.**” or the “**Procedure**”) in order to comply with the guidelines for the management of price sensitive information adopted by Consob in October 2017.

All directors, statutory auditors, executives and employees of the Company and/or its subsidiaries, as well as others who act in the name of or on behalf of the Company and/or its subsidiaries, who have access to the Company’s confidential or price sensitive information in the course of their duties, are bound by the Procedure.

The Chief Executive Officer will determine whether or not information is privileged and/or price sensitive and, toward this end, may avail himself of company structures as needed, of the Corporate and Legal Affairs Division, as well as Investor Relations. When deemed opportune or necessary the Chief Executive Officer may request that this assessment be made by the Board of Directors.

If the Chief Executive Officer, with the support of the relative internal divisions, finds that information is relevant, he will add a new section to the Relevant Information List which will list the parties who have access to this information. The Chief Executive Officer, with the support of the relative internal divisions, will monitor any changes in the relevant infor-

mation in order to understand whether or when this information may become price sensitive.

The Company discloses price sensitive information to the public as quickly as possible in a way which guarantees quick, equal, simultaneous access to the information throughout the European Union, as well as a complete, accurate and timely analysis of the information, by issuing a press release.

The Company may delay, under its own responsibility, public disclosure of the price sensitive information as long as the conditions called for in MAR are satisfied. The decision to delay disclosure is made by the Chief Executive Officer who works to guarantee that the price sensitive information is treated with the maximum confidentiality and that all necessary information is included in the Registry of Insiders, along with the timely registration of the individuals who have access to price sensitive information (the “**Insider List**”), maintained by the Company in accordance with the law.

The Insider List is divided into two distinct sections: one defined “occasional” which includes parties identified on a case by case basis who may have access to specific information; one defined “permanent” which includes those parties who always have access to price sensitive information.

→ Internal dealing

In accordance with Art. 114, paragraph 7 of TUF and with the implementation provisions found in Arts. 152-sexies et seq. of the “Consob Issuer Regulations”, 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 (“**Internal Dealing Procedure**”).

The Internal Dealing Procedure has been updated in 2016 and lastly in 2018, in order to comply with the new rules introduced by MAR and the amendments to Consob Issuer Regulations.

The Internal Dealing Procedure is available at <http://www.gruppoigd.it/en/governance/internal-dealing/>.

3.6

BOARD COMMITTEES

(pursuant to Art. 123-*bis*, par. 2, lett. d), TUF)

The Board of Directors, in compliance with Code recommendations, formed the Chairman's Committee, the Control and Risk Committee, the Nominations and Compensation Committee and the Committee for Related Party Transactions. As the Company is subject to the management and coordination of Coop Alleanza 3.0 soc. Coop., pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 16, paragraph 4 of the Consob Market Regulations, based on which the committees formed pursuant to the Corporate Governance Code

must comprise only independent directors as defined in these provisions.

The members of the previously mentioned committees were recently elected when the Board of Directors was renewed during the AGM of 1 June 2018.

For more information on the Committee for Related Party Transactions please refer to paragraph 12 "Directors' interests and related party transactions" of this report.

3.7 NOMINATIONS AND COMPENSATION COMMITTEE

In 2012 pursuant to the Corporate Governance Code²⁰, the Board of Directors resolved to combine the Remuneration Committee and the Nominations Committee, and the functions attributed to them, in a single committee for organizational purposes.

The establishment of a single committee named “Compensation and the Nominations Committee” has been decided for organizational purposes within the Board as well as because of the strong correlation between the competencies of the former Company’s Compensation Committee and those of the Nominations Committee pursuant to the Corporate Governance Code. The Company verified also that the members of the Compensation Committee possess the same requirements relative to independence, professionalism and experience as the members of the Nominations Committee.

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

NOMINATIONS AND COMPENSATION COMMITTEE

Rossella Saoncella	Chairman (Independent)
Livia Salvini	(Independent)
Timothy Guy Michele Santini	(Independent)

During the year, the Nominations and Compensation Committee of IGD was comprised of:

- (i) From 1 January to 31 May 2018 of Directors Andrea Parenti, as Chairman, Milva Carletti and Elisabetta Gualandri;
- (ii) From 6 June to 31 December 2018, of Directors Rossella Saoncella, as Chairman, Livia Salvini and Timothy Guy Michele Santini.

In detail, the current Nominations and Remuneration Committee in office was appointed by the Board of Directors on 6 June 2018, following the renewal of the Board by the AGM of 1 June 2018. The Board of Directors, after having

seen the *curricula* of the Nominations and Compensation Committee members verified that all directors possess at least one of the requirements, in terms of knowledge and experience in finance and with remuneration policies.

The meetings of the Nominations and Compensation Committee may be attended by the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer.

No director may attend a meeting of the Nominations and Compensation Committee during which his/her compensation is being discussed.

In 2018 the Committee met 6 (six) times, on 12 February, 6 April, 2 May, 6 June, 6 November and 10 December. 100% of the committee members attended the meetings. The Chairman of the Board of Statutory Auditors attended 5 (five) out of 6 (six) of the meetings.

Each meeting in 2018 lasted approximately 45 minutes and proper minutes were taken during each meeting.

→ Functions of the Nominations and Compensation Committee

The Nominations and Compensation Committee: (i) 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; (ii) provides advice and recommendations relating to remuneration in order to ensure that the compensation of the Company’s directors, the Managers with Strategic Responsibilities and directors of subsidiaries are determined in such a way as to retain and motivate the individuals with the professional characteristics needed to successfully manage the Company and its subsidiaries.

The Committee also proposes candidates to the Board in the event it’s necessary to substitute the independent directors

The Nominations and Compensation Committee may also be called upon to provide the Board of Directors with an opinion

²⁰ More specifically, the comment to art. 4 of the Corporate Governance Code provides that “the Board may combine or distribute the functions assigned to the Board committees included in the Code as deemed more opportune, in compliance with the rules applicable to each committee. For example, one Nominations and Compensation Committee which complies with the requisites for both committees may be formed”.

about the periodic self-assessment, the optimal size and composition of the Board and to express opinions regarding the characteristics of the professionals that could improve the functioning of the Board, as well as the maximum number of assignments as director and statutory auditor in other companies, as well as any allowable exceptions to the non-compete clauses.

The Nominations and Compensation Committee will periodically assess the adequacy, the coherence and the implementation of the compensation policy availing itself, with regard to the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer.

The 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.

The Company will provide the Nominations and Compensation Committee with the financial resources needed to fulfil its duties.

Detailed information about the functions of the “Nominations and Compensation Committee” can be found in the Remuneration Report, published pursuant to Art. 123-ter of TUF, available on the website <http://www.gruppoigd.it/en/governance/remuneration/>.

3.8

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/en/governance/remuneration/>.

3.9

CHAIRMAN'S COMMITTEE

Following renewal of the board, during the meeting held on 6 June 2018 the Board of Directors deemed that, in light of the ownership structure and the Company's governance, it was no longer necessary to institute a Chairman's Committee.

During the previous mandate, ended with the approval of the financial statements at 31 December 2017, the Chairman's Committee was comprised of Elio Gasperoni (Chairman), Fernando Pellegrini (Vice-Chairman) and Claudio Albertini (Chief Executive Officer). The Chairman's Committee assisted in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors and oversaw the correct implementation of same.

3.10

CONTROL AND
RISK COMMITTEE

The Control and Risk Committee was formed by the Board of Directors in accordance with the Corporate Governance Code²¹.

→ **Composition and role of the Control and Risk Committee (pursuant to art. 123-bis, par. 2, lett. d), TUF)**

.....
CONTROL AND RISK COMMITTEE

Elisabetta Gualandri	Chairman (Independent)
Luca Dondi Dall'Orologio	(Independent)
Sergio Lugaresi	(Independent)

During the year, the Control and Risk Committee of IGD was comprised of:

- (i) From 1 January to 31 May 2018, Directors Elisabetta Gualandri, as Chairman, Livia Salvini and Rossella Saoncella;
- (ii) From 6 June to 31 December 2018, Directors Elisabetta Gualandri, as Chairman, Luca Dondi Dall'Orologio and Sergio Lugaresi.

In detail, the current Control and Risk Committee was appointed by the Board of Directors of 6 June 2018, following the renewal of the board by the AGM of 1 June 2018.

As the Company is subject to the management and coordination of Coop Alleanza 3.0 soc. Coop., pursuant to Art. 2497 and following of the Italian Civil Code, it is subject to Art. 16, paragraph 1 d) of the Consob Market Regulations and the principle 7.P.4 of the Code, which provide that companies subject to the management and coordination of another company must have a Control and Risk Committee comprised of only independent directors.

Upon appointment, the Board of Directors examined the curricula of the independent director candidates verifying that they met at least one of the requirements in terms of experience in accounting and finance having worked at least three years as: (i) managers in administration, finance and control departments of joint stock companies, or (ii) profes-

sional activities or as confirmed university professors in law, economics or finance, or (iii) managers of public bodies or public administrations active in the banking, financial and insurance sectors.

The Chairman of the Board of Directors attends the meetings of the Control and Risk Committee in his quality as Director in Charge of the Internal Control and Risk Management System, as does the Chairman of the Board of Statutory Auditors or another statutory auditor appointed by him, though the other statutory auditors may attend. The Vice Chairman of the Board of Directors and the Chief Executive Officer are also invited to attend Committee meetings.

In 2018 the Committee met 8 (eight) times on 22 January, 21 February, 2 May, 16 July, 2 August, 1 October, 7 November and 5 December. All the members attended 100% of the meetings. In 2016 the Chairman of the Risk and Control Committee, in compliance with Governance Code Art. 4. C.1.d, and following approval of the Company's new Rules for Corporate Governance, provided the Board of Directors with information on the content and outcomes of the previously held meetings.

The Chairman of the Board of Statutory Auditors Anna Maria Allievi, attended 100% of the Committee meetings.

Each meeting lasted approximately one hour and twenty minutes were taken during each meeting.

→ **Functions of the Control and Risk Committee**

The Control and Risk Committee provides the Board of Directors with a preliminary opinion regarding the execution of the following:

- definition of the guidelines for the Company's internal control and risk management system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored, while also determining the extent to which these risks are compatible with the correct management of the business and the strategic objectives identified;
- yearly evaluation as to the adequacy of the internal control and risk management system with respect to the type of business and risk profile, as well its efficacy;

.....
²¹ Corporate Governance Code Art 7

- approval, at least yearly, of the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the director, Head of the Internal Control and Risk Management System;
- describes the main features of the internal control and risk management system in the report on corporate governance, along with the methods used to coordinate the different parties involved, and expresses an opinion as to its adequacy;
- evaluation, after having consulted with the Board of Statutory Auditors, of the findings of the external auditors in the letter of recommendations and the report on the main issues that emerged during the financial audit;
- appointment and suspension, as proposed by the Director in Charge of Control and Risk Management System and after having consulted with the Board of Statutory Auditors, of the Head of Internal Audit.

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

- a) assesses, along with the Financial Reporting Officer and after having consulted with the external auditors and the Board of Statutory Auditors, the appropriateness of the accounting standards adopted and, if Groups are involved, their uniformity with a view to the preparation of the consolidated financial statements;
- b) expresses opinions on specific aspects concerning the identification of business risks;
- c) examines the periodic reports in which the internal control and risk management system is evaluated, along with any particularly relevant reports prepared by internal audit;
- d) monitors the independence, adequacy, efficacy and efficiency of the internal audit function;
- e) may ask internal audit to carry out controls of specific operating units, while, at the same time, advising the Chairman of the Board of Statutory Auditors;
- f) 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 and risk management system;

- g) supports the evaluations and decisions made by the Board of Directors relating to the management of risks linked to any detrimental events that the Board of Directors has been made aware of.

The functions attributed to the Control and Risk Committee are not exhaustive and may be increased.

The Board of Directors ensures that the Control and Risk Committee, including as per the Committee's recommendations, receives adequate support in carrying out its duties.

During the meetings held in 2018 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 audit plan approved, as well as on specific areas required by the Committee, such as, for example: fair value measurement of the real estate assets, finance and treasury, asset/liability cycles, accounts receivable (Italy and Romania), management of contractual guarantees as well as analysis of counterparty risk, as well as the examination of the updated company procedures such as, for example, IGD SIIQ S.p.A.'s Procedure for the Management of Relevant and Price Sensitive Information, the Internal Dealing Procedure and the Privacy Policy;
- c. examination of the progress made on the Enterprise Risk Management project in 2018 and analysis of the methods generally used by the Company as part of this project;
- d. providing the Board of Directors with a favorable opinion of the audit plan for 2019 prepared by the Head of Internal Audit and based on the risk prioritization process that is part of risk management.

The Company guarantees that the Control and Risk Committee will have the financial resources needed to fulfil its duties.

3.11

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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 with a view to creating medium/long term value for shareholders. This internal control system helps ensure the safeguarding of the company's assets, the efficiency and efficacy of the company's operations, compliance with laws, regulations, bylaws and internal procedures, as well as the reliability of financial information. As the objective of the internal control system is, therefore, to guarantee the reliability, accuracy, dependability and the timeliness of the financial information, the system is considered an integral part of and not separate from the general risk management system adopted by the Company.

This system is part of the Company's overall organizational and corporate governance structure and reflects the reference models, as well as national and international best practices, also in light of the changing rules.

More in detail, the planning, implementation and monitoring of the internal control and risk management system defined by IGD are modeled after the CoSo Framework; with a view to continuous improvement, the Company develops and updates the system components constantly.

When planning the internal control and risk management system, the level of risk deemed compatible with the Company's strategic goals is considered, including with a view to the sustainability of the Company's operations over the long-term.

The components of the system are summarized below:

a) Control environment

The control environment refers to the organizational context in which the strategies and objectives are defined, the ways in which business activities are structured and the ways in which risks are identified and managed. This includes many elements, including the Company's ethics, expertise and development of personnel, the style with which operations are managed and the methods used to grant special mandates, powers and responsibilities. In line with the framework standards, the control environment includes the following five sub-elements:

i) Commitment to integrity and ethical conduct

The Company has defined and shared its Code of Ethics with employees and staff members. This Code is an offi-

cial document that contains all the standards underlying the Company's activity. The top management and the supervisory and control bodies which make up the internal control and risk management system, help to ensure compliance with the conduct set out in the Code. The Company is committed to preserving economic, environmental and social sustainability for its stakeholders and issues the corporate sustainability report.

ii) Exercise of the supervisory responsibilities

The group of individuals which comprise the Company's internal control and risk management system guarantee that the supervisory activities will be carried out in compliance with the law and regulations. More in detail, the different duties (which will be explained more in detail below) are assigned to the Board of Directors, the Director in Charge of the Internal Control and Risk Management System, the Risk and Control Committee, the Board of Statutory Auditors, the Supervisory Board, the Financial Reporting Officer and the Head of Internal Audit.

iii) Definition of the internal control and risk management system's structures, reporting lines and responsibilities

In 2016 the Company updated its "Corporate Governance Regulations" in order to implement the changes to the Corporate Governance Code introduced in July 2015, which strive, among other things, to identify the roles and the responsibilities that should be part of the risk management and internal control system and the main relationships for the exchange of information and the reporting lines needed to for the coordination of their work.

The internal control and risk management system involves, to the extent of their expertise:

- i) the Board of Directors;
- ii) the Director charged with creating and managing an effective internal control and risk management system;
- iii) the Control and Risk Committee, as the voice of the Board of Directors, formed in accordance with the Corporate Governance Code which must support, after having received adequate information, the evaluations and decisions made by the Board of Directors relating to the internal control and risk management system, as well as the decisions relating to the approval of the periodic financial reports;

- iv) the Head of Internal Audit, charged with verifying that the internal control and risk management system is functional and adequate and with coordinating the Enterprise Risk Management (ERM) process;
- v) the Financial Reporting Officer who, by law, is charged with establishing adequate administrative and accounting procedures for the preparation of financial documents and reports;
- vi) the Board of Statutory Auditors, including in its role as Committee for Internal Control and Financial Audit, which monitors the efficacy of the internal control and risk management system;
- vii) the Supervisory Board, formed pursuant to Legislative Decree 231/01, which supervises compliance with the Code of Ethics and verifies the efficacy and adequacy of the Legislative Decree 231/01 Organizational, Management and Control Model.

The list of the relevant parties also includes: (i) Group Management which is responsible for first level internal controls and risk management; (ii) the divisions involved in second level controls with specific duties and responsibilities relative to the control of different areas/types of risk.

The ICRM system, in line with the regulations and related best practices, can be broken down in the following levels:

- **First level:** monitored by the single operating lines, consistent with the controls made by those who carry out certain activities and the relative supervisors; it also ensures that operations are being carried out correctly;
- **Second level:** assigned to structures other than the operating lines, participates in the definition of methods to be used to measure, identify, assess and control risk (risk management); verifies compliance with laws and regulations (Compliance);
- **Third level:** assigned to Internal Audit which assesses the functioning of the entire internal control and risk management system, as well as the detection of unusual performances, procedural and regulatory violations.

The Board of Directors ensures that the assessments and decisions made relating to the Issuer's risk exposure, the internal control system, the approval of the annual and half-year reports, as well as the relations between the Company and the external auditors are supported by an adequate exchange of information.

The Board of Directors, as part of its strategic supervision, defines the guidelines for the control systems in line with the Company's business risk previously determined by the Board²².

The Board, by law, must also periodically verify the adequacy of the control systems. Unforeseen events, however, may require further investigation in order to verify the efficacy of the controls in relation to particular situations²³ and the Board, therefore, is also responsible for the adoption of an adequate system in light of the business's characteristics.

Toward this end an efficient organization of the workflow is key to ensuring that any questions relating to internal control, in general, and risk management, in particular, are discussed with the Board after having been adequately briefed by the Control and Risk Committee.

iv) Commitment to attract, develop and retain competent resources

The Company promotes research and development activities in order to enhance the talent and professional expertise of its resources. The human resources management systems adopted foster the enhancement of professional know-how and incentivize the achievement of goals through specific bonus schemes and the development of employee training programs.

v) Promotion of reliability

The Company promotes and enhances reliability on all levels and in the broadest sense of the term which encompasses all aspects of organizational conduct, procedural management, IT, as well as internal and external communications.

b) Risk assessment

Risk assessment is viewed as an integral part of the system. Toward this end, 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. As per these standards, risk assessment is carried out in line with a) above and is based on four sub-elements:

i) Definition of appropriate objectives

The Company verifies that the planning, implementation and monitoring of the internal control and risk management system are in line with the Company's strategic, financial, operational and compliance goals.

ii) Identification and assessment of 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.

Process risk management is assigned to Management which is responsible for risk assessment and definition of risk management tools. Toward this end, Management is responsible for the monitoring of risk based on an assessment as to the adequacy of the risk management

22 Comment - Art. 7 Corporate Governance Code

23 Comment - Art. 7 Corporate Governance Code

controls in place, pointing out areas in need of attention and for which action plans should be adopted, without prejudice to the functions assigned to the Board of Directors and the Risk and Control Committee.

The methods used as part of the Group's ERM system call for the following:

- analysis of the risks identified, the organization of the risk management personnel and the risk control measures used, assessment of the risk identified by the management of Group companies;
- identification of the "risk indicators", which make it possible to identify and assess the impact that the risks under examination could have on the company's performance;
- assessment of the level of risk coverage based on the control mechanisms used;
- prioritization of the risks and the steps to be taken, as well as risk tolerance analysis in accordance with the instructions received from the Group's top management and through an evaluation of the overall exposure and the potential risks impact on the strategic goals;
- the use of quantitative analysis which focuses on understanding the impact of different risk scenarios on the Plan targets and supports the assessment of risk exposure and appetite as effectively as possible.

The Enterprise Risk Management procedures are updated based on the findings of specific risk assessments made by other control bodies (internal audit, system used to control accounting-administrative procedures pursuant to Law 262/05).

iii) Identification and assessment of fraud risk

The Company pays particular attention to potential areas of exposure to the risk of fraud when planning, implementing and monitoring the internal control and risk management system. The ERM model identifies and assesses in the Risk Map an area of risk referred to as "Fraud committed by Company personnel or its stakeholders that could impact its assets and its reputation". The controls defined relating, in particular, to administrative and accounting operations, financial and treasury management, as well as property and retail management, also take into account aspects relating to fraud risk.

The assessments of this sort of risk take into account not only the results of the controls made by system personnel, but also the recommendations and action plans emerged as a result of internal audits and any observations made by the external auditors shared with the Company. With a view to continuously improving the system, the Company will continue to work on preventing fraud and the instruments used in this regard.

iv) Identification and analysis of significant changes

As part of the internal control and risk management system, the risks analyzed and assessed are periodically verified and updated in light of strategies, the organizational model and the business operations. The Company, therefore, periodically updates the tools used to identify

and assess risk (ERM system, Decree 231/01 Model for organization, management and control, system used to control accounting-administrative procedures pursuant to Law 262/05) to ensure that they fit the Company's organizational and business characteristics, as well as the corporate strategy.

Toward this end, after the EU privacy regulation n. 2016/679 took effect, the Company worked to comply with the new regulation and identified, using its ERM model and Risk Map, an area of risk referred to as "Privacy risk – sanctions connected to violations of regulations protecting data privacy". Controls call for (i) monitoring of the relative regulations, (ii) updating of company procedures, mandates and related company documentation, and (iii) training of company personnel.

c) Control activities

Control activities are defined in accordance with regulations, policies, guidelines and procedures that ensure that the risk management strategies adopted are executed correctly. In line with the framework standards and pursuant to the observations made in b) above, the control activities include the following three sub-elements:

i) Selection and development of control activities

The control activities defined by IGD are based on the definition and deployment of a series of controls designed to mitigate risks of various types, including organizational, procedural, operational or relating to third party interests. The selection of the control activities is rooted in the risk identification and mapping carried out in accordance with the ERM model, the Decree 231/01 Model for organization, management and control and the administrative-accounting control system. As part of these assessment activities, the Company assesses the adequacy of the existing controls with respect to the level of risk identified and determines the steps that need to be taken to strengthen controls, in line with the control objectives defined and shared with top management. Implementation is periodically monitored by the system personnel based on his/her duties and responsibilities.

ii) Selection and development of general controls for technology

Based on the Company's organizational model, a few support services are outsourced relating, for example, to the management of IT and infrastructures. More in detail, IGD stipulated a contract for services with Coop Alleanza 3.0 Soc. Coop based on which the latter manages the IT systems. The Financial Reporting Officer, in particular, analyzed the IT systems managed in outsourcing. The purpose of this analysis was to assess "IT General Controls" in order to identify any lack of alignment with respect to the current Internal Control System and the Internal Control objectives outlined in the COSO and CobiT reports and define the steps to be taken in order to improve the situation which are monitored by the Financial Reporting Officer.

iii) Deployment of controls through policies and procedures

IGD, in line with the control objectives defined, as well as

the best market practices and the methods adopted, defined a series of policies and procedures that govern conduct, as well as organizational and management practices (internal regulations and procedures). They form an integral part of internal regulations and procedures, along with the market procedures, administrative-accounting controls, the model for organization, management and control, as well as the procedures called for under the law.

d) Information and communication

Information is needed at all corporate levels in order to identify, assess and carry out the risk management solutions decided upon, as well as the control activities called for with respect to the pre-determined objectives. The correct functioning of the ICRM system is based on an active sharing of the duties between the company divisions involved. An efficient ICRM system strives to:

- eliminate the methodological/organizational overlaps between the different control functions;
- share the assessment methods used by the different control functions;
- improve the communication between the control functions and corporate bodies;
- reduce the risk of “partial” or “misaligned” information;
- capitalize on the information and assessments made by the different control functions.

In line with the framework standards and pursuant to the observations made in c) above, the information and communication activities are defined based on the following three sub-elements:

i) Use of relevant information

In order to provide the control activities with concrete support, the Company gathers and assesses relevant information. While the system is being monitored, information is gathered through interviews of management and based on self-assessment initiatives. The Company has also defined a set of Key Risk Indicators that are updated periodically in order to understand elements that could prove useful to understanding potential risks. Similarly, reporting lines and ways to manage information flows are determined by the Legislative Decree 231/01 Supervisory Board, Internal Audit and the Financial Reporting Officer. The management, control bodies and the Board of Directors are provided periodically with reports on the progress of the work being done and updates about any changes relative to the levels of the risks identified.

ii) External communications

The Company promotes transparent and thorough external communications policies. Toward this end the internal control and risk management system, as well as the corporate events of potential interest to all stakeholders, are made public through the institutional channels adopted by the Company, namely periodic financial reporting, the Report on Corporate Governance and Ownership Structure, the corporate website www.gruppoigd.it and all the disclosures made available to the public by the Investor Relations department.

iii) Internal communications

Internal communications must ensure that all appropriate company staff members are aware of the control and governance rules and that management is updated constantly including with regard to any new provisions relating to the control and risk management system, as well as changes to internal rules. The internal communications system includes the training programs developed in order to provide management with an understanding of the procedures and controls defined by the Company. Information channels are in place through which top management and the control bodies are provided with useful information in order to improve the system or report any lack of compliance with the controls.

e) Monitoring

Information is needed at all corporate levels in order to identify, assess and carry out the decisions made relative to the treatment of risk, as well as deploy the control activities defined in order to reach the goals defined. In line with the framework standards and pursuant to the observations made in d) above, the risk assessment activities include the following two sub-elements:

i) Continuous and periodic evaluations

In line with the procedures used to identify, assess, manage and monitor the risks defined by the system adopted, each system player is called upon periodically to report on the functioning of the system and its ability to contain risk within the defined limits as per the guidelines defined by the relative control bodies.

ii) Evaluations and communication of any deficiencies

The periodic evaluation of the internal control and risk management system makes it possible to single out the areas in need of improvement in order to align the system with the relative control bodies' expectations and the level of risk that the Company can tolerate. The players and the bodies that are part of the internal control and risk management system are involved in the evaluation process and the communication of any deficiencies.

→ 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 found in the COSO Report, the model referred to in the guidelines issued by ANDAF for the Financial Reporting Officer.

a) Phases of the Internal Control and Risk Management System implemented in relation to IGD's financial reporting process

As part of the 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.

The activities listed above are described in greater detail below.

Identification of risks associated with financial reporting

During this phase the scope of the analysis is determined relative to the Group companies, the processes of the single companies, as well as the administrative-accounting risks and controls to be investigated further.

The Company constantly evaluates the scope of the analysis and makes the necessary changes and additions, including with regard to the companies operating in Romania. Risks are, therefore, identified for each individual administrative-accounting process.

Assessment of the risks associated with financial reporting

This activity calls for the assessment of financial reporting risk for both entities and processes, as well as for single transactions. Existing controls and the ability to effectively mitigate the risks inherent to administrative-accounting processes are checked.

Based on the approach used, both the risks relating to non-intentional errors and fraud are taken into account and controls are put into place to ensure that these risks are monitored, including as part of control protocols implemented in the context of other components of the overall internal control system.

The approach used also takes into account the manual and IT systems controls supporting the administrative-accounting procedures, namely the automatic IT controls for applications, general controls covering systems access, control of systems development and changes and, lastly, the adequacy of the IT structures. The control system, both on entity and general IT structural levels, is subject to analysis in order to understand how to deploy initiatives to strengthen it.

The analysis of procedures, risks and controls established based on the Financial Reporting Officer's work plan includes the updating of the model used to control accounting and administrative risk with constant risk assessment review pursuant to Law 262/05 and the introductions of new procedures as a result of the scoping reviews. The Financial Reporting Officer constantly monitors the adequacy of the controls identified, and carrying out, when necessary, corrective measures.

Identification of the controls to be used with respect to the risks found

Based on the work carried out to identify procedures, risks and controls, the Company plans the improvements needed to introduce and/or change controls, both general and for single processes. The administrative-accounting procedures are then updated accordingly. IGD's administrative-accounting procedures are defined and deployed in accordance with the organizational structure and corporate processes in place, both in Italy and in Romania. A specific analysis was done of the control system and the accounting IT systems in order to assess the adequacy of the controls with respect to the standards included in the Company's framework.

The Company evaluates the need for and plans updates in order to ensure that the administrative-accounting procedures are in line with the Group's organization and functioning.

Evaluation of the controls used to monitor the risks found

The administrative-accounting procedures are monitored constantly; toward this end, specific testing activities are planned and carried out in order to ensure that the controls called for in the administrative-accounting procedures, as well as any corrective measures, are carried out correctly by the corporate divisions. These evaluations are carried out with respect to both the Italian and Romanian companies.

Furthermore, in accordance with Consob Recommendation n. DIE/0061944 dated 18/7/2013 relating to the fair value of real estate assets held by listed real estate companies, IGD's Board of Directors approved a specific corporate procedure: "Fair Value Measurement of Real Estate Assets".

b) Roles and corporate bodies involved

The internal control and risk management system is based on the clear definition of the roles involved in the different phases of the planning, deployment, monitoring and updating of the system over time. These include the Board of Directors, the Risk and Control Committee, the Board of Statutory Auditors, Director charged with creating and managing an effective internal control and risk management system, the Supervisory Board, the Financial Reporting Officer, Internal Audit, and Company management.

Based on the current internal control and risk management system, the Financial Reporting Officer must report to the Board Directors and participate in the coordination of the control activities.

* * *

During the year, based on the evaluation of the Control and Risk Committee and the Director in Charge of Internal Control and Risk Management, the work done by the Financial Reporting Officer and the Internal Audit report, the Board evaluated the adequacy, efficacy and functioning of the internal control and risk management system.

3.11.01 Director in Charge of the Internal Control and Risk Management System

The company called upon the Chairman of the Board of Directors to act as the Director in Charge of the Internal Control and Risk Management System who, following this assignment, is considered an executive director. Previously, the executive director in charge of the internal control system had been the Chief Executive Officer.

In particular the director in charge of internal control and risk management has the following duties:

- a) identification – working with the Chief Executive Officer to the extent necessary - of the main business risks of the Company and its subsidiaries, and periodically submitting same to the Board of Directors for examination;
- b) execution of the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying their overall adequacy, efficacy and efficiency;
- c) report periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures;
- d) adapt this system to any change in operating conditions, the law or regulations;
- e) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures in the execution of corporate transactions, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results;
- f) inform the Board of Directors in a timely manner of any problems and critical areas encountered while carrying out the activities referred to or of which he was made aware, so that the Board of Directors may adopt the necessary measures;
- g) submits proposals to the Board of Directors as to who to appoint Head of Internal Audit, any terminations, and compensation and provides the Board of Directors with proposals as to how to ensure that the Head of Internal Audit has access to the resources needed to fulfill his duties.

3.11.02 Head of Internal Audit

In 2016 the Board of Directors, based on the proposal of the Director in Charge of the Internal Control and Risk Management System and the favorable opinion of the Board of Statutory Auditors, resolved to appoint Francesco Pastore, of Grant Thornton Consultants srl, to act as Head of Internal Audit in outsourcing for the three-year period 2016-2017-2018.

More in detail, the Head of Internal Audit:

- a) verifies, continuously, as well as when specific needs arise and in accordance with international standards, the functioning and adequacy of the internal control and risk management system, based on an audit plan, prepared by the Head of Internal Audit and approved by the Board of Directors based on a structured analysis and prioritization of the main risks;
- b) is not responsible for any operational areas and reports directly to the Board of Directors;
- c) has direct access to all the information needed to carry out the assignment;
- d) prepares periodic reports containing adequate information regarding the activities, how risk management is carried out, as well as the status of the plans defined. The periodic reports contain an evaluation as to the adequacy of the internal control and risk management system;
- e) prepares reports about important events in a timely manner;
- f) provides the above reports to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Director in Charge of the Internal Control and Risk Management System (i.e. the Chairman of the Board of Directors);
- g) verifies, as part of the audit plan, the reliability of the IT accounting systems.

The Head of Internal Audit coordinates the ERM process, ensuring that the Director in Charge of the Internal Control and Risk Management System, the Control and Risk Committee and, when requested, the Board of Directors, are provided with progress reports.

3.11.03 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 last update, made in 2018, resulted in the introduction of a section relating to whistleblowing pursuant to Law n. 179/2017 which calls for the creation of one or more communication channels through which top management and subordinates may anonymously report illicit behavior.

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.

The Organizational Model includes the following procedures and functions:

- a. mapping of the activities at risk based on the information gathered regarding IGD's activities and organizational structure;
- b. the Code of Ethics, which contains the general principles of diligence, honesty and fairness guiding professional performance and inspiring conduct at the workplace;
- c. preventive procedures for the areas at risk involving, specifically, the general principles of internal control;
- 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.

The Supervisory Board has hired a consulting company which provides the support necessary for the management and analysis of the information generated pursuant to Art. 6, par. 2, lett. d) of Legislative Decree 231/2001, as well as for the execution of specific audits deemed necessary based on the information gathered.

For 2018, the Supervisory Board of IGD was comprised of:

- (i) from 1 January to 31 May 2018 Fabio Carpanelli (Chairman), Riccardo Sabadini and Alessandra De Martino;
- (ii) from 6 June to 31 December 2018, Gilberto Coffari (Chairman), Paolo Maestri and Alessandra De Martino.

The Supervisory Board will be in office until the approval of the financial statements at 31 December 2020 by the AGM. The members of the Supervisory Board aren't from inside the Company and they have the specific expertise needed to fulfill the duties assigned.

In 2018 the Supervisory Board met 6 (six) times on 25 January, 20 April, 28 June, 26 July, 28 September and 25 October at the presence of all the members for all the meetings (100%).

Each meeting lasted approximately 1.5 hours and proper minutes were taken during each meeting.

The Model is also available on the company's website <http://www.gruppoigd.it/en/governance/business-ethics/organizational-model/>.

3.11.04 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 and based on the motivated opinion of the Board of Statutory Auditors.

On 18 April 2013 the shareholders, on the basis of a detailed analysis of the motivated opinion submitted by the Board of Statutory Auditors, granted the company

PricewaterhouseCoopers S.p.A. the financial audit assignment for the period 2013-2021.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2018 can be found in the notes to the separate and consolidated financial statements.

3.11.05 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 2018 the Financial Reporting Officer was Grazia Margherita Piolanti who was appointed in July 2007. On 13 December 2018, the Board of Directors, after having received a favorable opinion from the Board of Statutory Auditors and in light of Grazia Margherita Piolanti's imminent retirement effective 31 December 2018, appointed Carlo Barban to act as the new Financial Reporting Officer effective 1 January 2019, with the same duties, as well as adequate 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 European Parliament and European Council Regulation n. 1606/2002 of 19 July 2002;
- 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.

3.11.06 Coordination of the Internal Control and Risk Management System personnel

In order to facilitate coordination of the control activities, the Company deemed it useful and opportune to outline the methods of operation as described below.

The Chairman of the Board of Statutory Auditors will call a meeting with the Chairman of the Control and Risk Committee with the frequency agreed upon and at least once a year to discuss the results of their respective control activities, to evaluate planning and the possible coordination of their respective activities. Toward this end, the Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

Other parties may be invited to attend the meetings which, in addition to periodically, may be called anytime there is a specific need and may include, in addition to the respective

committees and bodies, including not as a group, the Director in Charge of the Internal Control and Risk Management System, the Head of Internal Audit, the Financial Reporting Officer, the external audit firm and the Chairman of the Supervisory Board.

The meeting relative to 2018 was held on 22 February 2019 and was attended by the entire Control and Risk Committee, the Chairman of the Board of Statutory Auditors, Internal Audit, the Chairman of the Supervisory Board, a partner of the external audit firm, the Director in Charge of the Internal Control and Risk Management System, the Chief Executive Officer and the Financial Reporting Officer.

The Chairman of the Control and Risk Committee and the Director in Charge of the Internal Control and Risk Management System meet with the Head of Internal Audit:

- (i) to examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Committee;
- (ii) to receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

The Chairman of the Supervisory Board meets with the Head of Internal Audit to examine the yearly work plan relating to the control activities called for by the Supervisory Board.

Other meetings may be held in addition to the meetings referred to above with the parties listed in this report who are involved in control functions and may be called by the respective Chairmen of the bodies referred to, including together.

3.12

DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

With regard to the transactions with related parties, as of 1 January 2011 the Company has applied the **"Procedure for Related Party Transactions"** approved on 11 November 2010 by the Board of Directors, as subsequently amended, after having received a favorable opinion from the Committee for Related Party Transactions. The Company's Board of Statutory Auditors also assessed the compliance of this procedure with the principles found in Consob's Regulations for Related Party Transactions.

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 "Procedure for Related Party Transactions", in line with the definition found in Annex I of the Consob's Regulations for Related Party Transactions. 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's capitalization;
- (ii) assets materiality ratio: the ratio between the total assets of the entity involved in the transactions and IGD's total assets;
- (iii) liabilities materiality ratio: the ratio between acquired entity's total liabilities and IGD'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 related party 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 related party 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 Consob's Regulations for Related Party Transactions (with the exception of certain disclosure requirements) and which include:

1. immaterial transactions (below the amount indicated in the Company's "Procedure for Related Party Transactions");
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.

→ Composition and functions of the Committee for Related Party Transactions

COMMITTEE FOR RELATED PARTY TRANSACTIONS

Luca Dondi Dall'Orologio	Chairman (Independent)
Livia Salvini	(Independent)
Eric Jean Véron	(Independent)

During the year, the Committee for Related Party Transactions was comprised as follows:

- (I) from 1 January 2018 to 31 May 2018, of directors Rossella Saoncella (Chairman), Andrea Parenti and Matteo Cidonio;
- (II) from 6 June 2018 to 31 December 2018, of directors Luca Dondi Dall'Orologio, Livia Salvini and Eric Jean Véron. During the meeting held on 26 July 2018, the Committee for Related Party Transactions appointed Luca Dondi Dall'Orologio to act as committee chairman.

The Committee for Related Party Transactions currently in office was appointed during the Board of Directors' meeting held on 6 June 2018, which took place after the shareholders renewed the corporate bodies during the AGM held on 1 June 2018.

The Committee's functions are governed by the Procedures for Related Party Transactions approved by the Board of Directors on 11 November 2010, as subsequently amended as part of the three-year review conducted in 2013 and 2016, and summarized below.

The Committee for Related Party Transactions met 5 (five) times in 2018, on 26 July, 12 October, 22 October, 30 October and 6 November. The chairman attended 100% of the meetings and other members 80%. The Chairman of the Board of Statutory Auditors attended 4 (four) out of the 5 (five) meetings.

The meetings lasted an average of around 45 (forty-five) minutes. Proper minutes were taken during each meeting.

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 transac-

tions 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 and in the negotiations by receiving the complete information in a timely manner. The Committee for Related Party Transactions is also 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 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 favor 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 so-called "whitewash").

In accordance with Consob's recommendation (Bulletin n. DEM/10078683 of 24 September 2010) that the procedure for related party transactions be renewed every three years, in 2016 the Board, taking into account the experience matured by the Company in the three year period 2014 - 2016 in the application of this type of procedure, as well as the opinion of the Committee for Related Party Transactions, resolved in favor of the Procedure for Related Party Transactions adopted by the Company on 11 November 2010 deeming it effective in ensuring the transparency and the substantive and procedural fairness of the transactions with related parties.

The procedure described above can be found on the Company's website <http://eng.gruppoigd.it/Governance/Committees/Committee-for-related-party-transactions>.

3.13

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-five days in advance of the shareholders' meeting called for this purpose. The lists may be submitted by the shareholders or groups of shareholders holding the interest specified by Consob (for 2019 equal to 2.5% of the Company's share capital as specified in Consob Resolution n. 13 of 24 January 2019).

The appointment and substitution of the standing and alternate auditors pursuant to Art. 26.9 must be done in such a way as to guarantee that the composition of the Board of Statutory Auditors complies with the current law relating to gender equality.

Toward this end, please note that the provisions relating to the composition of the administrative and control bodies, contained in the above mentioned Law 120/2011, specify that after the first mandate subsequent to said law taking effect at least one third of the directors and statutory auditors should be of the least represented gender.

Pursuant to Art. 26 of the Bylaws, members of the Board of Statutory auditors are elected as follows:

- from the list obtaining the highest number of votes, two standing auditors and two alternate auditors will be taken in the order in which they appear on the list;
- the third standing auditor and the third alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.
- In the event the composition of the Board of Statutory Auditors fails to comply with the law relating to gender equality as a result of the votes cast, the candidates belonging to the more represented gender with the least amount of votes on the list that receives the most votes will be replaced by the number of candidates on the same list needed to ensure compliance with the laws governing gender equality. In the event that not enough candidates of the least represented gender appear on the list that receives the greatest number of votes, the shareholders will appoint the missing standing and alternate statutory auditors of the least represented gender with the majority of votes required by law.

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 in such a way, however, as to ensure that the composition of the Board of Statutory Auditors complies with the current law relating to equal gender opportunities.

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; or (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, 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.

3.14**COMPOSITION
AND ROLE OF THE BOARD
OF STATUTORY AUDITORS****(pursuant to Art. 123-bis, paragraph 2 (d) of TUF)**

During the year, the Board of Statutory Auditors was comprised as follows:

- (I) from 1 January 2018 to 31 May 2018, of Anna Maria Allievi (Chairman), Roberto Chiusoli and Pasquina Corsi, (Standing Auditors) and Pierluigi Brandolini, Isabella Landi and Andrea Bonechi (Alternate Auditors) ;
- (II) from 1 June 2018 to 31 December 2018, of Anna Maria Allievi (Chairman), Daniela Preite and Roberto Chiusoli (Standing Auditors) and Pierluigi Brandolini, Laura Macrì and Paolo Prandi (Alternate Auditors).

The current Board of Statutory Auditors was appointed during the Annual General Meeting held on 1 June 2018 and will remain in office through the date of the Shareholders' Meeting convened to approve the annual report 2020.

Daniela Preite and Roberto Chiusoli, Standing Auditors, as well as Pierluigi Brandolini and Laura Macrì, Alternate Auditors, were on the list n. 1 submitted by the majority shareholder Coop Alleanza 3.0 for which 75.84% of the shares represented at the AGM voted.

The Chairman of the Board of Statutory Auditors Anna Maria Allievi and the Alternate Auditor Paolo Prandi were on the list n. 4 submitted by the minority shareholders, namely a group of asset management companies (which hold 2.66% of the share capital) for which 18.27% of the shares represented at the AGM voted.

The personal characteristics and professional background of the single members of the Board of Statutory Auditors are described below.

ANNA MARIA ALLIEVI
Chairman of the Board of Statutory Auditors

Born in 1965, Ms. Allievi has a degree in Business Economics from Milan's Cattolica University and is registered with Milan's Role of Chartered Public Accountants since 1996 and is a registered Accounting Expert since 1999. She has been part of the Role of Chartered Public Accountants' commissions and working groups since 2006 and, beginning in 2014, has written several articles for the magazine "Il Revisore legale". She is Chairman of the Board of Statutory Auditors for Credito Emiliano S.p.A., a standing auditor for CIR S.p.A. and other premier companies like SERAM S.p.A. and public entities. She has acted as counsel for several studies after having matured significant experience as a Senior Manager in Deloitte & Touche S.p.A. where she devel-

oped specific expertise in Advisory and Quality Control and ultimately assisted clients' BoDs in implementing strategic improvements. She also holds the assignments listed in Table 5.

DANIELA PREITE
Standing Auditor

Born in 1969 in Ruffano (LE), Mr. Preite received a degree, with honors, in economics and banking from the University of Salerno and received a PhD in business economics from the University of Bari. He is an affiliate professor at SDA Bocconi School of Management and Professor of business economics at the University of Salento. Mr. Preite is Vice Chairman of Coop Lombardia, member of the Scuola Coop's BoD, as well as a statutory auditor at *Insieme Salute e di Cassa Mutualistica Interaziendale*. He is the author of numerous domestic and international publications on management issues. Topics of discussion and research at conventions in Italy and abroad include: Accounting and Financial Statements, Planning and Control, General Management, Performance, Accountability and Sustainability, Affiliate companies, Corporate Governance. He also holds the offices listed in Table 5.

ROBERTO CHIUSOLI
Standing Auditor

Born in 1964, Mr. Chiusoli received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant, registered with Bologna's Role of Chartered Public Accountants and Accounting Experts since 1992, and a Certified Auditor. From 1989 through 1991, he worked in the tax division of a firm that provided legal and tax advisory services. From 1991 to 1996, he worked with Uniaudit S.p.a. auditing and certifying financial statements and ultimately was the head of tax audit. In the same sector, he worked with the financial audit firm Reconta Ernst & Young on the audit and certification of financial statements. As of 16 September 1996 Mr. Chiusoli is part of Legacoop Bologna where he is head of the tax assistance bureau. He is the coordinator of the fiscal services for Legacoop Emilia - Romagna. He is a member of the control bodies of several joint stock companies. He also holds the assignments listed in Table 5.

In 2018 the Board of Statutory Auditors met 9 (nine) times on 30 January, 21 February, 9 May, 1 June, 6 June, 2 August, 6 November, 5 December and 13 December with an overall attendance equal to 93%. With regards to the Board of

Statutory Auditors in office as of 1 June 2018, the Chairman Anna Maria Allievi and the auditor Daniela Preite attended 100% of the meeting (attending 6 out of 6 meetings), while the auditor Roberto Chiusoli attended 83% of the meetings (5 out of 6 meetings).

Each meeting lasted an average of 1 hour and 30 minutes. A few meetings were also held with, in particular, Company management, representatives of the external audit company, as well as the Control and Risk Committee.

The Board of Statutory Auditors verified that its members still qualify as independent as defined in the Corporate Governance Code and in TUF during the meeting held on 11 February 2019, and notified the Board of Directors of the outcome. With regard to auditor Roberto Chiusoli, the Board of Statutory Auditors, taking into account declarations made by Mr. Chiusoli when accepting the assignment, found that the experience matured over the more than nine years of service strengthened, and did not weaken, his independence. The Board of Statutory Auditors, therefore, found that there were no situations that could compromise or impede this independence or the ability to autonomously judge management's operations. The Board of Statutory Auditors concluded that the fact that Chiusoli has been acting as a statutory auditor for more than nine year does not compromise his independence.

The Board of Statutory Auditors supervises the work of the external auditors.

Furthermore, shareholders grant the assignment to the external auditors on the basis of the motivated opinion submitted by the Board of Statutory Auditors.

Pursuant to Art. 19 of Legislative Decree n. 39/2010, the Board of Statutory Auditors also acts as the Committee for Internal Control and Financial Audit.

The statutory auditors, including individually, may carry out inspections and controls, as well as request that the Directors provide them with information about subsidiaries, about the status of corporate transactions or specific issues, or refer these requests directly to the subsidiaries' administrative and control bodies. The statutory auditors may ask the Head of Internal Audit to carry out audits of specific operating divisions or corporate transactions.

The Board of Statutory Auditors reports on its supervisory activities and any findings to the Annual General Meeting called to approve the full year financial statements in accordance with Art. 2364, paragraph 2, of the Italian Civil Code.

The statutory auditors may also submit proposals to the

Annual General Meeting relating to the full year financial statements and their approval, as well as to other matters that they are responsible for.

The Board of Statutory Auditors (at least two statutory auditors), after having notified the Chairman of the Board of Directors, can call the Shareholders' Meetings, meetings of the Board of Directors and, if instituted, the Executive Committee.

The Board of Statutory Auditors, the external auditors, the Control and Risk Committee, as well as all the other entities involved in the supervision of the control systems, will exchange information about the execution of their assignments in a timely manner.

The Board of Statutory Auditors is, at any rate, invited to be proactive and not only reactive in its supervision. The Statutory Auditors should advise the Board of Directors as to the results of its controls so that the latter might implement any corrective measures needed.

The Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

The members of the Board of Statutory Auditors in office during the year, and any qualifications as independent as per current regulations, are listed in tables 3 and 3-bis attached to this report.

→ Diversity

The Board of Statutory Auditors is comprised of individuals with different professional and personal profiles; the composition of the Board of Statutory Auditors also complies with current law governing gender equality.

Toward this end, we remind that as of the shareholders' meeting held on 19 April 2012, Coop Alleanza 3.0 soc. coop. (formerly Coop Adriatica) and Unicoop Tirreno presented their lists for the renewal of the Company's Board of Directors and control body which included candidates of the least represented gender as a result of voluntary and early compliance with the regulations introduced in Law 120/2011.

In light of the recent renewal of the Board of Directors and the Board of Statutory Auditors, the adoption of a policy relating to the composition of these boards will be examined by the corporate bodies during the new term of office.

3.15

RELATIONS WITH SHAREHOLDERS

The Board of Directors appointed an Investor Relations Manager, Claudia Contarini, and set up a dedicated corporate unit: the IR Manager is part of the Planning, Control and IR Division (of which Raffaele Nardi is in charge), which reports directly to the Chief Executive Officer. There is a specific section on the Company's website (<http://www.gruppoigd.it/en/investor-relations/>) which contains updated information about the Company's stock (performance, dividend, ownership structure, etc.), annual and periodic financial reports, press releases, presentations made by management to the financial community, the financial calendar and the corporate events calendar. Other information of potential interest to shareholders, including information relating to Shareholders' Meetings and the Company's governance system, can be found in the Governance section of the Company's website (<http://www.gruppoigd.it/Governance>). All the relevant information is published and updated in real time in two languages (Italian and English) on the Company's website. The Company also uses other means to provide

timely and easy access to information. Thanks to the use of a mailing list system, interested parties may register on the website <http://www.gruppoigd.it/>, and receive press releases, newsletters and financial reports immediately after they have been released to the market. In collaboration with the brokers that cover the Company's stock, road shows, meetings and conference calls (scheduled just after the annual and periodic financial results are published or with the business plan is presented) are organized which provide an opportunity for institutional investors to meet with top management. The presentations made to the financial community are published on the Company's website. In order to guarantee that the Shareholders' Meetings are conducted in an orderly fashion, during the Shareholders' Meeting held on 26 March 2003, shareholders approved the current Regulations for Shareholder Meetings, subsequently updated, which are available on the corporate website at <http://www.gruppoigd.it/en/governance/shareholders-meeting/>.

3.16

SHAREHOLDERS' MEETINGS

(ex Art. 123-*bis*, comma 2, lettera c) TUF)

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.

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.

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 take-over 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 and remove 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*, art.2, 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 made by submitting a request with an electronic signature as well

as by accessing a specific section on the Company's website and via certified e-mail submitted in accordance with the procedures indicated in the notice of call.

For each Shareholders' Meeting the Company may also designate, as indicated in the notice of call, a party to whom those entitled to do so may grant a proxy with voting instructions relative to all or a few of the items on the agenda in accordance with the law.

Shareholders may submit questions relating to the items on the agenda prior to the Shareholders' Meeting. The questions received prior to the Shareholders' Meeting will be answered, at the latest, during the meeting itself. The deadline for submitting questions to the Company prior to the Shareholders' Meeting is indicated in the notice of call. This deadline cannot be less than three days prior to the date of the Shareholders' Meeting or five days if it is indicated in the notice of call that the Company will answer the questions received prior to the Shareholders' Meeting. In this case the answer will be provided at least two days prior to the Shareholders' Meeting including via a specific section of the Company's website. No answer is required when the information requested is available in a specific Q&A section of the Company's website.

The current Regulations for Shareholder Meetings 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.

3.17**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 3.11.03, to which you should refer.

3.18**SUBSEQUENT
CHANGES**

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

3.19**COMMENTS ON THE LETTER DATED
21 DECEMBER 2018 RECEIVED FROM
THE CHAIRMAN OF THE ITALIAN
CORPORATE GOVERNANCE COMMITTEE**

On 27 December 2018 the Company shared the letter received from the Chairman of the Italian Corporate Governance Committee with the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors, while on 11 February 2019 the letter was shared with the entire Board of Directors and Board of Statutory

Auditors.

Subsequently the content of the letter was discussed during both a meeting of the independent directors held on 8 February 2019 and the Board of Directors meeting held on 26 February 2019 convened to approve the draft financial statements at 31 December 2018.

ATTACHMENTS

Table 1 “Information on the ownership structure”

Table 2 “Structure of the Board of Directors and Committees until 31 May 2018”

Table 2 *bis* “Structure of the Board of Directors and Committees as at 31 December 2018”

Table 3 “Structure of the Board of Statutory Auditors until 31 May 2018”

Table 3 *bis* “Structure of the Board of Statutory Auditors as at 31 December 2018”

Table 4 “Offices held by the directors as at 31 December 2018”

Table 5 “Offices held by the statutory auditors as at 31 December 2018”

Table 1: information on the Ownership Structure

SHARE CAPITAL STRUCTURE	N. OF SHARES	% OF SHARE CAPITAL	LISTED (INDICATE WHICH MARKETS) / NOT LISTED	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	110,341,903	100%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. – STAR segment	-

SIGNIFICANT INTEREST IN SHARE CAPITAL BASED ON COMMUNICATIONS EX ART. 120 AND OTHER INFORMATION AVAILABLE TO THE COMPANY			
DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
Coop Alleanza 3.0	Coop Alleanza 3.0	40.92%	40.92%
Unicoop Tirreno	Unicoop Tirreno	12.03%	12.03%

Table 2: Structure of the Board of Directors and Committees until 31 May 2018

BOARD OF DIRECTORS													CONTROL AND RISK COMMITTEE		NOMINATIONS AND COMPENSATION COMMITTEE		POSSIBLE EXECUTIVE COMMITTEE		
Office	Members	Year of birth	Date of first appointment*	In office since	In office until	List **	Exec.	Non exec.	Indep. as per the code	Indep. under TUF	N. of other appointments ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	
Chairman •	Elio Gasperoni	1953	15/4/2015	19/4/2017	Approval of financial statements at 31/12/2017	M	x				9	3/3							
Vice-Chairman	Fernando Pellegrini	1964	26/3/2003	15/4/2015	Approval of financial statements at 31/12/2017	M		x			1	2/3							
Chief Executive Officer ◇	Claudio Albertini	1958	28/4/2006	15/4/2015	Approval of financial statements at 31/12/2017	M	x				1	3/3							
Director	Aristide Canosani	1935	26/3/2003	15/4/2015	Approval of financial statements at 31/12/2017	M		x			—	3/3							
Director	Leonardo Caporioni	1964	28/4/2006	15/4/2015	Approval of financial statements at 31/12/2017	M		x			10	2/3							
Director	Gilberto Coffari	1946	6/11/2000	15/4/2015	Approval of financial statements at 31/12/2017	M		x			1	3/3							
Director	Luca Dondi Dall'Orologio	1972	14/4/2016	3/3/2016	Approval of financial statements at 31/12/2017	(***)			x	x	2	3/3							
Director	Elisabetta Gualandri	1955	19/4/2012	15/4/2015	Approval of financial statements at 31/12/2017	M			x	x	3	3/3	3/3	P		3/3	M		
Director	Milva Carletti	1963	15/4/2015	15/4/2015	Approval of financial statements at 31/12/2017	M			x	x	—	2/3				3/3	M		
Director	Rossella Saoncella	1954	15/4/2015	15/4/2015	Approval of financial statements at 31/12/2017	M			x	x	—	3/3	3/3	M				-	P
Director	Andrea Parenti	1957	23/4/2009	15/4/2015	Approval of financial statements at 31/12/2017	M			x	x	21	3/3				3/3	P	-	M
Director	Livia Salvini	1957	19/4/2012	15/4/2015	Approval of financial statements at 31/12/2017	M			x	x	3	2/3	3/3	M					
Director	Matteo Cidonio	1970	4/8/2017	4/8/2017	Approval of financial statement at 31/12/2017	(****)			x	x	10	1/3						-	M
N. of meetings held during the year under review (until 31 May 2018): 3						Control and Risk Committee: 3				Nominations and Compensation Committee: 3				Related Party Transactions Committee: 0					
Quorum required for submitting lists by minorities for the appointment of one or more members (ex art. 147-ter TUF): 2.5% of the share capital																			

NOTES:

Symbols listed below must be entered in the "Office" column:

- This symbol indicates the administrator in charge of the internal control and risk management system
- ◇ This symbol indicates the main responsible of the Issuer management (Chief Executive Officer or CEO)
- ◊ This symbol indicates the Lead Independent Director (LID)
- * By date of first appointment of each director we refer to the date in which the director has been appointed for the first time (ever) on the Issuer' BoD
- ** This column indicates whether the director was elected from a Majority list "M"; a minority list "m"; and list presented by the BoD
- *** This column reports the number of appointments held by the person concerned as director or statutory auditor in other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies.
In the corporate governance report the offices are extensively indicated
- (*) Attendance at the BoD and Board committee meetings is indicated in this column (indicate the number of meetings attended out of the total number of meetings held; i.e. 6/8; 8/8 etc.)
- (**) The director's role in the Board committees is indicated in this column: "C": chairman; "M": member
- (***) Coopted by the Board of Directors on 3/3/2016 and subsequently confirmed during the Ordinary Shareholders' Meeting held on e 14/04/2016
- (****) Coopted by the Board of Directors on 4/8/2017 in substitution of the resigned director Matthew David Lentz

Table 2 bis “Structure of the Board of Directors and Committees as at 31December 2018”

BOARD OF DIRECTORS													CONTROL AND RISK COMMITTEE		NOMINATIONS AND COMPENSATION COMMITTEE		POSSIBLE EXECUTIVE COMMITTEE	
Office	Members	Year of birth	Date of first appointment*	In office since	In office until	List **	Exec.	Non exec.	Indep. as per the code	Indep. under TUF	N. of other appointments ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman •	Elio Gasperoni	1953	15/4/2015	6/6/2018	Approval of financial statements at 31/12/2020	M	x				9	4/4						
Vice-Chairman	Rossella Saoncella	1954	15/4/2015	6/6/2018	Approval of financial statements at 31/12/2020	M			x	x	-	4/4			3/3	P		
Chief Executive Officer ◇	Albertini Claudio	1958	28/4/2006	6/6/2018	Approval of financial statements at 31/12/2020	M	x				-	4/4						
Director	Gian Maria Menabò	1959	1/6/2018	1/6/2018	Approval of financial statements at 31/12/2020	M		x			6	3/4						
Director	Eric Jean Véron	1974	1/6/2018	1/6/2018	Approval of financial statements at 31/12/2020	m			x	x	10	4/4					4/5	M
Director	Salvini Livia	1957	19/4/2012	1/6/2018	Approval of financial statements at 31/12/2020	m			x	x	3	3/4			3/3	M	4/5	M
Director	Luca Dondi Dall'Orologio	1972	3/3/2016	1/6/2018	Approval of financial statements at 31/12/2020	M			x	x	2	4/4	5/5	M			5/5	P
Director	Sergio Lugaresi	1957	1/6/2018	1/6/2018	Approval of financial statements at 31/12/2020	M			x	x	-	3/4	5/5	M				
Director	Timothy Guy Michele Santini	1966	1/6/2018	1/6/2018	Approval of financial statements at 31/12/2020	m			x	x	-	4/4			3/3	M		
Director	Elisabetta Gualandri	1955	19/4/2012	1/6/2018	Approval of financial statements at 31/12/2020	M			x	x	3	3/4	5/5	P				
Director	Alessia Savino	1967	1/6/2018	1/6/2018	Approval of financial statements at 31/12/2020	m		x			2	4/4						
N. of meetings held during the year under review (from 1 June 2018): 4						Control and Risk Committee: 5			Nominations and Compensations Committee: 3			Related Party Transactions Committee: 5						
Quorum required for submitting lists by minorities for the appointment of one or more members (ex art. 147-ter TUF): 2.5% of the share capital																		

NOTES:

Symbols listed below must be entered in the “Office” column:

- This symbol indicates the administrator in charge of the internal control and risk management system
- ◇ This symbol indicates the administrator in charge of the internal control and risk management system
- This symbol indicates the Lead Independent Director (LID)
- * By date of first appointment of each director we refer to the date in which the director has been appointed for the first time (ever) on the Issuer' BoD
- ** This column indicates whether the director was elected from a Majority list "M"; a minority list "m"; and list presented by the BoD
- *** This column reports the number of appointments held by the person concerned as director or statutory auditor in other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies.
In the corporate governance report the offices are extensively indicated
- (*) Attendance at the BoD and Board committee meetings is indicated in this column (indicate the number of meetings attended out of the total number of meetings held; i.e. 6/8; 8/8 etc.)
- (**) The director's role in the Board committees is indicated in this column: "C": chairman; "M": member

Table 3: Structure of the Board of Statutory Auditors until 31May 2018**BOARD OF STATUTORY AUDITORS**

Office	Member	Year of birth	Date of first appointment*	In office since	In office until	List **	Independent as per the code	Attendance to the Board of Statutory Auditors' meetings ***	N. of other appointments ****
Chairman	Allievi Anna Maria	1965	15 April 2015	15 April 2015	Approval of financial statements at 31/12/2017	m	X	3/3	13
Standing Auditor	Chiusoli Roberto	1964	28 April 2006	15 April 2015	Approval of financial statements at 31/12/2017	M	X	2/3	22
Standing Auditor	Corsi Pasquina	1957	19 April 2012	15 April 2015	Approval of financial statements at 31/12/2017	M	X	3/3	4
Alternate Auditor	Brandolini Pierluigi	1970	15 April 2015	15 April 2015	Approval of financial statements at 31/12/2017	M			
Alternate Auditor	Landi Isabella	1964	28 April 2006	15 April 2015	Approval of financial statements at 31/12/2017	M			
Alternate Auditor	Bonechi Andrea	1968	15 April 2015	15 April 2015	Approval of financial statements at 31/12/2017	m			

N. of meetings held during the year under review (until 31 May 2018): 3

Quorum required for submitting lists by minorities for the appointment of one or more members (ex art. 148 TUF): 2.5% of the share capital

NOTES:

- * By date of first appointment of each auditor we refer to the date in which the auditor has been appointed for the first time (ever) on the Issuer' Board of Statutory Auditors
- ** This column indicates whether the auditor was elected from a Majority list "M"; a minority list "m"
- *** This column reports the % of meetings of the BoD and its committees attended by the directors (no. Attendances/no. meetings in which he could attend; i.e. 6/8; 8/8 etc.)
- **** This column reports the number of appointments held by the person concerned as director or statutory auditor pursuant to art. 148 bis of TUF and its implementing provisions contained in the Consob Issuer Regulations. The full list of offices is published by CONSOB on its website pursuant to Art. 144-quinquiesdecies of the Consob Issuer Regulations

Table 3 bis: Structure of the Board of Statutory Auditors as at 31 December 2018

BOARD OF STATUTORY AUDITORS

Office	Member	Year of birth	Date of first appointment*	In office since	In office until	List **	Independent as per the code	Attendance at the Board of Statutory Auditors' meetings ***	N. of other appointments ****
Chairman	Allievi Anna Maria	1965	15 April 2015	1 June 2018	Approval of financial statements at 31/12/2020	m	X	6/6	11
Standing Auditor	Daniela Preite	1696	1 June 2018	1 June 2018	Approval of financial statements at 31/12/2020	M	X	6/6	4
Standing Auditor	Roberto Chiusoli	1964	28 April 2006	1 June 2018	Approval of financial statements at 31/12/2020	M	X	5/6	22
Alternate Auditor	Pierluigi Brandolini	1970	15 April 2015	1 June 2018	Approval of financial statements at 31/12/2020	M			
Alternate Auditor	Laura Macri	1970	1 June 2018	1 June 2018	Approval of financial statements at 31/12/2020	M			
Alternate Auditor	Paolo Prandi	1961	1 June 2018	1 June 2018	Approval of financial statements at 31/12/2020	m			

N. of meetings held during the year under review (from 1 June 2018): 6

Quorum required for submitting lists by minorities for the appointment of one or more members (ex art. 148 TUF): 2.5% of the share capital

NOTES:

- * By date of first appointment of each auditor we refer to the date in which the auditor has been appointed for the first time (ever) on the Issuer' Board of Statutory Auditors
- ** This column indicates whether the auditor was elected from a Majority list "M"; a minority list "m"
- *** This column reports the % of meetings of the BoD and its committees attended by the directors (no. Attendances/no. meetings in which he could attend; i.e. 6/8; 8/8 etc.)
- **** This column reports the number of appointments held by the person concerned as director or statutory auditor pursuant to art. 148 bis of TUF and its implementing provisions contained in the Consob Issuer Regulations. The full list of offices is published by CONSOB on its website pursuant to Art. 144-quinquiesdecies of the Consob Issuer Regulations

Table 4: Offices held by the directors as at 31 December 2018

DIRECTOR	OFFICE HELD IN OTHER COMPANIES
ELIO GASPERONI Chairman	Director FEDERAZIONE COOP ERATIVE PROVINCIA DI RAVENNA S.C.P.A.
	Vice Chairman of BoD. COOP ALLEANZA 3.0 S.C.
	Vice Chairman of BoD. UNIPOL BANCA S.P.A.
	Chairman of BoD Mer.Co.Ra. S.R.L.
	Director PARFINCO S.P.A.
	Chairman of BoD PHARMACOOOP S.P.A.
	Director ROBINTUR S.P.A.
	Director EATALYWORLD S.R.L.
ROSSELLA SAONCELLA Vice Chairman	/
CLAUDIO ALBERTINI Chief Executive Officer	/
GIAN MARIA MENABO' Director	Chairman of BoD Emiliana S.R.L.
	Chief Executive Officer Immobiliare Nordest S.P.A.
	Vice Chairman INRES S.C.
	Director GIGA S.R.L.
	Chairman of BoD Silos S.P.A.
ERIC JEAN VÉRON Director	Director Sedicoop S.R.L. con Socio Unico
	Chief Executive Officer Vailog S.R.L.
	Chief Executive Officer Vailog ER 1 S.R.L. con Socio Unico
	Chief Executive Officer Vailog ER 2 S.R.L.
	Chief Executive Officer Vailog ER 3 S.R.L.
	Chief Executive Officer Bonsol S.R.L.
	Chief Executive Officer Impianti FTV S.R.L.
	Chief Executive Officer Valpar B.V.
	Sole Manager Vailog Colleferro S.R.L.
Chief Executive Officer IFP S.R.L.	
LIVIA SALVINI Director	Sole Manager Norev B.V.
	Director IL SOLE 24 ORE S.P.A.
	Standing Auditor ATLANTIA S.P.A.
LUCA DONDI DALL'OROLOGIO Director	Chairman of the Board of Statutory Auditors COOPFOND S.P.A.
	Chief Executive Officer NOMISMA - SOCIETA' DI STUDI ECONOMICI S.P.A.
SERGIO LUGARES Director	Director NE - NOMISMA ENERGIA S.R.L.
TIMOTHY GUY MICHELE SANTINI Director	/
ELISABETTA GUALANDRI Director	/
	Director ABISERVIZI S.P.A.
	Director Mat3D S.R.L.
ALESSIA SAVINO Director	Director BPER BANCA S.P.A.
	Vice Chairman of BoD SO.GE.FIN. S.R.L.
	Member of the Executive Committee SIMGEST S.P.A.

Table 5: Offices held by the statutory auditors as at 31 December 2018

AUDITORS	OFFICE HELD	COMPANY
ANNA MARIA ALLIEVI Chairman of the Board of Statutory Auditors	Chairman of the Board of Statutory Auditors	CREDEM S.P.A.
	Standing Auditor	CIR S.P.A.
	Standing Auditor	SERAM S.P.A.
	Chairman of the Board of Statutory Auditors	CEM S.P.A.
	Chairman of the Board of Statutory Auditors	Aemme Linea Ambiente S.R.L.
	Standing Auditor	ASM S.R.L.
	Chairman of the Board of Statutory Auditors	Cernusco Verde S.R.L.
	Standing Auditor	ATINOM S.P.A. in liquidazione
	Chairman of the BoD	Coop Le Sfere S.C. A R.L.
	Chairman of the Board of Statutory Auditors	Confservizi Cispel Lombardia
	Standing Auditor	A2A Rinnovabili S.P.A.
		Vice Chairman of the BoD
DANIELA PREITE Standing Auditor	Director	Scuola Coop - Istituto nazionale di formazione delle cooperative di consumatori
	Standing Auditor	Insieme Salute
	Standing Auditor	Cassa mutualistica interaziendale
ROBERTO CHIUSOLI Standing Auditor	Standing Auditor	UNIPOL GRUPPO S.P.A.
	Standing Auditor	Compagnia Assicuratrice LINEAR S.P.A.
	Chairman of the Board of Statutory Auditors	GRANAROLO S.P.A.
	Chairman of the Board of Statutory Auditors	GRUPPO UNA S.P.A.
	Standing Auditor	SACMI IMOLA S.C.
	Chairman of the Board of Statutory Auditors	CAMST S.C. A R.L.
	Chairman of the Board of Statutory Auditors	CEFLA S.C.
	Standing Auditor	SIAT S.P.A.
	Supervisory Board Member	CONSORZIO INTEGRA S.C.
	Chairman of the Board of Statutory Auditors	ROBINTUR S.P.A.
	Chairman of the Board of Statutory Auditors	UNIPOL INVESTMENT S.P.A.
	Chairman of the Board of Statutory Auditors	Casa di Cura Villa Donatello S.P.A.
	Standing Auditor	CONSORZIO CASTELLO
	Chairman of the Board of Statutory Auditors	UNIPOL FINANCE S.R.L.
	Standing Auditor	DE' TOSCHI S.P.A.
	Chairman of the Board of Statutory Auditors	SACMI SERVICE S.P.A.
	Chairman of the Board of Statutory Auditors	SINERGO S.P.A.
	Chairman of the Board of Statutory Auditors	FONDAZIONE UNIPOLIS
	Chairman of the Board of Statutory Auditors	UNIPOLPART I S.P.A.
	Chairman of the Board of Statutory Auditors	FINCCC S.P.A.
Standing Auditor	ALFAEVOLUTION TECHNOLOGY S.P.A.	
Chairman of the Board of Statutory Auditors	UnipolSai Servizi Consortili	



**PUNTADIFERRO
FORLÌ**

Opening 2011

Mall GLA sq.m. 21,223

Food anchor sq.m. 12,625



3,755,398 visitors in 2018



igd 
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