



**CORPORATE GOVERNANCE
AND
OWNERSHIP STRUCTURE REPORT**

pursuant to article 123-*bis* of the Consolidated Financial Law

(traditional governance and control model)

- Issuer: **Isagro S.p.A.**
- Website: www.isagro.com
- Reporting year: **December 31st, 2018**
- Date of approval of the Report: **March 13th, 2019**

Note: the Italian text prevails over the English version

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GLOSSARY OF TERMS

Board: the Board of Directors of the Issuer.

Civ. Code/C.C.: the Italian Civil Code.

Code/Corporate Governance Code: the version of the Corporate Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Consob Market Regulation: the Regulation issued by Consob by resolution no. 20249 of 2017 on markets.

Consob Regulation on issuers: the Regulation issued by Consob by resolution no. 11971 of 1999 on governing issuers (as subsequently amended).

Consob Regulation on Related Parties: the Regulation issued by Consob by resolution no. 17221 of March 12th, 2010 (as subsequently amended) on transactions with related parties.

Consolidated Financial Law (TUF): Italian Legislative Decree no. 58 dated February 24th, 1998.

Issuer: Isagro S.p.A., registered office in Via Caldera 21, Milan, Italy; Share Capital € 24,961,207.65 fully paid in; VAT No. 09497920158; Milan Economic & Administrative Register (REA) No. 1300947.

Report: the report on Corporate Governance and Ownership Structure that companies must prepare pursuant to article 123-*bis* of the Consolidated Financial Law.

Reporting year: the reference financial year of the Report, i.e. the reporting year at December 31st, 2018.

1.0 ISSUER PROFILE

Profile and business model

Isagro S.p.A. (hereinafter also “Isagro”, the “Company”, the “Issuer”) is the parent company of a Group that has become a highly qualified global operator in the agrochemical sector. Through a system of strategic partnerships and acquisitions and a product portfolio covering the safeguarding and nutrition of crops, the Group now operates in around 80 (eighty) countries, divided into four main macro geographical areas: Europe, the Americas, Asia and Rest of the World.

Established in 1993 and listed on the Milan Stock Exchange since 2003, Isagro is the only Italian company in the sector that makes direct investments in new molecules and in the development of active ingredients with a low environmental impact.

Isagro is active in innovative research, development, production and marketing at global level of proprietary medicinal products for agriculture, as well as their distribution on the major markets. The Group performs its production in 5 (five) locations, 4 (four) in Italy and 1 (one) in India, and distributes directly, proprietary as well as third party products, in Brazil, Colombia, India, Spain and in the United States. In other countries, it operates through important local partners.

During last years, this business model (“*Global Independent Originator*”) has been further strengthened by the development of a new business area focused on the promotion and exploitation of the Group’s intellectual properties: to this end, along with its core activities for the production and sale of proprietary products to third party distributors, Isagro pursues the optimisation of proprietary active ingredients and consequently it has positioned itself in the market also as a provider to third parties of the aforementioned active ingredient in order to mix them with the third parties’ products.

The Company’s main strength is its capacity to identify and patent new agropharmaceuticals products, together with the know-how and experience in performing the assessments that are required for defining their toxicology and efficacy profile. In order to fund the development of research-originated products, during 2014 the Company launched a share capital increase operation based on a new category of shares, called *Azioni Sviluppo* (Growth Shares), listed on the Milan Stock Exchange and devised by the Chairman and CEO of the Group.

For a detailed analysis of the main events occurred in 2018, see the Management Report on the Financial Statements as at December 31st, 2018.

Isagro qualifies as a SME (*Small Medium Enterprise*) pursuant to art. 1, lett. w-quater.1) TUF. In particular, pursuant to the aforementioned article, an Issuer is expected to assume the status of SME on the existence of at least one of the following requirements: (i) a turnover of less than Euro 300 million or (ii) a market capitalization of less than Euro 500 million.

Issuers that have exceeded both the aforementioned limits for three consecutive years are excluded from the SME status.

Isagro therefore falls within the definition of a SME in that, as shown in the following table, both the turnover and the average capitalization recorded during the years 2018, 2017 and 2016 are below the threshold set by Consob.

Turnover ¹ (Euros)			Average capitalization ² (Euros)		
2018	2017	2016	2018	2017	2016
152,771,086	149,580,181	149,717,501	58,175,423	51,548,830	42,341,683

Mission and ethical values

Isagro's mission mainly consists in offering farmers innovative chemical and biological based tools for the health of their crops, which are safe for the environment, users and consumers of agricultural products.

At the hearth of Isagro strategic and innovative projects, are farmers and farms with their need to satisfy the food chain with high quality products. Isagro ambition is to guarantee food safety by exploiting the planet's resources sustainably: a larger production in a better way.

Isagro refers to the ethical principles set forth in the Group Code of Ethics, upon which its models of conduct are based in seeking to compete effectively on the market, improve its customer satisfaction levels, increase the value for its shareholders, develop the skills and promote the professional growth of its employees.

Governance Model

The corporate governance system adopted by Isagro is structured in accordance with the traditional model and complies with the principles set forth in the Corporate Governance Code.

The Company's governance system consists of the Shareholders' Meeting, a Management Board - the Board of Directors - and a Supervisory Board external to the Board of Directors - the Board of Statutory Auditors. The statutory audit on the Company's accounts is done by an independent auditor appointed by the Shareholders' Meeting on recommendation of the Board of Statutory Auditors.

The Board of Directors has established two internal committees, which provide consulting support and submit proposals: the Nomination and Remuneration Committee and the Control, Risk and Sustainability Committee (formerly Control and Risk Committee), both composed of independent directors.

In addition to the above-mentioned, there are also the following governing/monitoring bodies:

- the Executive Director Responsible for the Internal Control and Risk Management System, position covered by the Vice-Chairman³;
- the Lead Independent Director, appointed in compliance with criterion 2.C.3. of the Code;
- the Manager responsible for preparing the corporate accounting documents, position covered by the Company's Chief Financial Officer;
- the Risk Manager, position covered by the Company's Q&HSE Manager;

¹ The turnover refers to the Isagro Group (consolidated data).

² Average capitalization refers to the sum of the average capitalization of Ordinary Shares and Growth Shares.

³ The Vice-Chairman of the Company (Maurizio Basile) was appointed "Executive Director Responsible for the Internal Control and Risk Management System" with a Board resolution on May 2nd, 2018. This role was previously held by the Chairman and CEO of the Company (Giorgio Basile).

- the Internal Audit Manager;
- Corporate and Legal Affairs Managers, actively engaged in governance and compliance matters;
- the Related-Party Transactions Committee (composed by Independent Directors), established according to the Consob regulation on transactions with related parties;
- the Supervisory Body adopted by the Board of Directors in accordance with the requirements of the Italian Legislative Decree No. 231/2001.

The Governance Model of Isagro S.p.A. is based on a set of rules, principles and procedures periodically updated according to legislation and best practice.

Corporate Social Responsibility

Since 2002, Isagro publishes a Social-Environmental Report, that since 2008 has become Environmental Report on its website (www.isagro.com). This Report is a way to inform the market on the results of Isagro's commitment in terms of improving environmental impact and protecting the health and safety of employees and the local communities in which its plants are located.

In accordance with the EU Directive 2014/95 on "Non Financial Information", implemented through Legislative Decree 254/2016, Isagro has developed a targeted non-financial reporting approach based on recognized reporting standards ("GRI Sustainability Reporting Standards", published by the Global Reporting Initiative according to Core approach).

In compliance with the above, since 2016, Isagro prepares a "Non-Financial Statement" of the companies belonging to the Group, describing the initiatives and the main results in terms of sustainability performance achieved during the reference period.

The "Non-Financial Statement" prepared as of December 31st, 2018 has been subjected to limited assurance by the Auditing Firm Deloitte & Touche, to the approval of the Board of Directors of Isagro S.p.A. on March 13th, 2019 and will be brought to the attention of the Shareholders' Meeting on April 30th, 2019.

Environment, quality and safety are Isagro's founding values. Indeed, Isagro participates in the *Responsible Care* voluntary programme coordinated by all national chemical industry federations, created as a driver for a continuous adaptation of the industrial activities to the growing needs for safety and environmental protection, and at the same time, for the commitment to the communication of the achieved results, towards continuous, tangible and significant improvement. Isagro is also a member of the *Fondazione Sodalitas*, Italian partner to the European Commission's lead contact network, *Corporate Social Responsibility Europe*. *Fondazione Sodalitas* is committed to implementing the new European Union strategy on Corporate Social Responsibility in Italy.

For further details on the activities implemented by Isagro in the area of Social Responsibility, see the contents of the "Non-Financial Statement" year 2018, published on the Company's website (www.isagro.com - sustainability section/socio-environmental reports).

2.0 INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to article 123-bis, paragraph 1, TUF) as at March 13th, 2019

a) Share capital structure (pursuant to article 123-bis, paragraph 1a), TUF)

Isagro S.p.A.'s share capital is made up of Ordinary Shares with voting rights and of special shares called "Growth Shares" without voting rights, both listed on the STAR segment of the MTA market managed by Borsa Italiana S.p.A..

Growth Shares are a new special category of shares (listed on MTA - STAR segment starting from May 2014) without voting rights, designed for companies controlled by a corporation holding more than 30% of its Ordinary Shares and characterized for automatic conversion, at par, to Ordinary Shares whenever the party holding a controlling position reduces its stake to 30% or less of the Issuer's Ordinary Shares, and in any case if the conditions arise for mandatory takeover bid.

The total share capital, fully subscribed and paid in, is equal to € 24,961,207.65, divided into no. 24,549,960 Ordinary Shares and no. 14,174,919 Growth Shares.

The share capital consists of the categories of shares indicated in the table below:

<i>SHARE CAPITAL STRUCTURE</i>				
	No. of shares	% of share capital	Listed (with indication of the market)/Unlisted	Rights and Obligations
Total Shares of which:	38,724,879	100%	MTA STAR	As per law and per the Articles of Association
- Ordinary Shares	24,549,960	63%	MTA STAR	As per law and per the Articles of Association
- Growth Shares	14,174,919	37%	MTA STAR	As per law and per the Articles of Association
Multiple voting shares	/	/	/	/
Limited voting shares	/	/	/	/
Non-voting shares (Growth Shares)	14,174,919	37%	MTA STAR	As per law and per the Articles of Association

KEY:

MTA STAR: Online Stock Market (High Requirements Segment)

No other financial instruments exist that assign subscription rights to new share issues.

It should be noted that the Shareholders' Meeting of April 24th, 2018 approved the long-term retention and incentive plan called "Restricted Shares and Performance Shares Plan 2018-2021" which provides for the free allocation of Growth Shares (for a total maximum number of one million shares) in favour

of certain beneficiaries (a small number of top managers of Isagro); this plan has a total duration of 4 years (starting on January 1st, 2018 and ending on December 31st, 2021), at the end of which the achievement of the performance objectives will be verified.

For further details on the relevant aspects of the share-based incentive plan, see the contents of the "Remuneration Report" (page 6) prepared pursuant to article 84-quater of the Consob Issuer Regulation and available at the registered office and the Company website (www.isagro.com - governance section/ Shareholders' Meeting).

b) Restrictions on transfer of securities (pursuant to article 123-bis, paragraph 1b), TUF)

No restrictions exist on the transfer of securities such as, for example, limits on possession of them or the requirement to obtain the consent of the Issuer or other shareholders.

c) Significant shareholdings (pursuant to article 123-bis, paragraph 1c), TUF)

The table below lists all significant shareholdings of the Issuer's capital, held directly or indirectly, as reported - at the date of this Report - in the disclosures required by article 120 of TUF:

<i>SIGNIFICANT SHAREHOLDINGS</i>			
Declarant	Direct shareholder	Share % of ordinary capital	Share % of voting capital
Piemme S.r.l.	Holdisa S.r.l.	53.662%	53.662%

d) Securities conferring special rights (pursuant to article 123-bis, paragraph 1d), TUF)

The Issuer has not issued securities conferring special control rights.

e) Employee share ownership: mechanism for exercising voting rights (pursuant to article 123-bis, paragraph 1e), TUF)

No specific mechanism is provided for the exercise of voting rights in the event of employee share ownership.

f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1f), TUF)

No restrictions exist on voting rights. As concerns terms on the exercise of voting rights during Shareholders' Meetings, see section "Shareholders' Meetings" of this Report.

g) Shareholder agreements (pursuant to article 123-bis, paragraph 1g), TUF)

As at the approval date of this Report there is one shareholders' agreement in place, of which the Issuer is aware, pursuant to article 122 of the Consolidated Financial Law.

Please note for appropriate information that, on October 18th, 2018, the shareholders' agreement relating to the shares of Piemme S.r.l. ("Piemme"), the company that indirectly exercises control over the issuer Isagro S.p.A. (stipulated on October 18th, 2013 between the shareholders and natural persons of Piemme and the US company Gowan Company LLC), ceased all its effects due to expiry of the term of duration.



g1) Holdisa S.r.l. shareholders' agreement

The agreement between Holdisa shareholders, signed on July 30th, 2013 (and subsequently updated and amended) covers shares representing the entire capital of Holdisa, with registered office at Via Caldera 21, Milan. Following the execution of the transactions envisaged in the framework agreement regarding the entry of Gowan in the Isagro control chain, Holdisa holds the majority of Isagro shares with voting rights. The financial instruments covered in the agreement include, (i) shares representing the entire share capital of Holdisa indicated in the table below and, indirectly, (ii) 13,174,000 Ordinary Shares representing 53.66% of Isagro's share capital held by Holdisa, the latter directly controlled by Piemme.

The breakdown of Holdisa share capital is illustrated in the following table:

Holdisa shareholders	% of Holdisa capital
Piemme S.r.l.	51
Gowan LLC	49
Total	100

Isagro is held by Piemme through Holdisa, of which it owns 51% of the voting share capital; in turn Holdisa holds 53.66% of Isagro's voting shares.

The agreement contains restrictions and limitations on the transfer of shares and arrangements for the exercise of voting rights at Holdisa and Isagro Shareholders' Meetings, i.e.:

- agreements on membership of the administration and control bodies of Isagro (article 122, paragraph 1 of the Consolidated Financial Law);
- prior consultation obligations regarding certain Isagro-related decisions (article 122, paragraph 1 of the Consolidated Financial Law).

It is stated that:

- agreements on amendments to the Articles of Association and membership of the corporate bodies of Manisa (formerly the parent company of Holdisa) and Holdisa (article 122, paragraph 1 of the Consolidated Financial Law) are outdated following the merger between the two companies in 2014;
- the covenant on amendment to the Articles of Association of Isagro regarding the introduction of a provision providing the Shareholders' Meeting approval pursuant to article 2364, no. 5), c.c. for some specific asset divestments (article 122, paragraph 1 of the Consolidated Financial Law), at the date of this Report, has been exercised;
- agreements on the possible transformation of Holdisa into a limited company (article 122, paragraph 1 of the Consolidated Financial Law), at the date of this Report, are outdated by deadline;
- following the expiry of the lock up agreement due to the expiry of the term, the restrictions on share trading provided for therein ceased all their effects.

The framework agreement specifically provides that Piemme will retain control of Isagro. The duration of the agreement is different in relation to the above points, but in any event, no withdrawal from the agreement is provided prior to its expiry.

h) Change of control clauses (pursuant to article 123-bis, paragraph 1h), TUF) and Articles of Association provisions regarding takeover bids (pursuant to article 104 paragraph 1-ter and article 104-bis paragraph 1)

Change of control clauses

As part of its ordinary business activities, the Issuer is party into supply and cooperation agreements with other industrial and financial partners which, as normal provision in international agreements, envisage clauses offering each party the option to terminate or amend these agreements in the event of direct and/or indirect change of control of one of the parties. Furthermore, it is party of mid-long term loan agreements which include clauses regarding the advance repayment in the event of a change of control of the Issuer.

Articles of Association provisions regarding takeover bids

Note that article 7 of Company's Articles of Association, pursuant to article 104, paragraph 1-ter of the Consolidated Financial Law, envisages that neither the conversion of Growth Shares into Ordinary Shares nor the expectation or the raising of the obligations to promote a public takeover as at the aforementioned article 7, require and therefore are subordinated to the authorization of the Shareholders' Meeting set forth by paragraphs 1 and 1-bis of article 104 of the Consolidated Financial Law. Moreover, note that, in accordance with the above-mentioned article 104, paragraph 1-ter, second and third sentence, the Company, following the resolution of Shareholders' Meeting of April 7th, 2014, notified Consob and disclosed to the market, in accordance with law requirements, the approval of any departure from the passivity rule referred to in article 104, paragraphs 1 and 1-bis, provided in article 7 of Articles of Association.

Note also that the Articles of Association do not contemplate the application of the neutralisation rules pursuant to article 104-bis, paragraphs 2 and 3 of the Consolidated Financial Law.

i) Mandates to increase share capital and authorizations to purchase treasury shares (pursuant to article 123-bis, paragraph 1m), TUF)

Mandate to increase share capital

At present, no power has been delegated to the directors in relation to share capital increases pursuant to article 2443 of the Italian Civil Code and there is no plan envisaging powers being granted to the directors for the issue of equity instruments.

Authorization to purchase treasury shares

On April 24th, 2018, the Shareholders' Meeting authorized the Board of Directors to purchase, on one or more times, a maximum of no. 1,000,000 (one million) own Growth Shares and, at the same time, to the disposal, in one or more times, of the no. 50,000 (fifty thousand) own Ordinary Shares in existence at the date of the same Meeting.

These transactions are intended to serve the long-term retention and incentive plan called "Restricted Shares and Performance Shares Plan 2018-2021" approved by the Shareholders' Meeting on the same date and referred to in section 2.0 a) of this Report.

It should be noted that, as at December 31st, 2018 and at the date of this Report, the own Ordinary Shares (50,000 – fifty thousand) were sold entirely and the Company holds n. 681,243 Own Growth Shares.

l) Direction and co-ordination (pursuant to article 2497 et seq. of the Italian Civil Code)

Pursuant to article 2497 and subsequent articles of the Italian Civil Code, the Issuer is subject to the direction and co-ordination of Holdisa S.r.l., which holds 13,174,000 Ordinary Shares, equal to 53.66% of the Issuer's ordinary share capital.

We finally highlight that:

- the information required by article 123-bis, paragraph 1i) ("*agreements between the company and its directors [...] that provide for the payment of indemnity in the event of resignation or unfair dismissal or termination of office following a takeover bid*") are provided in the "Report on Remuneration", published in compliance with article 123-ter of the Consolidated Financial Law, attached to this Report and available at the Company's registered office and website (www.isagro.com–governance section/Shareholders' Meeting);
- the information required by article 123-bis, paragraph 1l), ("*rules applicable to the appointment and replacement of directors, if different from the provisions of law and regulations applicable on a supplementary basis*") are provided in section 4.1 "Board of Directors" of this Report.

3.0 COMPLIANCE (pursuant to article 123-bis, paragraph 2a), TUF)

The Issuer has adopted and is compliant with the Code, version updated on July 2018 (adopted by resolution of the Board of Directors on August 1st, 2018), available to the public on the Italian Stock Exchange website (www.borsaitaliana.it) and on the Corporate Governance Committee website (www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm), as the basis for its effective corporate governance.

In particular, if the Company has decided to depart from certain principles or application criteria, it has provided the reasons in the corresponding section of this Report.

Neither the Issuer nor any of its subsidiaries of strategic importance are subject to non-Italian laws that could affect the Issuer's corporate governance structure.

4.0 BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (pursuant to article 123-bis, paragraph 1), TUF)

In accordance with article 15 of the Articles of Association, the management of the Company is assigned to a Board of Directors consisting of five members, initially appointed in the Articles of Incorporation and subsequently elected by the Shareholders' Meeting.

Directors may be non-shareholders and hold office for a term of three years or less, where decided by the Shareholders' Meeting upon their appointment. Directors may be re-elected to office.

Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders and by the outgoing Board of Directors.

In accordance with article 147-ter TUF and in compliance with the article 144-quarter of Consob Regulation on Issuers, lists may be submitted by as many shareholders as represent, alone or with others, at least 2.5% (two point five per cent) of the share capital, or a different percentage established by Consob regulation⁴, and must be filed at the registered office by the deadlines provided by current laws and regulations and this will be mentioned in the notice of meeting. In order to demonstrate ownership of the number of shares necessary to present lists, shareholders must ensure that the related certification reaches the Issuer by the deadlines established under current regulations.

Each shareholder can submit (or jointly submit) and vote on one list only.

Shareholders participant to the same shareholders' agreement pursuant to article 122 of Legislative Decree No. 58/1998, or united under a voting arrangement, whatever the form and subject of the agreement, cannot submit or vote on more than one list, individually or jointly, not even through an intermediary or trustee companies. In this regard, when submitting the list, the submitting shareholders must also file a declaration which certifies the absence of agreements or connections of any kind with other shareholders who have individually or jointly submitted lists.

Participation and votes expressed in violation of this prohibition shall not be attributable to any list.

⁴ By Resolution no. 20273 of January 24th, 2018, Consob confirmed the 2.5% threshold.

Each list must contain one or more candidates who meet the independence requirements under provisions of law. The Articles of Association do not provide for directors' independence requirements other than those referred to in art. 148, third paragraph, Legislative Decree 58/1998 (TUF); by adhering the Company to the Code, the Board of Directors verifies the possession of the independence requirements also pursuant to the Code itself. It should be noted that the independent Directors currently in office are independent both pursuant to the TUF and pursuant to the Code.

The lists presenting three or more candidates must also include candidates of both genders, so that the minority gender represents at least the number of candidates corresponding to the minimum percentage envisaged by law.

Candidates must be identified in the lists by a progressive number equal to the number of positions to be covered. Shareholders must file the following together with the lists:

- (i) statements of irrevocable acceptance of office by the candidates (subject to their appointment);
- (ii) attestation that the candidates meet the requisites of professionalism and competence, and that causes of ineligibility and/or forfeiture do not exist, as defined by laws and regulations in force;
- (iii) a *curriculum vitae* of each candidate.

No one person may candidate in more than one list. The acceptance of candidature on more than one list will lead to ineligibility.

Directors are elected as follows:

- (a) two-thirds of the directors to be appointed shall be drawn from the list receiving the majority of votes, in the progressive order of appearance on the list, rounded down where a whole number is not obtained;
- (b) the remaining directors shall be drawn from other lists; for this purpose, the votes obtained by each of the lists are to be divided by one, two, three, and so on, depending on the number of directors to be appointed. The quotients obtained in this way shall then be progressively assigned to the candidates on each list, in their order of appearance. The candidates are then to be ranked on a single list on the basis of the quotients assigned them, in decreasing order. The candidates with the highest quotients shall be appointed. Where more than one list obtains the same number of votes, the shareholders present at the meeting shall vote between said lists. The candidate elected on the list obtaining a simple majority of votes shall be appointed. In any case, at least one of the Members of the Board of Directors is taken from the minority list obtaining the most votes and in no way connected, not even indirectly, to the shareholders that presented or voted on the list that came first in terms of number of votes⁵;
- (c) if, as a result of the procedure referred to in points a) and b) above, is not guaranteed:
 - the Board membership in compliance with the current *pro tempore* regulations on gender balance, the candidate belonging to the most represented gender elected as the last in progressive order in the list achieving most votes will be replaced by the first candidate from the minority gender included on that same list but not yet elected. A similar

⁵ Isagro's Articles of Association do not provide a percentage of votes equal to at least half of that one required by the same for the submission of minority list (compare to article 147-ter, paragraph 1, TUF).

- replacement will also be made in other lists achieving the election of at least one candidate, in decreasing order of the number of votes achieved, until the Board membership complies with the *pro tempore* current regulations on gender balance;
- a number of independent directors equal to at least the minimum number required by article 147-ter, paragraph 4 of Legislative Decree No. 58/1998, is not appointed, with respect to the overall number of directors, the non-independent candidate appointed as the last in progressive order in the list with the highest number of votes out of those that have achieved the election of at least one candidate but have not yet appointed at least one independent director, will be replaced by the first independent candidate on that list thus far not elected. A similar replacement will take place in the list that comes second in terms of number of votes among those that achieved the election of at least one candidate but have not yet appointed at least one independent director, if necessary to ensure appointment of the minimum number of independent directors;
- (d) finally, if the procedure referred to in point c) above fails to ensure compliance with the *pro tempore* current regulations on gender balance and/or on the minimum number of independent directors, the Shareholders' Meeting will take place with the legal majority to appoint the missing directors subject to the presentation of candidatures of persons satisfying the necessary requisites. For the appointment of the directors outside the renewal of the entire Board of Directors, or where a single list or no list is submitted, the Shareholders' Meeting resolves with the legal majority and the above procedures do not need to be observed, in compliance with the *pro tempore* provisions in force on balance between genders and/or on the minimum number of independent directors. If one or more directors terminate office during the year, arrangements will be made pursuant to article 2386 of the Italian Civil Code and in compliance with the *pro tempore* current regulations on gender balance and/or on the minimum number of independent directors.

Pursuant to article 16 of Articles of Association, if the resignation or other reasons result in termination of the majority of directors, the entire Board shall be considered to have resigned and a Shareholders' Meeting must be called without delay to appoint all directors.

Pursuant to article 17 of the Articles of Association, unless arranged by the Shareholders' Meeting, the Board of Directors will elect a Chairman among its members and may appoint one or more Vice-Chairmen and a Secretary, who does not need to be a director or a shareholder.

Succession plans

Considering the ownership structure and the fact that the only two executive directors have specular delegations, the Board of Directors has not so far assessed any succession plans for executive directors. Moreover, the Nomination and Remuneration Committee, during the meeting of November 14th, 2018, discussed about succession plans and the Board of Directors, during the meeting held on the same date, deemed appropriate to postpone to future meetings any decision about the opportunity to adopt, according to timing and methods considered most appropriate, a plan for the succession of executive directors that provides special mechanisms to be adopted for early replacement, i.e. prior to the natural expiry of the office, identifying the corporate bodies and parties involved in such activities.

4.2 COMPOSITION (pursuant to article 123-bis, paragraphs 2d) and d-bis), TUF)

The current Board of Directors, which mandate expires on approval of the Financial Statements as at December 31st, 2020, was elected by list vote during the Shareholders' Meeting of April 24th, 2018, pursuant to the provisions of article 15 of the Articles of Association.

Two lists for appointment to the Board of Directors were submitted.

The first list, presented by the shareholder Holdisa S.r.l. (holder of a stake equal to 53.66% of the share capital of Isagro S.p.A.), was composed as follows:

1. Giorgio Basile (Chairman)
2. Maurizio Basile
3. Riccardo Basile
4. Silvia Lazzeretti
5. Roberto Bonetti
6. Enrica Maria Ghia - Independent Director
7. Giuseppe Persano Adorno - Independent director
8. Claudia Perin - Independent Director

The second list, presented by the shareholder Mediolanum Gestione Fondi Sgr (owner of a 3.16% stake in the share capital of Isagro S.p.A.), was composed as follows:

1. Erwin Paul Walter Rauhe - Independent Director
2. Marcella Elvira Antonietta Logli - Independent Director
3. Angelo Zaccari - Independent Director

During the Shareholders' Meeting of April 24th, 2018, the number of Directors to be elected was set at 11 (eleven) and, therefore, in order to complete the number of Directors to be elected in light of the withdrawal of the candidate Claudia Perin (which took place on April 16th, 2018) and, in order to comply with the current provisions on gender balance, the appointment of Margherita Zambon as director was proposed by the shareholder Holdisa.

All candidates on the lists submitted were elected and the latter proposal was accepted.

The Board of Directors, in office as at December 31st, 2018, is composed as follows:

Executive members:

- Giorgio Basile, Chairman and Chief Executive Officer
- Maurizio Basile, Vice-Chairman

Non-executive members:

- Riccardo Basile
- Roberto Bonetti
- Enrica Maria Ghia (independent Director)
- Silvia Lazzeretti

- Marcella Elvira Antonietta Logli (independent Director)
- Giuseppe Persano Adorno (independent Director)
- Erwin Paul Walter Rauhe (independent Director)
- Angelo Zaccari (independent Director)
- Margherita Zambon

A brief *curriculum vitae* is provided below for each director, currently in office, highlighting their competence and experience in business management.

Giorgio Basile

Graduated in Economics with honours, he gained significant experience in Italy and abroad in Strategic and Sales Areas in Mobil Oil, and then moved on to Montedison, where he was Head of Strategic Coordination and then he became Chief Executive Officer at Auschem S.p.A..

He was Chairman of Agrofarma (National Association of Agrochemical Companies) for the four-year period 2001-2005.

From July 2011 to June 2013 he was Vice-Chairman with responsibility for Finance, Company Law and Tax Matters of Assolombarda, where he had previously been a member of the Executive Committee from 2005, and with responsibility for Research and Innovation for the first four years. Since June 2013 he has been a permanent member of the Executive Committee and Council of Assolombarda. For Confindustria he was a permanent member of the Technical Committee for Special Research and Innovation Projects and member of the Technical Committee for Tax in the period 2010-2013. Designated by Confindustria, he was a member of the Consultation Committee of Italian Stock Exchange in the period 2011-2014.

He is also a member of the Executive Council Committee of Federchimica.

Since June 2013 he has been a member of the Executive Committee of Assonime (Association of Italian Public Limited Companies). Since September 2014 he has been Vice-Chairman of *CSGM* (Research Facility Grande Milano).

Since April 2015 he has been Vice-Chairman of CINEAS (Consortium founded by the Milan Polytechnic for the dissemination of culture and specialized training on risk management) and since May 2015 he has been Chairman of the Board of The Ruling Companies Association.

Since June 2016 he has been part of the General Board of Assolombarda, after being permanent invited in Steering Committee and Junto over the last three years.

He is the Chairman of the Board of Directors of the Issuer and since 1994 he has also been CEO.

Maurizio Basile

Graduated in Economics and registered auditor, he was CEO and General Manager of Aeroporti di Roma S.p.A. until April 2008.

Between 2003 and 2006 he was Group General Finance Control and Equity Investments Manager of Ferrovie dello Stato S.p.A..

Between 1998 and 2003 he was Chairman and CEO of *Ente Tabacchi Italiani S.p.A.*, and between 1990 and 1994 he was Director of Planning and Strategic Control for the Alitalia Group. He has been awarded the state honour of Grande Ufficiale di Merito of the Italian Republic.



In 2010 and 2011 he was *President of the Cabinet to the Mayor of Rome* and CEO of ATAC S.p.A.. From 2000 to 2008 he was head of Business Methodology and Quantitative Measurement in the Economics Department of the Cassino State University.

Until the 2015-2016 academic year he was head of Advanced Management Control in the Economics Department of Luiss University in Rome. Since 2011 he has been Executive Director of I.R.B.M. Science Park S.r.l..

From June 2015 to December 2018 he has been Chairman of Novares S.p.A. (Federazione Italiana Tabaccai Group), a company operating in the collection of local taxes.

Since July 2016, has been Senior Advisor of Oliver Wyman.

Since June 2018, he has been Chairman of the Board of Statutory Auditors of EG Group Italia S.p.A..

Since January 2019, he has been a consultant for the Italian Federation of Tobacconists.

He has been Vice-Chairman of the Issuer since September 1st, 2011.

Riccardo Basile

Graduated in Economics at Bocconi University specialising in Corporate Finance. In the period 2006-2008 he specialized in Finance earning a master at the Leonard N. Stern School of Business where awarded merit-based scholarship.

He started his career working from 2003 to 2005 in A.T. Kearney as business analyst. Between 2005 and 2006 he was Senior Business Analyst of Strategy and Business Development department in Isagro S.p.A..

In 2007 he worked as a Summer Associate in the Investment Banking Team (Communication, Media and Technology) of JP Morgan. From 2009 to 2012 he worked firstly as Associated and later as Junior Engagement Manager at McKinsey & Company in Milan and London.

In 2012 he took part, together with other shareholders, to the founding of Lazada, first operator in the e-commerce market in Southeast Asia, recently joined the Alibaba Group.

Until 2015 he was Chief Executive Officer of Lazada Thailand. Later he has been appointed also as Group Chief Commercial Officer, role covered until June 2018.

He is currently engaged in entrepreneurial activities.

He has been a Non-Executive Director of the Issuer since August 5th, 2014.

Roberto Bonetti

Graduated in Chemical Engineering, he has gained significant experience in the agro-pharmaceutical sector.

From 1998 to 2002 he worked in I.P.I.C.I. S.p.A., as a Process Engineer.

From 2012 to 2017 he covered various positions in Isagro S.p.A. in relation to operations management worldwide.

From 2017 he is the Business Development Manager - Corporate Investments at Gowan Crop Protection Limited - UK.

He has been a Non-Executive Director of the Issuer since April 24th, 2018.

Enrica Maria Ghia

Graduated in Law, she was admitted to Milan Bar and the special register of Cassation Lawyers.

Since 1998 she has been a lawyer at the Law Firm Ghia, exercising the legal profession in the fields of banking, corporate, commercial and bankruptcy law, about the corporate restructuring sector. She is

legal and consultant of major Italian banks and follows numerous domestic and foreign companies operating in the fields of industry and services.

From 2009 to 2011 she was member of the World Jurist Association Board of Directors; from 2003 to 2012 she was Chairman of the Board of “Together for our Children's” Foundation; since 2013 she has been Chairman of the Board of Directors of TMA Italy.

Since 2015 she has been member of the Board of Directors of The Circle Italy Onlus, Founding Member of the International Insolvency Institute and Fellow of the European Association of Certified Turnaround Professionals (EACTP). Since January 2017 she has been Chairman of the TMA Europe Board of Directors.

She is active partner in numerous Italian and international associations, and in the last 10 years she has participated, even as the speaker, at numerous conferences especially in the fields of turnaround, restructuring and corporate recovery.

She has been an Independent Director of the Issuer since April 28th, 2016.

Silvia Lazzeretti

Graduated in Law, she is a member of the Milan Bar Association and is authorized to practice in the higher jurisdictions.

She has extensive experience in the field of national and international litigation, with particular reference to corporate and financial litigation and litigation relating to projects in the energy sector; she is also an expert in corporate law and insolvency and restructuring procedures.

She works as a lawyer and consultant, from a national and international perspective, assisting companies and corporate groups.

He is a member of the International Bar Association (IBA), the O (International Litigation) and CIArb (Chartered Institute of Arbitrators) Committee.

She is a speaker at numerous conferences and workshops on corporate matters and insolvency and restructuring procedures.

She has been a Non-Executive Director of the Issuer since April 24th, 2018.

Marcella Elvira Antonietta Logli

Graduated in Information Sciences, she has gained considerable experience in the digital media, Internet technologies, ICT as well as in the field of Corporate Social Responsibility.

From 1993 to 1995 she covered various roles in marketing and communication at Apple Computer S.p.A. From 1995 to 1996 she worked as Commercial Director in Italy Online S.p.A..

From 1996 to 2017 she covered various roles (from Marketing Director to Corporate Shared Value Manager) within the Telecom Italia Group.

Since March 2011 she has been a member of the Value Communication Committee D and since June 2016 she has been a member of the Executive Board of Value D.

Since July 2018, she has held the role of Chief Digital Officer within the San Donato Group.

She has been an Independent Director of the Issuer since April 24th, 2018.

Giuseppe Persano Adorno

Graduated in Economics and Commerce, he is a Chartered Accountant and Statutory Auditor.

He is currently a consultant to companies mainly in the field of: a) experts reports for assignment and processing; b) company evaluations, c) party technical consultancy, d) acquisition, merger, demerger and private equity transactions as well as e) national and international tax consultancy.

He covers various positions of supervision and control of SME companies in the industrial, commercial, services and financial sectors and in companies listed on the AIM market. He is Technical office consultant of the Court of Milan.

He is a member of the Supervisory Body of hospital companies and statutory auditor of foundations.

He is a member of NedCommunity and of the Licensing Executive Society Italia (LES Italia).

He has been an Independent Director of the Issuer since April 24th, 2018.

Erwin Paul Walter Rauhe

Graduated in Economics and Commerce, he covered different roles in the German Chemical Group BASF SE until the end of 2016 when he was Senior Vice-Chairman and Chairman of the Southern Europe Region.

He was Vice-Chairman of Federchimica until mid-2017, Vice-Chairman of Feique (Spanish chemical industry association), member of the Assolombarda Council and of various Confindustria committees.

He currently works as independent director and member of the Control and Risk Committee of HERA SpA and is Chairman of HERA Comm. S.r.l.

He is a Director of Eingenmann and Veronelli S.p.A. and member of the Nomination and Remuneration Committee of the same company.

He is Chairman of the Italian-German Chamber of Commerce of Milan, Councilor of the German association of Chambers of Commerce and Industry of Berlin, Director of Executive Advocacy, a company specialized in consulting for top management.

He is Adjunct Professor at the Chair of IESE Business Strategy (University of Navarra - Spain).

He is a member of the Board of Directors of an industrial Start-up (AE Innova).

As Senior Advisor, he follows the investments in Italy of the Deutsche Beteiligung AG in Frankfurt.

He has been an Independent Director of the Issuer since April 24th, 2018.

Angelo Zaccari

Graduated in Political Science, he has a long experience in the energy sector (Oil, Gas and Electricity). From 1973 to 1997 he covered various roles in Mobil Oil from Refinery Scheduling Manager to Trading Manager.

From 1997 to 2006 he worked in the Edison Group first as General Manager of Edison Gas and then as Managing Director of Edison Energia. Subsequently, after a brief period as Director of Fuel Supply & Risk Management at Alitalia and Managing Director of Enìa Energia, he took on various roles at Eni S.p.A. and, in particular from 2014 to 2017, he held the position of Chief Operating Officer Retail & Mid-Market Europe.

From January 2017 he is Chief Executive Officer of the company he founded (Full Scale Consulting SRLS), active in the field of energy consulting.

He has been an Independent Director of the Issuer since April 24th, 2018.

Margherita Zambon

Graduated in Political Economy, after an experience at Montedison as analyst, in 1988 she joined the family company, Zambon Company, a chemical-pharmaceutical multinational company.

She is Chairman of Zambon Company S.p.A. and of the main companies of the group as well as the Zoè Foundation (Zambon Open Education).

She is also a Director of Secofind SIM S.p.A., a multifamily office for entrepreneurial families and institutional investors as well as Aquafil S.p.A., a company listed on the Italian Stock Exchange.



She is also a Director of the Scala Theater Foundation.

She has been a Non-Executive Director of the Issuer since April 24th, 2018.

The composition of the Board of Directors is indicated in the following table:

STRUCTURE OF THE BOARD OF DIRECTORS

Assignment	Name	Year of birth	Date of first appointment *	In office since	List **	Exec.	Non-exec.	Indep. by Code	Indep. by TUF	No. other assignments ***	(*)
Chairman and Chief Executive Officer ◇	BASILE Giorgio	1942	21.06.1994	24.04.2018	M	X				-	10/10
Vice - Chairman ●	BASILE Maurizio	1948	26.04.2006	24.04.2018	M	X				I.R.B.M. Science Park S.r.l. Chief Executive EG Group Italia Board of Statutory Auditors Chairman	10/10
Director	BASILE Riccardo	1979	05.08.2014	24.04.2018	M		X			-	9/10
Director	BONETTI Roberto	1973	24.04.2018	24.04.2018	M		X			-	8/8
Director	GHIA Enrica Maria	1969	28.04.2016	24.04.2018	M		X	X	X	-	9/10
Director	LAZZARETTI Silvia	1969	24.04.2018	24.04.2018	M		X	X	X	-	8/8
Director	LOGLI Marcella Elvira Antonietta	1964	24.04.2018	24.04.2018	m		X	X	X	Gruppo Ospedaliero San Donato Chief Digital Officer	8/8
Director	PERSANO ADORNO Giuseppe	1965	24.04.2018	24.04.2018	M		X	X	X	4 AIM SICAF S.p.A. Statutory Auditor- SPACTIV S.p.A. Statutory Auditor- ALISEI SIM S.p.A. Board of Statutory Auditors Chairman	8/8
Director ○	RAUHE Erwin Paul Walter	1955	24.04.2018	24.04.2018	m		X	X	X	HERA S.p.A. Independent Director HeraComm. S.r.l. No Executive Chairman	8/8
Director	ZACCARI Angelo	1953	24.04.2018	24.04.2018	m		X	X	X	-	7/8
Director	ZAMBON Margherita	1960	24.04.2018	24.04.2018	M		X			Zambon Company S.p.A. (and Group companies) Board of Director Chairman	6/8



											Aquafil S.p.A. and Secofind SIM S.p.A. Director	
<i>DIRECTORS TERMINATING OFFICE DURING THE REPORTING PERIOD</i>												
Director	ECONOMOU Christina	1974	07.04.2014	24.04.2015	M		X			-	2/2	
Director	FRANCO Gianni	1945	19.12.2013	24.04.2015	M		X			-	2/2	
Director	SARTOR Adriana Silvia	1948	26.04.2012	24.04.2015	M		X	X	X	-	2/2	
Director ○	SIONIS Stavros	1945	24.04.2015	24.04.2015	M		X	X	X	-	2/2	
No. of meetings held in the reporting period: 10												
<i>Quorum required to present minority lists for the election of one or more members (pursuant to article 147-ter, TUF): 2,5%</i>												

In office until: the current Board of Directors is in office up to the Shareholders' Meeting called for the approval of the Financial Statements as at December 31st, 2020.

NOTE

- This symbol points out the executive director for the internal control and risk management system.
- ◇ This symbol points out the main responsible of the Issuer's management (Chief Executive Officer or CEO).
- This symbol points out the Lead Independent Director (LID).
- * Date of first appointment indicates the first time absolute the director was appointed member of the Issuer's Board of Directors.
- ** This column indicates whether the director was elected from a list voted, respectively, by a majority or minority ("M": majority list; "m": minority list; Board: Board list).
- *** This column indicates the number of assignments (fully indicated) as director or statutory auditor of each director in the companies listed on regulated markets (also foreign), financial companies, banks, insurance companies or large-sized companies.
- (*) This column indicates the attendance level of the director at Board of Directors meetings (expressed as the number of attended meetings compared to the total number of meetings which he/she could participate).

Name	Assignment	Control, Risk and Sustainability Committee		Nomination and Remuneration Committee (***)	
		(*)	(**)	(*)	(**)
BASILE Giorgio	Chairman and Chief Executive Officer				
BASILE Maurizio	Vice-Chairman				
BASILE Riccardo	Director				
BONETTI Roberto	Director				
GHIA Enrica Maria	Director	8/8	M	5/5	M
LAZZERETTI Silvia	Director				
LOGLI Marcella Elvira Antonietta	Director	5/5	C		
PERSANO ADORNO Giuseppe	Director	5/5	M	2/2	M
RAUHE Erwin Paul Walter	Director				
ZACCARI Angelo	Director			2/2	C
ZAMBON Margherita	Director				
<i>DIRECTORS TERMINATING OFFICE DURING THE REPORTING PERIOD</i>					
ECONOMOU Christina	Director				
FRANCO Gianni	Director				
SARTOR Adriana Silvia	Director			3/3	C
SIONIS Stavros	Director	3/3	M	3/3	M
no. of meetings held in the reporting period		8		5	

NOTE

(*) This column indicates the attendance level of directors at committee meetings (expressed as the number of attended meetings compared to the total number of meetings which he/she could participate).

(**) This column indicates the position of the director at the Committee: “C”: chairman; “M”: member.

(***) The Board of Directors has established a single “Nomination and Remuneration Committee” (see paragraphs 7.0 and 8.0 of this Report).

No changes to the composition of the Board of Directors of the Issuer have occurred since the closing of the reporting year.

Diversity and criteria policies

With regard to the diversity and criteria policies applied in relation to the composition of the administrative and control bodies, the issue is monitored as the composition of the Board of Directors and the Board of Statutory Auditors is adequately diversified by age, by gender and by educational and professional career, as well as by nationality, as can be seen from the above, as well as from the curricula.

In compliance with the provisions of application criterion 2.C.3. of the Code, a third of the Board of Directors consists of the least represented gender: 4 (four) female directors out of a total of 11 (eleven) directors.

In addition, as part of the Board Evaluation process carried out during the reference period, a rather high evaluation of the "diversity" emerged, demonstrating an almost unanimous opinion about the adequate composition of the above-mentioned bodies.

At this regard, the Board of Directors did not consider formalize the approval of a specific policy as necessary.

Finally, as regards the measures adopted to promote equal treatment and opportunities among genders within the entire company organization, in compliance with what is also defined in the Code of Ethics relating to the issue of human capital management, the Isagro Group is committed to ensuring that the working environment promotes equal opportunities and develops a culture focused on enhancing diversity.

To confirm this commitment, it should be noted that as at December 31st, 2018, the total number of employees of the Group is equal to n. 634 units and the presence of women is equal to n. 128 women, representing 20% of the total, of which n. 8 belonging to the professional category "executives".

Maximum number of assignments in other companies

Directors of the Issuer accept appointment to the Board when they believe they can dedicate the time necessary to perform their duties diligently, compatibly with the number and nature of other assignments they may hold. It is the practice of the Board to request disclosure from all its members of any offices they hold as directors or statutory auditors in other companies listed on regulated markets (also foreign), financial companies, banks, insurance companies or large companies as identified by criterion 1.C.2. of the Code.

In compliance with the recommendations of criterion 1.C.3. of the Code, the Board of Directors, by resolution carried on August 4th, 2015 and with the approval of the Board of Statutory Auditors, set a maximum number on the assignments that directors may hold compatibly with the diligent performance of the office of Company director, also taking into account Directors' participation in Board committees. The number of appointments that directors may hold as directors or statutory auditors in other companies listed on regulated markets (including foreign ones), financial companies, banks, insurance companies or large-sized companies is a total of 5 (five).

The current membership of the Board complies with the aforementioned criteria.

Induction Programme

The organisation and contents of Board of Directors' meetings, as well as the attendance of Committee meetings, guarantee constant updating of the directors and statutory auditors as regards the Company's performance and the reference market.

In addition, it should be noted that, following the setting up of the new Board of Directors appointed by the Shareholders' Meeting on April 24th, 2018, the Company organized, through a series of meetings with company representatives, specific induction sessions to the directors dedicated to illustrating the activities carried out by the Group and the peculiarities of the main corporate functions.

In particular, it should be noted that:

- on July 16th, 2018, an induction session was held at the registered office, organized by the "Marketing & Sales" and "Supply Chain" functions;
- on July 16th, 2018, at the Novara Research Center, the Directors visited the laboratories and subsequently attended a meeting for the presentation of the "Research and Development" and "Regulatory Affairs" functions;
- on September 3rd, 2018, the Directors met with the General Manager and the Manager responsible for preparing the corporate accounting documents, also present the representatives of the Independent Auditors and the members of the Board of Statutory Auditors;
- finally, on December 12th, 2018, the Company organized an induction session on the project of the 2018 Non-Financial Statement, pursuant to EU Directive 2014/95, implemented by Legislative Decree no. 254/2016.

Moreover, during the Board of Directors meetings the Chairman and Chief Executive Officer, provides to illustrate the main business issues to better understand the Company and the Group performance. He also provides Board members with continuous information about the main sector regulatory framework updates and their impact on the Company business. Also regarding the principles of proper risk management, during the meetings of the Board of Directors, Chairman and Chief Executive Officer asks for further insights, if deemed appropriate, with the support of the Control, Risk and Sustainability Committee and of the Risk Manager.

Moreover, in accordance with the provisions of criterion 1.C.6. of the Code, upon Chairman invitation, certain Company's executives attend the Board meetings in order to provide appropriate supplemental information on the items on the Board agenda.

4.3 ROLE OF THE BOARD OF DIRECTORS (pursuant to article 123-bis, paragraph 2d), TUF)

In 2018, 10 (ten) meetings of the Board of Directors of the Issuer were held. The average duration of the Board meetings was approximately three hours.

For 2019 at least 8 (eight) meetings are planned, 3(three) of which were already held on January 15th, February 28th, and March 13th, 2019.

The promptness and completeness of pre-meeting information are guaranteed by the Corporate & General Affairs department of the Company, which in coordination with and supported by the company departments concerned, ensures all necessary documents are prepared as required for discussion of the items on the agenda. Transmission of these documents to Directors and Statutory Auditors is arranged by the Secretary of the Board of Directors, who takes care to prepare them reasonably in advance before the meeting date, also taking into account any confidentiality and urgency requirements in connection with certain topics. The Board considers that, in most cases, the documentation on items on the agenda has to be transmitted to Directors and Statutory Auditors at least 2 (two) business days before the meeting date. Complex documents or those relating to significant transactions must be sent at least 3 (three) business days before the meeting date.

The Board considers that these criteria were normally complied with during the year ended December 31st, 2018. In case, for organisational or confidentiality reasons, it is not possible or appropriate to transmit documentation before the meeting date in accordance with the above deadlines, the documents are handed out at the meeting itself, while in other cases the information must be supplemented during the board meeting.

In addition, the Chairman of the Board of Directors ensures that time for discussion of the agenda topics' is sufficient to allow constructive debate and, during the meetings, encourages contributions from Directors.

As standard practice, persons external to the Board are invited to the Board of Directors' meetings, in particular Executives and/or Managers of Company departments with specific responsibilities and skills on issues discussed by the Board of Directors, in compliance with the provisions of criterion 1.C.6. of the Corporate Governance Code.

In this regard, it is noted that the following managers are invited to take part to Board of Directors meetings: the General Manager, the Chief Financial Officer, the Group Director Administration, the Chief Commercial Officer, the Group Director Marketing & Sales, the Group Director Human Resources & Communication, the Internal Audit Manager, Q&HSE Manager and Risk Manager, the ICT Manager and the General & Corporate Affairs Manager (also as Board Secretary).

Role of the Board of Directors

Pursuant to article 21 of the Company's Articles of Association, the Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, without exception of any kind, and has the power to carry out all actions necessary to reach the corporate objectives, with the exception of those powers identified by law to reside with the Shareholders' Meeting.

More specifically, in accordance with criterion 1.C.1. of the Code, the duties of the Board of Directors are as follows:

- a) examine and approve the strategic, industrial and financial plans of both the Issuer and the Group, periodically monitoring the related implementation; it defines the Issuer's corporate governance and the structure of the Group;

- b) define the nature and level of risk compatible with the Issuer's strategic objectives including the assessment of all risks that can be relevant for the medium and long-term sustainability of the Issuer;
- c) evaluate the adequacy of the organisational, administrative and accounting structure of the Issuer as well as of its subsidiaries of strategic importance with particular reference to the system of internal control and risk management;
- d) specify the frequency, in any case no less than one every three months, with which the delegated bodies must report to the Board on the activities carried out in the exercise of the powers delegated to them;
- e) evaluate the general performance of the Company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;
- f) resolve upon transactions to be carried out by the Issuer or its controlled companies having a significant impact on the Issuer's strategies, profitability, assets and liabilities or financial position;
- g) perform at least annually an evaluation of the performance of the Board of Directors and its Committees, as well as their size and composition, also taking into account the professional competence, experience (including managerial experience) and the gender and seniority in office of its members, also in relation to the diversity criteria referred to in art. 2.;
- h) taking into account the outcome of the evaluation mentioned under the previous item (vii), report its view to shareholders on the managerial and professional profiles deemed appropriate for the composition of the Board of Directors, prior to its nomination, also in relation to the diversity criteria referred to in art. 2.;
- i) provide information in the Corporate Governance Report as set forth in the Code;
- j) in order to ensure the correct handling of corporate information, adopt, upon proposal of the Chairman of the Board of Directors, a procedure for the internal handling and disclosure to third parties of documents and information concerning the Issuer, having special regard to price sensitive information.

In 2018, the Issuer's Board of Directors conducted the following activities:

- examined and approved the strategic, industrial and financial plans of the Issuer and of the Group, the corporate governance system of the Issuer and the Group structure. In particular, during the meetings of February 21st, July 17th and December 12th 2018, it took note of the strategic guidelines and business model underlying the Business Plan 2019-2023 (approved during the Board meeting of January 15th, 2019); it also assessed the general operating performance on a quarterly basis, taking into particular consideration the information received from the delegated bodies, and periodic comparison of the results achieved against the Budget and Business Plan objectives;

- in the Board meeting of February 21st, 2018, it took note, with reference to the year 2017, of the results of the so-called “Board Evaluation” on the functioning of the Board itself and of its committees, as well as on their size and composition, verifying that the various components - executive, non-executive, independent - and professional and managerial, also of an international nature, competences are adequately represented in relation to the activity carried out by the Company, also taking into account the benefits that can derive from the presence in the Board of different genders, age groups and seniority;
- the Board Evaluation, carried out with the support of the independent consulting company "Governance Advisors", was carried out by each Board member filling out a self-assessment questionnaire (containing about one hundred questions) and, subsequently, through an individual interview with the consultant, aimed at drawing a subjective picture of the activities of the Board and further investigating the most relevant points that emerged from the analysis of the aforementioned questionnaires. At the end of the session, the Board identified the appropriate corrective actions, in view of the expiry of the Board with the approval of the financial statements as at December 31st, 2018;
- on March 13th, 2018, the Board of Directors approved the draft of Financial Statements of Isagro S.p.A. as at December 31st, 2017 and the Isagro Group Consolidated Financial Statements as at December 31st, 2017 with the related Directors’ Management Reports and Notes to the Financial Statements; at the same date, it also approved the impairment tests executed in compliance with IAS 36 International Accounting Standard;
- at the same meeting March 13th, 2018, the Board of Directors approved the " Consolidated Non-Financial Statement - year 2018" pursuant to EU Directive 2014/95, the "Report on Corporate Governance and Ownership Structures", pursuant to art. 123-bis of Legislative Decree no. 58/1998 and the "Remuneration Report", with the relative tables, pursuant to art. 123-ter of Legislative Decree no. 98/1998;
- again on March 13th, 2018, with the support of the Control, Risk and Sustainability Committee, assessed the substantial adequacy of the internal control and risk management system, at the same time evaluating the activities performed within the risk management process; it also gave a mandate to the Chairman and the Vice-Chairman to complete all the formalities for the purpose of convening the Shareholders' Meeting and at the same time approving the proposals of the “Retention and Incentive Plan” of the top management and authorization for the purchase and sale of treasury shares to be submitted to the aforementioned Meeting;
- during the meeting of May 2nd, 2018, it assessed the existence of the independence requisites required by art. 3.P.2. of the Corporate Governance Code for the Independent Directors of the Issuer, approving at the same time the text of the press release, containing the outcome of the assessment, to be transmitted to the Italian Stock Exchange according to the methods and terms provided for by the current legislation;
- during the board meeting of May 2nd, 2018, it confirmed Giorgio Basile, as Chief Executive Officer (C.E.O.) in his office, conferring new powers and revoking, at the same time, those previously assigned, defining the limits and methods of exercising them; it also renewed the

office of Vice-Chairman with the attribution of powers for the Administration, Finance and Control and Human Resources and Communication areas and the consequent conferral of powers and redefinition of remuneration (during the board meeting of November 14th, 2018); We highlight that, based on revenues generated, the subsidiary Isagro (Asia) Agrochemicals was identified as of strategic significance.

With regard to criterion 1.C.4. of the Code, we report that in 2018 the Shareholders' Meeting of the Issuer did not adopt any resolution entailing exception to the non-competition clause envisaged in article 2390 of the Italian Civil Code.

4.4 EXECUTIVE OFFICERS

Chief Executive Officers

In accordance with article 17 of the Articles of Association, the Board of Directors may delegate its powers to an Executive Committee formed of some of its members, or to one or more of its own members, setting the limits of such powers at the time of the appointment, in compliance with the limits set forth in article 2381 of the Italian Civil Code.

The Board of Directors may also appoint directors, administrators, *ad negotia* and *ad litem* attorneys, and representatives in general to perform certain acts or categories of acts.

The Chairman of the Board of Directors and the Chief Executive Officers, when appointed, are vested with disjoined signatory powers and the power to represent the Company before third parties and the courts, including the power to file legal and administrative actions at all levels of jurisdiction.

In accordance with the Articles of Association, the Company may be legally represented by non-directors appointed by the Board of Directors within the limits and for the exercise of its powers.

The Chairman of the Board of Directors, Giorgio Basile, holds the office of *Chief Executive Officer* (C.E.O.).

We highlight that, as recommended by criterion 2.C.6. of the Corporate Governance Code, there are no interlocking directorate positions.

Chairman of the Board of Directors

On May 2th, 2018, the Board of Directors of the Issuer vested the Company's Chairman and Chief Executive Officer with the necessary powers to represent the Company by means of a separate and disjoined signature, within the limits of the assigned powers. The reason for assigning these operating powers to the Chairman of the Board lies in consideration of the fact that he is one of the key figures that has made an important contribution to the Group's development, given his long-time experience in the Group's business sector and the significant role he has played in managing the Issuer's activities

makes him an important resource. The potential risks arising from plurality of the two offices of Chairman and Chief Executive Officer are mitigated by the presence of the Lead Independent Director, reference to which is made in section 4.7 of this Report.

The Board of Directors delegated the legal representation of the Company with third parties and the courts to the Chairman and Chief Executive Officer, Giorgio Basile, along with the following powers for ordinary management of the Company, freely exercisable by separate signature (unless established otherwise), specifying that for the purpose of the following powers those of the *General Manager*, the *Chief Financial Officer* and the *Group Directors* of the Company are to be considered 2nd level as defined internally:

- a) to appear and represent the Company before Ministries, Chambers of Commerce, Social Security and Insurance Institutions, Tax Authority and other entities, and file, negotiate and settle disputes, claims and business of any kind concerning the Company;
- b) to represent the Company in performing all acts necessary for the safeguarding, protection, performance of obligations and acquisition of Company rights, including therein claims for the recovery of goods and statements, appeals and applications lodged with Credit Institutions, administrative, financial and judicial authorities of any kind and level, also with regard to foreign exchange and taxation matters; to negotiate settlements relating to disputes with public entities and offices, including the Registrar's Office and Tax Offices, and present cases before tax commissions of all levels, with the power to negotiate settlements on tax matters and file for tax refunds and refunds of contributions paid for any reason by the Company, with the power to collect and acknowledge receipt;
- c) to sign in the name of, and on behalf of the Company applications filed with State, Regional and Local or any other Public Offices for authorisations, licences and permits, signing any document requested and accepting the obligations and conditions attached to said authorisations, licences and permits, and performing all acts and transactions necessary for this purpose; to forfeit any concessions, authorisations and licences granted; to submit and comply with any application with state and local entities aimed at obtaining tax concessions and subsidies envisaged by state laws and undertake relative commitments;
- d) to authorise registrations with or cancellations from the Public Automobile Register, exonerating registrars from all liability;
- e) to withdraw money from banks by means of a separate signature up to the amount of € 1,500,000 (one million and five hundred thousand) and a joint 2nd level signature for amounts between € 1,500,000 (one million and five hundred thousand) and € 3,000,000 (three million) for each transaction, all within the limit of bank credit lines, in the form of cheques, money orders and bank transfers also to third parties; to deposit bank cheques or non-bank cheques; to give power to banks to arrange the discounting, collection and/or clearance of promissory notes, bills of exchange, cash orders, money orders and similar;
- f) to execute any banking transaction regarding advances on cash orders and invoices issued by Italian and foreign customers, as well as advances on payments due to foreign suppliers, transfers of funds across each Company's bank accounts, and transfers of funds between the several banks;
- g) to request the release of guarantees to Credit Institutes for and on behalf of the Company

for up to € 1,000,000 (one million) by means of separate signature, for amounts exceeding € 1,000,000 (one million) and up to € 4,000,000 (four million) by a joint 2nd level signature for each transaction;

- h) to request and to obtain from banks, Credit Institutions and from financial companies and entities, ordinary and umbrella lines of credit by means of a separate signature up to € 20,000,000 (twenty million). These transactions must be communicated to the Board of Directors;
- i) to request and to obtain from Credit Institutions and/or factoring companies, factoring facilities by means of a separate signature up to € 30,000,000 (thirty million), including the execution of any related contracts, credit transfer, pledges, collection orders, and in general all else related to factoring, all with promise of full ratification and approval, also in regard to transactions already executed, with no exception whatsoever and relieving Credit Institutions and/or factoring companies of any related liability. It is understood that the maximum amount for each factoring transaction is considered added to the amount of ordinary and umbrella lines of credit. These transactions must be communicated to the Board of Directors;
- j) to assign all powers to assume, grant, amend and extinguish contracts covering any form of financing involving Company's subsidiaries and/or related companies, and to release guarantees, including letters of guarantee, declarations of payment and letters of patronage in the interest of Company's subsidiaries and/or associates pursuant to article 2359 of the Italian Civil Code and within the limit of the line of credit granted by each individual Credit Institution. These transactions must be communicated to the Board of Directors;
- k) to assign any power to assume, grant, amend and extinguish collateral in any form as part of transactions carried out in exercising the powers granted. These transactions must be communicated to the Board of Directors;
- l) to start or end relations with banks and Credit Institutes by opening bank and post office current accounts;
- m) to execute exchange rate, interest rate and commodity price hedges and repurchase agreements by means of a separate signature up to € 5,000,000 (five million) and a joint 2nd level signature for amounts exceeding € 5,000,000 (five million) for each transaction;
- n) to secure the provision of basic services to the Company, such as power supply, telephone and telex services, etc. and to sign the related contracts and doing what is necessary for this purpose;
- o) to enter into, sign, transfer and terminate insurance policies against fire, public liability, theft, credit and country risks involving Italian and foreign customers, as well as any other risk which it is considered the Company should be protected;
- p) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering the purchase or sale of goods, products, registered movables not recorded in Public Records, machinery and other equipment, as well as the provision of services for purposes relating to company business by means of a separate signature up to € 1,500,000 (one million and five hundred thousand) and a joint 2nd level signature for amounts exceeding € 1,500,000 (one million and five hundred thousand) for each

transaction;

- q) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering the purchase or sale of buildings, equity investments and intangible assets by means of a separate signature up to € 1,500,000 (one million and five hundred thousand) and a joint 2nd level signature for amounts exceeding € 1,500,000 (one million and five hundred thousand) for each transaction, provided that they do not exceed 20% of the Company's shareholder's equity. If necessary, to enter into confidentiality agreements as regards intangibles;
- r) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering the purchase, sale or licensing of trademarks, patents, industrial, utility and design patents, technical processes, intellectual property and know-how by separate signature up to € 1,000,000 (one million) and joint 2nd level signature for amounts exceeding € 1,000,000 (one million) for each transaction;
- s) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering the distribution of goods and products;
- t) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering contract work payable or receivable;
- u) to submit a tender for contracts with Ministries, Public Administrations, Public and private Entities in Italy and abroad covering the provision of goods and services, and, in the event of award of contract, to execute the related contracts;
- v) to grant discounts or deductions in regard to commercial transactions by means of a separate signature up to € 500,000 (five hundred thousand) and a joint 2nd level signature for amounts exceeding € 500,000 (five hundred thousand) for each transaction;
- w) to sign and to withdraw currency statements (currency declarations relating to current commercial and non-commercial transactions - regarding the movement of goods - and financial transactions) with or without regulation, as well as any other statement concerning regulations for the compensation of obligations between residents and non-residents; to sign and to endorse invoices, goods circulation certificates, applications and statements necessary to carry out the aforementioned transactions, including declarations for the transfer of goods within the EU;
- x) to collect any amount due to the Company by natural persons or legal entities, and to give valid receipts; to transfer, discount and accept drafts and promissory notes issued by customers in the interest of the Company, or transferred to the Company; to accept or transfer to the third parties delegations in order to provide payments to issue promissory notes and bills of exchange in favour of third parties for up to € 250,000 (two hundred and fifty thousand) per transaction with separate signature, and up to € 2,000,000 (two million) per transaction with joint signature with the Company's Vice-Chairman. Such transactions must be reported to the Board of Directors;
- y) to appoint and/or to revoke the appointment of special and ordinary attorneys for executing one or more acts or categories of acts, specifying the powers granted to them;
- z) to hire Company staff, determining their wages and salaries, to sign employment contracts,



to dismiss or suspend employees, to appoint and dismiss agents, determining their commissions, to sign contracts with outside professionals concerning professional performances.

Executive Committee (pursuant to article 123-bis, paragraph 2d), TUF)

The Board of Directors of the Issuer has not established an Executive Committee.

Information to the Board

The Board evaluates the general performance of the Company taking into consideration, in particular, the information received from the Chief Executive Officer and periodically comparing the results achieved with those planned.

Specifically, at each Board of Directors' meeting and at least once every quarter:

- the Chief Executive Officer or other directors assigned special powers, provide suitable reports to the Board of Directors and Board of Statutory Auditors on the exercise of such powers;
- the Chief Executive Officer reports on general business performance and outlook, on the most significant transactions in economic, financial and equity terms performed by the Company and its subsidiaries, as well as on transactions concerning potential conflict of interest.

During the year, to offer directors a better understanding of corporate dynamics and events, certain Company managers were invited to attend meetings of the Board of Directors, Control, Risk and Sustainability Committee, Nomination and Remuneration Committee and Board of Statutory Auditors.

4.5 OTHER EXECUTIVE DIRECTORS

Alongside the Chairman and CEO, discussed in the previous section, the following Executive Director is responsible for executive offices of the Issuer.

Maurizio Basile, in his role as Vice-Chairman of the Issuer with responsibility for the areas of Administration, Finance and Control and Human Resources and Communication, on May 2nd, 2018, subsequently integrated November 14th, 2018, received from the Board, in addition to the legal representation of the Company with third parties and the courts, the following powers for ordinary management of the Company, to be freely exercised by means of a separate signature (unless established otherwise), specifying that for the purpose of the following powers those of General Manager, the Chief Financial Officer and the Company Group Directors are to be considered 2nd level as defined each time internally:

- a) to appear and represent the Company before Ministries, Chambers of Commerce, Social Security and Insurance Institutions, Tax Authority and other entities, and file, negotiate and settle disputes, claims and business of any kind concerning the Company;

- b) to represent the Company in performing all acts necessary for the safeguarding, protection, performance of obligations and acquisition of Company rights, including therein claims for the recovery of goods and statements, appeals and applications lodged with Credit Institutions, administrative, financial and judicial authorities of any kind and level, also with regard to foreign exchange and taxation matters; to negotiate settlements relating to disputes with public entities and offices, including the Registrar's Office and Tax Offices, and present cases before tax commissions of all levels, with the power to negotiate settlements on tax matters and file for tax refunds and refunds of contributions paid for any reason by the Company, with the power to collect and acknowledge receipt;
- c) to sign in the name of, and on behalf of the Company applications filed with State, Regional and Local or any other public offices for authorisations, licences and permits, signing any document requested and accepting the obligations and conditions attached to said authorisations, licences and permits, and performing all acts and transactions necessary for this purpose; to forfeit any concessions, authorisations and licences granted; to submit and comply with any application with state and local entities aimed at obtaining tax concessions and subsidies envisaged by state laws and undertake relative commitments; to authorise registrations with or cancellations from the Public Automobile Register, exonerating registrars from all liability;
- d) to withdraw money from banks by means of a separate signature up to the amount of € 1,500,000 (one million and five hundred thousand) and a joint 2nd level signature for amounts between € 1,500,000 (one million and five hundred thousand) and € 3,000,000 (three million) for each transaction, all within the limit of bank credit lines, in the form of cheques, money orders and bank transfers also to third parties; to deposit bank cheques or non-bank cheques; to give power to banks to arrange the discounting, collection and/or clearance of promissory notes, bills of exchange, cash orders, money orders and similar;
- e) to execute any banking transaction regarding advances on cash orders and invoices issued by Italian and foreign customers, as well as advances on payments due to foreign suppliers, transfers of funds across each Company's bank accounts, and transfers of funds between the several banks;
- f) to request the release of guarantees to Credit Institutions for and on behalf of the Company for up to € 1,000,000 (one million) by means of separate signature, for amounts exceeding € 1,000,000 (one million) and up to € 4,000,000 (four million) by a joint 2nd level signature for each transaction;
- g) to request and to obtain from Credit Institutions and/or factoring companies, factoring facilities by means of a separate signature up to € 30,000,000 (thirty million), including the execution of any related contracts, credit transfer, pledges, collection orders, and in general all else related to factoring, all with promise of full ratification and approval, also in regard to transactions already executed, with no exception whatsoever and relieving Credit Institutions and/or factoring companies of any related liability. It is understood that the maximum amount for each factoring transaction is considered added to the amount of ordinary and umbrella lines of credit. These transactions must be communicated to the Board of Directors;
- h) to assign all powers to assume, grant, amend and extinguish contracts covering any form of

financing involving Company's subsidiaries and/or related companies, and to release guarantees, including letters of guarantee, declarations of payment and letters of patronage in the interest of Company's subsidiaries and/or associates pursuant to article 2359 of the Italian Civil Code and within the limit of the line of credit granted by each individual credit institution. These transactions must be communicated to the Board of Directors;

- i) to assign any power to assume, grant, amend and extinguish collateral in any form as part of transactions carried out in exercising the powers granted. These transactions must be communicated to the Board of Directors;
- j) to start or end relations with banks and Credit Institutes by opening bank and post office current accounts;
- k) to execute exchange rate, interest rate and commodity price hedges and repurchase agreements by means of a separate signature up to € 15,000,000 (fifteen million) and a joint 2nd level signature for amounts exceeding € 15,000,000 (fifteen million) for each transaction;
- l) to secure the provision of basic services to the Company, such as power supply, telephone and telex services, etc. and to sign the related contracts;
- m) to enter into, sign, transfer and terminate insurance policies against fire, public liability, theft, credit and country risks involving Italian and foreign customers, as well as any other risk which it is considered the Company should be protected;
- n) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering the purchase or sale of goods, products, registered movables and recorded in Public Records, machinery and other equipment, as well as the provision of services for purposes relating to Company business by means of a separate signature up to € 1,500,000 (one million and five hundred thousand) and a joint 2nd level signature for amounts exceeding € 1,500,000 (one million and five hundred thousand) for each transaction;
- o) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering the purchase or sale of buildings, equity investments and intangible assets by means of a separate signature up to € 1,500,000 (one million and five hundred thousand) and a joint 2nd level signature for amounts exceeding € 1,500,000 (one million and five hundred thousand) for each transaction, provided that they do not exceed 20% of the Company's shareholder's equity. If necessary, to enter into confidentiality agreements as regards intangibles;
- p) to enter into, amend and terminate, with all appropriate clauses including an arbitration clause, contracts covering the purchase, sale or licensing of trademarks, patents, industrial, utility and design patents, technical processes, intellectual property and know-how by separate signature up to € 1,000,000 (one million) and joint 2nd level signature for amounts exceeding € 1,000,000 (one million) for each transaction;
- q) to submit a tender for contracts with Ministries, Public Administrations, Public and private Entities in Italy and abroad covering the provision of goods and services, and, in the event of award of contract, to execute the related contracts;

- r) to grant discounts or deductions in regard to commercial transactions by means of a separate signature up to € 500,000 (five hundred thousand) and a joint 2nd level signature for amounts exceeding € 500,000 (five hundred thousand) for each transaction;
- s) to sign and to withdraw currency statements (currency declarations relating to current commercial and non-commercial transactions - regarding the movement of goods - and financial transactions) with or without regulation, as well as any other statement concerning regulations for the compensation of obligations between residents and non-residents; to sign and to endorse invoices, goods circulation certificates, applications and statements necessary to carry out the aforementioned transactions, including declarations for the transfer of goods within the EU;
- t) to collect any amount due to the Company by natural persons or legal entities, and to give valid receipts; to transfer, discount and accept drafts and promissory notes issued by customers in the interest of the Company, or transferred to the Company; to accept or transfer to the third parties delegations in order to provide payment to issue promissory notes and bills of exchange in favour of third parties for up to € 250,000 (two hundred and fifty thousand) per transaction with separate signature, and up to € 2,000,000 (two million) per transaction with joint signature with the Company's Chairman. Such transactions must be reported to the Board of Directors;
- u) to hire Company staff, determining their wages and salaries, to sign employment contracts, to dismiss or suspend employees, (including persons in managerial roles), signing any inherent deed or document, including declarations relating to the salary or personal data of the personnel, the necessary deeds and documents relating to the training of workers and the training and orientation reports, supply, work, professional services and general services with private individuals;
- v) to represent the Company in conciliations in trade unions resulting from disputes relating to labour relations and in the related proceedings before the judicial authority (including the Justice of the Peace), with the right to sub-delegate;
- w) to sign contracts with outside professionals concerning professional performances; appoint and dismiss agents, determining their commissions;
- x) to sign the correspondence, declarations and any act or document relating to the objects referred to in this mandate, in the context and for the exercise of the powers attributed herein;
- y) to appoint and/or to revoke special and ordinary attorneys for single deeds and/or categories of deeds with specific powers granted to them.

4.6 INDEPENDENT DIRECTORS

The Board of Directors, with reference to each Board member and on an annual basis, performs an assessment on the possession of independence requisites, also based on information provided by the directors, and discloses the results to the market.

We highlight that 5 (five) non-executive directors, namely Enrica Maria Ghia Marcella Elvira Logli, Erwin Paul Walter Rauhe, Giuseppe Persano Adorno e Angelo Zaccari, are qualified as ‘independent’ directors in accordance with article 3 of the Corporate Governance Code and article 144-*novies* of the Consob Regulation on Issuers.

The independence of the independent directors was assessed by the Board of Directors during the meeting of May 2nd, 2018, following their appointment at the Shareholders’ Meeting of April 24th, 2018.

In performing its assessment as to whether independence requirements were met, the Board of Directors applied all the criteria envisaged in the Code.

The persisting characteristics of independence for the directors was verified by the Board of Directors of the Issuer, adopting the parameters of article 3 of the Code and duly disclosed to the market, during the meeting of February 28th, 2019 based on the declarations made by the individuals concerned supported by related documents.

In accordance with criterion 3.C.5. of the Code, after the Board of Directors’ verifications, the Board of Statutory Auditors confirmed the correct application of the procedures adopted by the Board of Directors for assessing the independence of its members. The results of these verifications are described in the Board of Statutory Auditor’s Report to the Shareholders Meeting.

In 2018 the independent directors met 6 (six) times, in the absence of the other directors and coordinated by the Lead Independent Director, mainly to assess and analyze the following matters:

- the results raised from the Board Evaluation assessment;
- the approval of the withdrawal from the Framework Agreement with the related party Gowan pursuant to art. 3.1 of the “Procedure for managing transactions with related parties;
- the valuation of intangible assets recorded in the financial statements;
- the financial exposure of the Company and of the Group and the analysis of the main medium/long-term loans of the Company;
- the business model and the Business Plan 2019-2023;
- the opportunity to proceed with the digitalization of the management and organization of Board meetings (so called technological innovation of the Board);
- the "Retention and Succession Plan" defined by the Company;
- the corporate governance model;
- the main issues of environmental interest with reference to the production sites;
- the strategic role played by the subsidiary Isagro Asia.

It should be emphasized that the directors, qualified as independent, are committed through declarations signed by each one to promptly inform the Board if any situation arises that inhibits their office and about any change to the aforementioned declarations during their term of office.

4.7 LEAD INDEPENDENT DIRECTOR

In accordance with criterion 2.C.4. of the Corporate Governance Code, considering that the plurality of offices of the Chairman of the Board of Directors and CEO are held by the Executive Director, Giorgio Basile, the Board of Directors, by resolution of May 2nd, 2018, appointed the independent director Erwin Paul Walter Rauhe as Lead Independent Director.

This decision stems from the need to identify the Lead Independent Director, pursuant to criterion 2.C.5. of the Corporate Governance Code, as a point of reference and coordination for the issues and contributions of non-executive directors, having regard to those of independent directors. The Lead Independent Director co-operates with the Chairman to guarantee that the directors receive full and prompt information. The Lead Independent Director is also vested with the power, either independently or at the request of other Board Members, to call special meetings of sole independent directors in order to discuss issues judged to be of interest with respect to the functions of the Board of Directors or to the management of the Company.

With reference to the main activities carried out by the Lead Independent Director refer to the previous paragraph.

5.0 TREATMENT OF CORPORATE INFORMATION

On July 13th, 2017 the Board of Directors of the Company approved the updated version⁶ of the Company's "Internal Dealing Code" (this document is available on the Company website www.isagro.com, in the corporate governance/codes and procedures section), pursuant to article 114, paragraph 7, TUF, to European directives on "Market Abuse" and to the articles set forth in Part III, Title VII, Chapter II of Consob Regulation no. 11971/1999, as subsequently amended (so-called "Consob Issuers' Regulation").

The Internal Dealing Code was introduced with the aim of regulating the disclosure and conduct obligations that must be respected by "relevant parties" and their "closely linked individuals" with regard to all transactions made by them on the listed financial instruments of Isagro S.p.A. in order to improve transparency and informative homogeneity with regard to the market.

During 2018 the Company complied with obligations provided by the Regulation for markets organised and managed by the Italian Stock Exchange in the public disclosure of confidential information via the SDIR-NIS system managed by BIT Market Services S.p.A.. At the same time, for the storage of regulated information, mandatory since 2014, the Company adopted the centralized storage mechanism, called "Info", available at www.computershare.it, managed by Computershare S.p.A., a company authorized by Consob. It is hereby given that, on the approval date of this Report, the Company uses the SDIR-NIS system also for the storage of regulated information.

In accordance with the provisions of criterion 1.C.1. j) of the Corporate Governance Code, at the meeting of December 13th, 2006 the Isagro S.p.A. Board of Directors approved the "Internal regulations for the management and treatment of confidential information and for the external communication of

⁶ The first version of the Internal Dealing Code dates back to the document approved by the Board of Directors on October 13th, 2003.

documents and information”, updated to its new version at the meeting of August 4th, 2016 (this document is available on the Company website www.isagro.com – governance section/codes and procedures).

The aim of this Regulation is to define the terms and procedures for the market disclosure of Issuer’s price sensitive information and at the same time establish adequate and specific control principles in order to prevent the commission of corporate “Market Abuse” offences.

Moreover, in compliance with article 115-*bis* of the TUF, a “Register of persons with access to price sensitive information” (hereinafter the “Register”) was created. Established on October 30th, 2006, this Register lists the names of all persons with occasional or regular access to significant or price sensitive information. The General and Corporate Affairs Managers is responsible for keeping, managing and updating the Register.

6.0 INTERNAL BOARD COMMITTEES (pursuant to article 123- bis, paragraph 2d), TUF)

The Board of Directors can establish internal committees consisting of Board members, which provide consulting support and submit proposals, setting the number of committee members and their duties and responsibilities, in accordance with laws in force governing companies listed on regulated markets.

The Board has established two internal committees: the “Nomination and Remuneration Committee” and the “Control, Risk and Sustainability Committee” (the latter, in particular, starting from May 2nd, 2018, was renewed in its denomination and in the tasks assigned, as better specified in section 10 of this Report).

We highlight that, pursuant to criterion 4.C.1., paragraph c), the Board resolved to establish a single “Nomination and Remuneration Committee”, composed of independent directors. This approach is justified by the Company’s organisational necessity to group together the duties assigned to committees provided by the Code, in compliance with the rules on their membership, and the need for flexibility, also taking into consideration the size of the Board of Directors.

The functions of the above-mentioned committees are distributed in compliance with the Code.

It should be emphasised that, under the coordination of the Chairman, no responsibility for one or more committees is reserved to the Board of Directors.

Other committees not contemplated in the aforementioned Code have not been established, except for the “Committee of Independent Directors” set up to perform the tasks indicated in the “Procedure for managing transactions with related parties” pursuant to Consob Resolution no. 17221 of March 12th, 2010 and subsequent amendments.

7.0 NOMINATION COMMITTEE

Composition and duties of the Nomination Committee (pursuant to article 123-bis, paragraph 2d), TUF)

Following the appointment of the new Board of Directors, on May 2nd, 2018, it set up the Nomination Committee, which will also serve as the Remuneration Committee. This Committee, in compliance with the provisions of principle 6.P.3. and by criterion 4.C.1. lett.,a) of the Code, is composed of 3(three) independent directors, Angelo Zaccari (Chairman), Enrica Maria Ghia and Giuseppe Persano Adorno.

In 2018, the Committee held 5 (five) meetings, and in 2019 it planned at least 3 (three) meetings, of which 1 (one) already held on March 6th, 2019; the average duration of meetings has been approximately one hour, attended by all members.

In addition to its own members, Committee meetings are also attended by other persons against invitation of the Committee for the discussion of specific items on the agenda.

Duties of the Nomination Committee

In accordance with criterion 5.C.1. of the Code and as provided in the Committee's Regulation, the Nomination Committee was vested with the following functions:

- to express opinions to the Board of Directors concerning its size and composition and express recommendations with regard to the professional skills necessary within the Board as well with regard to the topics indicated in criteria 1.C.3. and 1.C.4. of the Code;
- to submit the Board of Directors candidates for directors' offices in case of co-optation, should the replacement of independent directors be necessary;
- where the Board of Directors evaluates the adoption of a plan for the succession of executive directors, the Committee carries out the review on the preparation of the above-mentioned plan.

The main activities performed by the Committee during 2017, as part of its duties, were as follows:

- on January 29th, 2018, examination and evaluation of the results of the 2017 Board Evaluation activity;
- on March 12th, 2018, opinion to the Board of Directors regarding the appropriate composition of the same in light of the outcomes of the self-assessment process (c.d. "Board Evaluation") above described;
- on May 10th, 2018, the settlement of the new members of the Committee and the start-up of the activities (presentation of the corporate functions, definition of the Committee Regulations,

definition of the calendar of meetings for 2018, reading of the minutes and other Committee documents, etc.);

- on November 14th, 2018, formulation of a proposal for the attribution of new powers of attorney to the Vice-Chairman of the Company and discussion on the policy for developing the Group's key resources and company succession plans;
- also on November 14th, 2018, the start of Board Evaluation activities for the year 2018. Note that the Chairman of the Board of Statutory Auditors and all Standing Auditors took part at its meeting held on January 29th, 2018..

In compliance with criterion 4.C.1., paragraph d), all Committee meetings are duly minuted and the Chairman has given indications about at the meeting of the Board of Directors of March 13th, 2018 and of February 28th, 2019.

In performing its duties, the Nomination Committee had the right to access the necessary Company's information and functions to carry out its activities.

In the first quarter of 2018, the Committee avails itself of the support of the "Governance Advisors" consulting company in order to perform the Board Evaluation and Board Review processes for the year 2017 (for further details, refer to section 4.3 of this Report).

At its meeting of November 14th, 2017, the Board of Directors made available to the Committee an expense budget for year 2018 totalling € 10,000 (ten thousand), considered all-inclusive in covering duties related both to Nomination and Remuneration Committees.

8.0 REMUNERATION COMMITTEE

Composition and duties of the Remuneration Committee (pursuant to article 123-bis, paragraph 2d), TUF)

Following the appointment of the new Board of Directors, on May 2nd, 2018, it set up the Remuneration Committee, including also the duties of the Nomination Committee. This Committee, in compliance with the provisions of principle 6.P.3. and by criterion 4.C.1. lett.,a) of the Code, is composed of 3 (three) independent directors, Angelo Zaccari (Chairman), Enrica Maria Ghia and Giuseppe Persano Adorno.

In 2018, the Remuneration Committee held 5 (five) meetings, and in 2019 it planned at least 5 (five) meetings) of which 1 (one) already held on March 6th, 2019; the average duration of meetings is approximately one hour, attended by all members.

As provided in the Regulation, no director may attend Committee meetings in which proposals are formulated to the Board of Directors in relation to his own remuneration.

Committee meetings were also attended by other persons against invitation of the Committee for the discussion of specific items on the agenda.

Duties of the Remuneration Committee

In accordance with principle 6.P.4., the Committee presents the Board proposals for the definition of the general policy for the remuneration of executive directors and managers with strategic responsibilities.

In addition, in compliance with criterion 6.C.5. of the Code and as provided in the Committee's Regulation, the Remuneration Committee was vested with the following functions:

- periodically assess the adequacy, overall consistency and actual application of remuneration policy for directors and executives with strategic responsibilities, also on the basis of information provided by the chief executive officers; formulate proposals to the Board of Directors on such matters;
- submit proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration;
- monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of the performance objectives.

The main activities performed by the Committee during 2018 as part of its duties, were as follows:

- on January 29th, 2018, examination and evaluation of the results of the 2017 Board Evaluation activity;
- discussion and formulation, on the dates of February 27th, 2018, March 12th, 2018 and May 10th, 2018, of an opinion on the identification of beneficiaries and the determination of the number of Growth Shares to be assigned following approval, on April 24th, 2018 by the Shareholders' Meeting, the "Retention and Incentive Plan 2018-2021" for the top management of Isagro;
- approval on March 12th, 2018, after receiving opinion in favour from the Chairman of the Board of Statutory Auditors, of the updated contents of the "General policy on the remuneration of directors and executives with strategic responsibilities" and the "Remuneration Report", with related tables, to be submitted, in a sole document, to the Company's Board of Directors for examination and approval at the meeting of March 13th, 2018;
- statement on the same date of the proposal related to the 2018 remuneration and variable incentive plans for Directors, approved by the Board at the meeting of March 13th, 2018;
- on May 10th, 2018, the settlement of the new members of the Committee and the start-up of the activities (presentation of the corporate functions of reference, definition of the Committee

Regulations, definition of the calendar of meetings for 2018, having read the minutes and other Committee documents, etc.);

- again, on May 10th, 2018, determination and proposal to the Board of Directors of the remuneration of the executive directors and members of the Control, Risk and Sustainability Committee;
- formulation, on November 14th, 2018, of a proposal to redefine the remuneration of the Vice-Chairman following the attribution of new proxies to the same; definition, on the same date, of a retention policy and development of the Group's key resources.

Note that the Chairman of the Board of Statutory Auditors and all Standing Auditors attended the meeting of January 29th, 2018.

In compliance with criterion 4.C.1., paragraph d), all Committee meetings are duly minuted and the Chairman has given indications about at the meeting of the Board of Directors of March 13th, 2018 and February 28th, 2019.

In performing its duties, the Remuneration Committee had the right to access the necessary Company's information and functions to carry out its activities. The Committee, in the reporting period, did not avail itself of the support of any external consultant.

At its meeting of November 14th, 2017, the Board of Directors made available to the Committee an expense budget for year 2018 totalling € 10,000 (ten thousand), considered all-inclusive in covering duties related both to Nomination and Remuneration Committees.

9.0 REMUNERATION OF DIRECTORS

Note that information on this section are provided in the "Remuneration Report" published pursuant to article 123-ter, TUF, and available on the Company website www.isagro.com - governance section/Shareholders' Meeting.

Incentive mechanisms for the Internal Audit Manager and the Manager responsible for preparing the corporate accounting documents

We highlight that, in line with the provisions of criterion 6.C.3. of the Code, in defining the incentive mechanisms for the Internal Audit Manager and the Manager in charge for preparing the corporate accounting documents, special attention was paid to balancing qualitative and economic and financial objectives, in consideration of their roles and the tasks assigned to them.

10.0 CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Composition and duties of the Control, Risk and Sustainability Committee (pursuant to article 123-bis, paragraph 2d), TUF)

Following the appointment of the new Board of Directors, on May 2nd, 2018, it set up the Control, Risk and Sustainability Committee (formerly the Control and Risk Committee), renewing its composition and its tasks.

In particular, this Committee is composed of 3 (three) independent directors, Giuseppe Persano Adorno, Enrica Maria Ghia and Marcella Elvira Antonietta Logli the latter as Chairman, whose experience in accounting, financial, risk management as well as sustainability matters was deemed suitable by the Board of Directors at the time of the appointment.

The membership of the Committee therefore complies with the provisions of principle 7.P.4. of the Code, in accordance with which the Committee membership can comprise only independent directors, if the Issuer is subject to direction and coordination by another company the Committee shall be made up exclusively of independent directors.

In 2018 the Committee held 8 (eight) meetings, and in 2019 it planned at least 8 (eight) meetings, of which 4 (four) already held on February 1st, February 25th and March 11th, 2019. The average duration of meetings is approximately three hours, attended by all members.

In accordance with the Committee's Regulation, all the Committee meetings were attended by the Internal Audit Manager, who reported on audits carried out in the reporting period and worked as the Committee's Secretary.

As provided in criterion 7.C.3. of the Code, the Chairman of the Board of Statutory Auditors or other Statutory Auditor designated by him attended the Committee meetings; on invitation from the Committee and in relation to specific items on the agenda, other persons of Company departments also attended.

Duties of the Control, Risk and Sustainability Committee

At the time of its establishment, all duties provided in criterion 7.C.2. of the Code were assigned to the Control and Risk Committee, as follows:

- evaluate, together with the Manager responsible for preparing the corporate financial documents and after consulting the independent auditing firm and the Board of Statutory Auditors, the correct application of accounting principles and, for groups, their consistency for the purpose of the preparation of the consolidated Financial Statements;
- express opinions on specific aspects pertaining to the identification of the main corporate risks;

- review the periodic reports on the internal control and risk management system, and those particularly relevant prepared by the Internal Audit department;
- monitor the independence, adequacy, effectiveness and efficiency of the Internal Audit department;
- where appropriate, request the Internal Audit department to perform audits of specific operational areas, duly informing the Chairman of the Board of Statutory Auditors;
- at least every six months, on the approval of the annual and half-year financial reports, report to the Board on activities carried out and on the adequacy of the internal control and risk management system;
- support, with adequate analysis, the Board's assessments and decisions about the management of risks arising from prejudicial acts to which the Board of Directors becomes aware of.

In addition, the Committee, pursuant to criterion 7.C.1. of the Code, provides opinions to the Board of Directors on:

- the definition of the internal control and risk management system guidelines;
- the approval, at least once a year, of the audit plan prepared by the Internal Audit Manager;
- the description in the Corporate Governance Report of the main characteristics of the internal control and risk management system, and methods of coordination of people involved, expressing its opinion on the system's adequacy;
- the assessment of the findings reported by the auditing firm in any letter of recommendations and in the report on main issues resulting from the audit;
- appointment and revocation of the Internal Audit Manager, the officer's funding with sufficient resources and the definition of the pertaining remuneration consistent with company policies.

Lastly, it should be noted that, starting from the current mandate, the following tasks have also been assigned to the Committee:

- examining and assessing: (i) sustainability policies aimed at ensuring the creation of value over time for the generality of shareholders and for all other stakeholders over the medium-long term in respect of the principles of sustainable development; (ii) the guidelines, objectives, and consequent sustainability processes as well as the sustainability report annually submitted to the Board of Directors;
- monitor the international sustainability initiatives and the participation in them of the Company, aimed at protecting the corporate reputation on the international front.

During 2018, the Committee mainly performed the following activities:

- examined the 2018 audit plan and reports prepared during the year by the Internal Audit department;

- examined specific issues relating to the identification of the main corporate risks, directly involving the company departments concerned;
- monitored and supervised the risk management activity carried out by the Risk Manager assisted by Internal Audit department, duly reporting on a quarterly basis to the Board of Directors;
- monitored and supervised the process underlying the "Non-Financial Statement - 2018";
- examined this Report;
- deepened, during dedicated meetings and inviting the reference company representatives to participate, the following topics:
 - a) information on the main issues relating to the Environment and Safety and related risks;
 - b) the content of the existing shareholders' agreements;
 - c) the application of the procedure for the "procedure for managing transactions with related parties";
 - d) the application of the procedure for the "handling of confidential information" and of the "Internal Dealing Code";
 - e) succession plans for key company figures;
 - f) outstanding disputes, with particular reference to the arbitration procedure with the company Gowan LLC;
- met, among others, the head of Corporate Affairs, Q&HSE, Human Resources & Communication to acquire a better comprehension about corporate activities;
- as part of the coordination activities with other parties involved in the internal control and risk management system (Board of Statutory Auditors, Supervisory Body, Independent Auditors), in the meetings held during the reporting period it provided details of activities performed through a mutual exchange of information;
- reported on a quarterly basis to the Board of Directors on activities performed during the reporting period.

All Committee meetings were duly minuted and the Chairman has given indications about them at the meetings of the Board of Directors of March 13th, 2018 and of February 28th, 2019.

In performing its duties, the Control and Risk Committee had the right to access the necessary Company's information and functions to carry out its activities; in the reporting period, it did not avail itself of the support of any external consultant.

At its meeting of November 14th, 2017, the Board of Directors made available to the Committee an expense budget for year 2018 totalling € 25,000 (twenty-five thousand) to cover the performance of its duties.

11.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Introduction

The internal control and risk management system is a set of rules, procedures and organisational structures that, through an appropriate process of identification, measurement, management and monitoring of the main risks, allow a sound and correct management of the company in a manner consistent with the established goals.

The responsibilities of the internal control and risk management system are assigned to the Board of Directors, which defines the guidelines on the internal control and risk management and periodically verifies the related operations, with the support of the Control, Risk and Sustainability Committee, Internal Audit department and Risk Manager.

An effective internal control and risk management system, in fact, contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of corporate transactions, the reliability of financial data and the compliance with laws and regulations. The same system also contributes to a management of the enterprise coherent with the business goals set by the Board, encouraging taking aware decisions.

Given the characteristics of the company, the Control, Risk and Sustainability Committee and Risk Manager periodically report to the Board, the activity carried out and planned by Internal Audit function and on the basis of assessments performed, the Board of Directors considers the Company's internal control and risk management system is mainly organised so as to ensure correct information and substantial control coverage of all the areas at greatest risk.

Main characteristics of the existing risk management and internal control system regarding the financial reporting process pursuant to article 123-bis, paragraph 2 b), TUF

The internal control system regarding the financial reporting process aims to identify and assess actions or events, the occurrence or absence of which could compromise the achievement of the reliability, accuracy and promptness objectives of financial reporting.

This system strictly belongs to the Isagro's risk management system, known as the "Internal Control and Risk Management System".

The internal control model on financial reporting adopted by Isagro was presented to the Control, Risk and Sustainability Committee and to the Issuer's Board of Directors and all aspects concerning the principles of control and accuracy of the process are applied to the Group companies.

The Manager responsible for preparing the corporate accounting documents, pursuant to Law 262/2005 (hereinafter the "responsible Manager"), was vested with powers to implement the administrative-accounting procedures that govern the process of drawing up periodical corporate financial disclosures,

to monitor the application of the administrative-accounting procedures and, together with the CEO, to release to the market its certificate concerning the financial documentation, meeting the terms of the assertions above-mentioned (reliability, accuracy and promptness).

The design, establishment and maintenance of the system on financial reporting are ensured through the following methodological approach:

- risk assessment and gap analysis;
- identification of controls;
- assessment of the controls and management of the monitoring process.

This process is managed by the aforementioned responsible Manager who, with the support of the Internal Audit department, defines the interventions in terms of process, information systems or procedures to correct any deficiencies of the control system.

The risk assessment activity aims to identify the corporate processes that, due to the impact on financial disclosure with generation of accounting transactions, are important for the purpose of the assessment. This activity is implemented on the basis of a quali-quantitative assessment approach, applying top-down logic, as described below (with particular reference to financial statements and periodic reports):

- analysis of the financial statements for each year (Isagro S.p.A.'s individual and consolidated position);
- identification of the material accounts of the Financial Statements (so-called significant accounts);
- identification of the corporate processes used as input (so-called target processes).

The material accounts of the Financial Statements are identified through a combined analysis of various assessment parameters. These parameters are defined in order to consider the following aspects: materiality of the item in relation to the significance of its value, randomness/variability of the item, criticality/complexity of determining the item, the specific features of the Company and the reference business/sector/environment.

The structure of the financial reporting control system includes two macro types of controls:

- entity controls: these controls apply to the entire company organisation and concern: the assignment of powers in line with the responsibilities assumed within the organisation, the segregation of duties and responsibilities, the communication and staff training system concerning accounting standards and the internal control system on financial reporting, the procedural system aimed at regulating the closing of the Financial Statements and consolidated Financial Statements as well as disclosure of the financial reports and the security of the corporate IT system;
- process controls: these are specific controls for each process, i.e. the setup of manual and system activities aiming to prevent, identify and correct errors that occur during the production of financial reporting; these controls are indicated at a single procedure level, so that each user is informed that failed execution may determine an error or fraud on the drafting process of the Financial Statements and the financial reporting.

The above-mentioned controls, both at entity and process level, are subject to constant assessment in order to guarantee the correct operation of the financial reporting control and identify any deficiencies found in it.

On this regard, the responsible Manager has assigned to each process owners, i.e. the managers of a key process for the purpose of financial reporting, a monitoring task, to be carried out each quarter and in any case when required, by executing tests on important activities (ongoing monitoring activity). At the same time, the responsible Manager has assigned to a third party with respect to the process owners (the Internal Audit department of the Company) the task of carrying out independent monitoring (separate evaluation) based on an activity plan shared with the responsible Manager.

In case of identification of gaps in the issued procedures or of deficiencies at control level, the responsible Manager initiates the risk assessment process again in order to correct the emerging problems.

11.1 EXECUTIVE DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On May 2nd, 2018, the Board of Directors of the Issuer, in compliance with criterion 7.P.3., paragraph a) no. (i) of the Code, named the Vice-Chairman, Maurizio Basile, as “Executive Director Responsible for the Internal Control and Risk Management System”, with the following duties in accordance with criterion 7.C.4. of the Code:

- identification of the main business risks taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, submitting the results for periodic review by the Board;
- implementation of the guidelines defined by the Board of Directors, ensuring the planning, setup and management of the internal control and risk management system, constantly monitoring its adequacy and effectiveness;
- adjustment of such system to changes in operating conditions and in the legislative and regulatory framework;
- request to Internal Audit department to perform audits of specific operational and on the compliance of business operations with internal rules and procedures, duly informing the Chairman of the Board of Directors, Chairman of the Control, Risk and Sustainability Committee and the Chairman of the Board of Statutory Auditors;
- prompt reporting to the Control, Risk and Sustainability Committee (or to the Board of Directors) on problems and critical issues resulting from the performance of his duties or of which he may become aware, in order that the Committee (or Board) can take appropriate action.

The Executive Director Responsible for the Internal Control and Risk Management System has taken care, with the support of the Risk Manager and the Internal Audit Manager as well as the operational support of the Control, Risk and Sustainability Committee, of the identification of the main business risks and has implemented the guidelines defined by the Board, providing for the design,

implementation and management of the internal control and risk management system, constantly verifying its adequacy and effectiveness.

The Vice-Chairman is promptly updated through the compliance and control departments regarding legal and regulatory developments, in such a way as to guide the necessary adjustment of the processes and functions involved.

11.2 MANAGER OF THE INTERNAL AUDIT DEPARTMENT

On May 10th, 2018, as proposed by the Executive Director Responsible for the Internal Control and Risk Management System, in compliance with the provisions of criterion 7.C.1. of the Code and with the favourable opinion of Control, Risk and Sustainability Committee, of Remuneration and Nomination Committee and of Board of Statutory Auditors, the Company's Board of Directors appointed Laura Trovato as Internal Audit Manager, defined her remuneration consistent with corporate policies and criteria of the Code and provided the officer with resources sufficient to carry out her duties.

The Internal Audit Manager is not responsible for any operational area and reports to the Board of Directors throughout the role of its Chairman.

In accordance with criterion 7.C.5. of the Code, the Internal Audit Manager has the following responsibilities:

- verifies, both on a continuous basis and in relation to specific needs and compliant with international standards, the operations and adequacy of the internal control and risk management system through an audit plan approved by the Board of Directors, based on a structured process of analysis and prioritising of the main risks;
- prepares reports containing adequate information on activities performed, the risk management methods adopted and on compliance with the plans defined for risk mitigation. Such periodic reports contain an adequacy assessment of the Internal Control and Risk Management System;
- prepares timely reports on particularly significant events and submit them to the Board of Statutory Auditors, the Control and Risk Committee, the Board of Directors as well as to the Executive Director Responsible for the Internal Control and Risk Management System;
- provides support to all corporate departments in performing their activities;
- as part of the audit activities provided in the audit plan, verifies the reliability of the IT systems including the accounting recognition systems.

She has the right to access to all necessary Company's information to carry out her duties and has also resources at her disposal as envisaged in an annual budget (totalling approximately € 25,000 – twenty-five thousand).

The Internal Audit Manager, after hearing the opinion of the Control and Risk Committee at that date, has submitted the “Annual Internal Auditing Plan for 2018” to the Board of Directors on February 21st, 2018.

The activity performed by Internal Audit department in 2018 was consistent with the above approved audit plan. As part of the audit activities carried out, it was also verified the accounting recognition system to improve the reliability of the information technology systems.

The findings of audits conducted by the Internal Audit department on the correctness of management, on risk trends and on the overall functionality of the internal control system are reported by the Manager to all the Company bodies (the Board of Directors' Chairman, Vice-Chairman - also in his role as Executive Director Responsible for the Control and Risk Management System, the Control Risk and Sustainability Committee and the Board of Statutory Auditors).

In 2018 the Internal Audit Manager attended all meetings held by the Control, Risk and Sustainability Committee and by the Board of Statutory Auditors; she provided support in the identification of the main business risks to the Risk Manager. The Internal Audit Manager also performed activities requested by the Manager responsible for preparing the corporate accounting documents.

We highlight that the Internal Audit department of the Issuer is internal to the Company.

11.3 ORGANISATIONAL MODEL pursuant to Legislative Decree No. 231/2001

In 2006 the Board of Directors of Isagro S.p.A. adopted an Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (hereinafter also referred to as the "Organisational Model") and appointed a Supervisory Body.

At the date of this Report, the current Model is the one approved, in its integrated and updated version, by the Board of Directors on September 5th, 2018. This document, in particular, incorporates the consolidated jurisprudential guidelines in the subject referred to in Legislative Decree 231/2001 up to that date as well as the updates / additions made to the structure and contents in order to reflect the organizational changes that have occurred.

The Organisational Model, also structured in accordance with Confindustria Guidelines, is composed of a General Section and a Special Section.

The General Section briefly covers the contents of Legislative Decree no. 231/2001, defines the Supervisory Body and its assigned powers and functions and also outlines the related information flow and the Disciplinary System adopted by the Company. When the document was lastly updated, this section was supplemented with the whistleblowing provisions, as required by the Law of November 30th, 2017, No. 179. In particular, the Board of Directors approved, on September 5th, 2018, the "Group Reporting Procedure" aimed at establishing and managing direct communication channels for the timely reporting of any violations and irregularities concerning unlawful conduct and / or violations (including alleged violations) of laws and regulations.

The Special Section specifically describes the Sensitive Processes and the measures and protocols set up by the Company to prevent the risk of committing offences provided in Legislative Decree no. 231/2001. The Annexes referred to in the text of the document form an integral part of the Organisational Model, particularly the Group Code of Ethics. Again, during the meeting on September 5th, 2018 the Board approved the updated and integrated version of the Group Code of Ethics.

The types of offences included in the Issuer's Organisational Model as at the date of this Report are the following: *"Offences against Public Administration", "Corporate and market abuse offences (including private corruption)", "Receiving stolen goods, money-laundering, use of illegally gained money, assets and utilities and self-laundering", "Occupational Health and Safety offences", "Computer crime", "Organised crime", "Counterfeit of trademarks, patents and logos", "Industrial and commercial offences", "Copyright offences", "Environmental offences", "Employment of citizens of third countries whose stay is illegal" and "Offences against individual personality."*

The task of monitoring the operations and compliance with the Model, and arranging the related updates, is assigned to the Supervisory Body, which was confirmed by the resolution of the Board of Directors on May 2nd, 2018. The composition of this Board, the three-year term of office of which expires on approval of the Isagro S.p.A. Financial Statements at December 31st, 2020, features a collegial structure to satisfy the independence, autonomy, professionalism and continuity requirements of Legislative Decree no. 231/2001. Its members include two external professionals Renato Colavolpe, covering the role of Chairman, and Antonio Zoncada and the Internal Audit Manager, Laura Trovato.

The Supervisory Body reports directly to the Board of Directors through half-year reports, about the implementation of the Model and any identified critical matters.

We highlight that, in 2013, the Board of Directors considered the opportunity of assigning the Supervisory Body duties to the Board of Statutory Auditors, as provided in article 14, paragraph 12, Italian Law no. 183 of November 12th, 2011, and decided to structure its corporate governance model including both a Supervisory Body and a Board of Statutory Auditors.

The Group Organisational Model (summary version) and the Group Code of Ethics are available on the Company website (www.isagro.com - governance section).

11.4 INDEPENDENT AUDITING FIRM

The Shareholders' Meeting held on April 26th, 2012, after considering the justified proposal made by the Board of Statutory Auditors, appointed Deloitte & Touche S.p.A., with registered office in Milan, to perform the audit of the separate and consolidated Financial Statements of the Company and the limited review of the half-year reports for the period 2012-2020.

On December 20th, 2017, the task of revising the "Non-Financial Statement" for the financial years 2017-2020 was assigned to the Independent Auditing Company, with the positive opinion of the Board of Statutory Auditors.

11.5 MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE ACCOUNTING DOCUMENTS AND OTHER CORPORATE FUNCTIONS

Article 21-*bis* of the Articles of Association assigns powers to the Board of Directors to appoint and terminate the office of a Manager responsible for preparing the corporate accounting documents, subject to the binding opinion of the Board of Statutory Auditors, and vests appropriate powers and resources to this officer to perform the assigned duties in accordance with laws and regulations.

The Manager responsible for preparing the corporate accounting documents shall meet the integrity requirements established by law for members of the Board of Directors, and shall have an overall experience of at least three years in the exercise of administrative and/or accounting and/or financial and/or control activities at the Company and/or at its subsidiaries and/or at other public limited companies.

On May 2th, 2018 Isagro S.p.A.'s Board of Directors, having verified in advance the aforementioned requisites and with favorable opinion of the Board of Statutory Auditors, confirmed Ruggero Gambini - Chief Financial Officer (CFO) of Isagro S.p.A. – as Manager responsible for preparing the corporate accounting documents.

The Manager responsible for preparing the corporate accounting documents was informed and vested with powers enabling performance of such duties and the Board of Directors ensures that he has sufficient powers and means to carry on his tasks. On November 14th, 2017, the Board of Directors, in compliance with law and the Articles of Association, made him available an expense budget for year 2018 totaling € 20,000 (twenty thousand).

With regard to managers in other roles and corporate functions having specific tasks in relation to internal control and risk management, reference should be made to paragraph 11.6 below.

11.6 COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The following parties are involved in the internal control and risk management system:

- the Board of Directors, which performs a guidance and assessment role as regards the adequacy of the system;
- the Executive Director Responsible for the Internal Control and Risk Management System, who arranges its planning, implementation and management, identified in the Company's Vice-Chairman;
- the Control, Risk and Sustainability Committee, with the duty of providing support to the Board of Directors' assessments and decisions relating to the internal control and risk management system as well as aspects relating to sustainability policies;
- the Risk Manager, responsible for the coordination of governing bodies in the risk management process;
- the Internal Audit Manager, as third level control, in charge to verify that the internal control and risk management system is adequate and operates correctly; the Company departments to which second level controls are assigned, with a view to ensuring the monitoring and management of corporate risks;
- the Manager responsible for preparing the corporate accounting documents, who in relation to accounting reports (including interim reports), certifies the correspondence between information disclosed to the market and the documented results, the accounting books and records pursuant to 262 Law;
- Corporate Affairs and Legal Affairs Managers, with reference to the oversight of the legal and non-compliance risk, including the risk of the commission of criminal offenses against or in the interest of the Company;
- the Board of Statutory Auditors, which supervises the effectiveness of the internal control and risk management system;
- the Supervisory Body, vested with all powers to ensure prompt, efficient supervision of the operations and compliance with the Organisational Model adopted by the Company, in accordance with the provisions of article 6, Legislative Decree no. 231/2001.

Coordination among the aforementioned parties enhances the effectiveness and efficiency of the internal control and risk management system in order to reduce activities overlapping.

Such coordination is developed through a continuous exchange of information between the parties both during joint meetings and through the circulation of the minutes prepared by the different bodies.

12.0 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

In compliance with the provisions of article 2391-*bis* of the Italian Civil Code and Consob Regulation no. 17221 of March 12th, 2010, as amended by resolution no. 17389/2010, on March 14th, 2017 the Board of Directors approved the updated version of the "Procedures for managing Transactions with Related Parties", which entered into force on May 2nd, 2017. This Procedure (available on the Company website www.isagro.com – governance section /codes & procedures) was approved subject to the previous favourable opinion of the Issuer's independent directors and, in short, provides for

transactions with related parties to be resolved subject to the justified, non-binding opinion of a Committee consisting exclusively of unrelated independent directors.

The Procedure contains the rules for identifying, approving and implementing transactions with related parties as executed by the Company, either directly or through subsidiaries, in order to ensure substantial and transparency and fairness of such transactions.

Pursuant to article 10, paragraph 1 of the Procedure, the Chairman of the Board of Directors issues operating guidelines with the aim of guaranteeing an easy understanding and application by the target recipients of the rules contained in the Procedure, and of identifying the company departments responsible for its management. As of the date of this Report and based on the ownership structure of the Issuer and the type of decisions usually submitted to Board approval, the Board of Directors has not evaluated as necessary the adoption of specific operating solutions to facilitate the identification of situations in which a director has an interest on his own account or on behalf of third parties. In this regard, on May 10th, 2018 the Board has been informed about the update of the implementing rules of the related parties transactions procedures;

We highlight that, for the proper management of transactions with related parties, the Procedure, in addition to the terms of the above-said Consob Regulation no. 17221, has established the following: if a transaction submitted to the Board of Directors is in the interest, even indirectly, of one of the Isagro S.p.A.'s directors, the latter should promptly and fully inform the Board of Directors about the interest (in accordance with article 2391 of the Italian Civil Code) as well as abstain from participating in the resolution. Should the Board of Directors deem appropriate the participation of the involved director in the investigation and resolution phases, the same can enable, after hearing the Board of Statutory Auditors, the participation of the director concerned both in the preliminary stage and in the deliberative stage.

13.0 APPOINTMENT OF STATUTORY AUDITORS

In accordance with article 25 of the Articles of Association, the Board of Statutory Auditors consists of 3 (three) Standing Auditors and 2 (two) substitute auditors, appointed by the Shareholders' Meeting from lists submitted by shareholders. Candidates on lists must be ranked in progressive order for election.

In each list containing 3 (three) or more candidates, the first 2 (two) candidates for standing auditor must be of different genders, and likewise the 2 (two) candidates for substitute auditor.

The submission, publication and filing of lists and related documentation (including therein statutory declarations and attestations) are subject to the procedures set forth in article 15 of the Articles of Association (see paragraph 4.1 of this Report), to the extent they are compatible with article 144-*sexies* of Issuers' Consob Regulation, approved by Resolution no. 11971 of May 14th, 1999, as subsequently amended.

Lists may be submitted by as many shareholders as represent, alone or with others, at least 2.5% (two point five per cent) of the share capital, or a different percentage established by Consob⁷. In the event that, at the closing date by the twenty-fifth day prior to the date in which the shareholders should approve the new Statutory Auditors, only one list or only lists presented by shareholders who, according to the paragraph 4, are connected to each other in accordance with Article 144-d, have been filed, lists may be submitted until the third day following that date. In such case, the aforementioned threshold of 2.5% is reduced to half.

Members of the Board of Statutory Auditors are selected among those who possess the requisites of professionalism and integrity as included in the Ministry of Justice's Decree no. 162 dated March 30th, 2000.

In order to ascertain that the requirement of the experience of each candidate is met, for subject matters and sectors of activity strictly associated with those of the Company we refer to those relating to the so-called "conduct-related obligations", i.e. those that guarantee specialised services.

2 (two) standing auditors and 1 (one) substitute auditor shall be taken from the list that has obtained the highest number of votes expressed by shareholders, in accordance with the progressive order in which they are indicated on the list itself. The third standing auditor and the second substitute auditor shall be taken from other lists in accordance with the procedure provided by article 15 b) of the Articles of Association.

The chairmanship of the Board of Statutory Auditors goes to the first candidate of the second list (the third standing auditor) who has obtained the highest number of votes.

Where only one list is submitted, the Shareholders' Meeting shall vote on it; in the event that the list obtains the relative majority, the first 3 (three) candidates indicated in progressive order shall be elected as standing auditors and the fourth and fifth candidates as substitute auditors; the chairmanship of the Board of Statutory Auditors goes to the first candidate of the submitted list. If no list is submitted, the Board of Statutory Auditors and its Chairman shall be elected by the Shareholders' Meeting on the basis of the majority voting requirements set forth in article 14 of the Articles of Association, in compliance with *pro tempore* current regulations on gender balance.

Where a statutory auditor is to be replaced, the substitute auditor belonging to the same list shall be appointed, in compliance with the *pro tempore* current regulations on gender balance.

Where the Chairman of the Board of Statutory Auditors is to be replaced, the other standing auditor, belonging to the same list of the Chairman, shall be appointed. Where replacements cannot be made in this way or where legal procedures apply, a Shareholders' Meeting shall be held to complete the appointment of Board of Statutory Auditors' members, on the basis of the majority voting requirements set forth in article 14 of the Articles of Association, in compliance with the *pro tempore* current regulations on gender balance.

⁷ By Resolution no. 20273 of January 24th, 2018, Consob confirmed the 2.5% threshold.

14.0 COMPOSITION AND DUTIES OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-bis, paragraphs 2d) and 2d-bis), TUF)

The current Board of Statutory Auditors, in office until approval of the Financial Statements as at December 31st, 2018, was appointed by the Shareholders' Meeting of April 28th, 2016 by list vote and also in application of article 148, paragraph 1-*bis*, TUF with a view to guaranteeing gender balance. In particular, with 55.70% of the votes, representing 100% of the voting share capital, the candidates on the single list submitted by the majority shareholder Holdisa S.r.l. were elected as follows:

Standing Auditors

- Filippo Cova - Chairman
- Claudia Costanza
- Giuseppe Bagnasco

Substitute Auditors

- Eleonora Ferraris
- Renato Colavolpe

The personal and professional characteristics of each standing and substitute auditor are provided below:

Filippo Cova, *Chairman of the Board of Statutory Auditors* of the Issuer.

He is a Managing Partner of Studio Caramanti Ticozzi & Partners ("CT&P").

He is a member of the Milan Society of Chartered Accountants and registered in the Register of Auditors.

After working in 1991 in a multinational firm in United Kingdom, in CT&P he gained 25 years of significant experience as a tax, corporate and accounting advisor of Italian and foreign multinational corporations, specialising in mergers & acquisitions, preparation of sworn expert appraisals, technical advice as part of the judgments in corporate and financial matters and the liquidator activities of numerous companies.

He held and he currently holds the role of statutory auditor, often as Chairman of the Board of Statutory Auditors, of companies belonging to prestigious national and international groups.

Claudia Costanza, *Standing Auditor* of the Issuer.

She is a partner of "Studio Associato CLM Associati" in Milan, a tax and corporate advisory firm, where she coordinates a group of 15 (fifteen) people. She is a member of the Milan Society of Chartered Accountants and registered in the Register of Auditors. From 1992 to 2003 she was an independent chartered accountant, coordinating a group of 8 (eight) people.

She has gained significant experience as a liquidator as well as having acted as special administrator appointed by the Court of Milan.

She has considerable experience in managing the tax and corporate affairs of companies, including companies belonging to business groups, for which she has collaborated in restructuring and extraordinary transactions.

She is currently, among others, Chairman of the Board of Statutory Auditors of Enervit S.p.A., Technogym S.p.A., Gruppo Cremonese S.r.l., Sports Trade Investment S.r.l., Manifattura Valcismon S.p.A. and Mutti S.p.A..

Giuseppe Bagnasco, *Standing Auditor* of the Issuer.

He has been registered in the Register of Auditors since 2000. In 1970 began his career with the Montedison Group in the Management Control field.

In 1973 he moved to Fa.Bo.Cart/CartoService, paper manufacturing group, where from 1977 became Executive Director of Administration and Control department.

He rejoined the Montedison Group in 1985 and remained with the Planning and Control Division, becoming head of the same in a few years.

From 1995 to 2002 he was Administration and Finance Manager of Edison.

From 2002 to 2003 he was the Finance Director of EdisonTel.

In 2004 he was advisor to the Parmalat Group participating in the industrial plan process.

From 2004 to 2007 he was Chairman and Chief Executive Officer of CQOP S.p.A., the leading certification company in the building industry.

In 2007 he was CFO of the Fantuzzi Reggiane Group.

From 2008 to 2016 he was a Standing Auditor for a number of Isagro Group companies.

From 2012 to October 2017 he also was a member of the Supervisory Body of Infrastrutture Trasporto Gas S.p.A., a member of the Edison Group, and from mid-2013 to mid-2014 he collaborated with the Triboo Group (e-commerce and web advertising) as Chief Financial Officer and subsequently, until 2016, as member of the Supervisory Body of the subsidiary Triboo Digitale.

Eleonora Ferraris, *Substitute Auditor* of the Issuer.

Owner of Law Firm in Robbio (PV), administrative, tax and corporate advisory firm. She is a member of the Vercelli Society of Chartered Accountants and of the Experts Accountants of the Court Jurisdiction and registered in the Register of Auditors.

She has gained professional experience with various chartered accountant partnerships in Vercelli. She is currently the Auditor for the Municipality of Colletterto Giacosa (TO), for the Municipality of Villanova Mondovì (CN), for the Municipality of Gavi (AN) and for the Municipality of Scagnello (CN).

Renato Colavolpe, *Substitute Auditor* of the Issuer.

He is the owner of his own Law Firm in Milan. Particularly expert in Corporate Governance and the Corporate Control Systems, he was admitted to the Milan Bar (since 1989), as well as to the Register of Cassation Lawyers (since 2001) and the Register of Judicial Administrators (from 2018).

He is Statutory Auditor of Accounts, Tax Magistrate, Technical Consultant of the Judge and Criminal Expert. Since 1983 he holds the position of Chairman/Statutory Auditor in many corporations. He held and he currently holds the role of statutory auditor, often as Chairman of the Board of Statutory Auditors and/or of the Supervisory Body of different companies such as companies belonging to Edison Group, Bocoge S.p.A., F2i and the Cerved Group.

The composition of the Board of Statutory Auditors is indicated in the following table.

STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Assignment	Name	Year of birth	Date of first appointment *	In office since	List **	Indep. by Code	Attendance at the meeting of Board of Statutory Auditors ***	No. other assignments ****
Chairman	COVA Filippo	1966	28.04.2016	28.04.2016	M	X	8/8	no. 10 Chairman no. 6 Standing Auditor no. 4 Director no. 1 Sole Statutory Auditor
Standing Auditor	COSTANZA Claudia	1967	24.04.2013	28.04.2016	M	X	8/8	no. 6 Chairman no. 2 Standing Auditor no. 3 Substitute Auditor no. 2 Director
Standing Auditor	BAGNASCO Giuseppe	1945	29.04.2010	28.04.2016	M	X	8/8	-
Substitute Auditor	FERRARIS Eleonora	1976	24.04.2013	28.04.2016	M	X	0/8	-
Substitute Auditor	COLAVOLPE Renato	1953	28.04.2016	28.04.2016	M	X	0/8	no. 13 Standing Auditor no. 13 Chairman
STATUTORY AUDITORS TERMINATING OFFICE DURING THE REPORTING PERIOD								
-								
N. of meetings held during the reporting period: 8								
Quorum required to present minority lists for the election of one or more members (pursuant to article 148, TUF): 2,5%								

In office until: the current Board of Statutory Auditors is in office up to the Shareholders' Meeting called for the approval of the Financial Statements as at December 31st, 2018.

NOTE

* Date of first appointment of each statutory auditor indicates the first time absolute the Statutory Auditor was appointed as member of the Issuer's Board of Statutory Auditors.

** This column indicates the voting list of each Statutory Auditor ("M": majority list; "m": minority list).

*** This column indicates the attendance level of statutory auditors at the Board of Statutory Auditors (expressed as the number of attended meetings compared to the total number of meetings which he/she could participate).

**** This column indicates the number of assignments as Director or Statutory Auditor of each concerned person pursuant to article 148-bis, TUF and to Issuers' Consob Regulation implementing provisions. The full list of the assignments is available on the Consob website pursuant to article 144-quinquiesdecies of the Issuers' Consob Regulation.

The Board of Statutory Auditors held 8 (eight) meetings during the year; the average duration of the meetings was about 3 (three) hours; the attendance is illustrated in the above table.

During 2019, at least 7 (seven) meetings are planned, 1 (one) of which has already been held on January 18th, 2019.

There have been no changes in membership of the Board of Statutory Auditors since the end of 2017.

With regard to the diversity policy applied in relation to the Board of Statutory Auditors, please refer to paragraph 4.2.

The Board verifies the independence requirements of its members on an annual basis. In conducting these assessments, it applies the criteria envisaged in the Corporate Governance Code with reference to the independence of directors, as adopted by the Board of Directors.

The Board of Statutory Auditors appointed by the Shareholders' Meeting of April 28th, 2016, on May 16th, 2016 (earliest date after their appointment), declared that it met the requirements for office, confirming the statement made at the Shareholders' Meeting. The results of the assessments were disclosed to the market by means of a press release sent to the Italian Stock Exchange in accordance with the Consob Regulation terms and conditions.

The Board of Statutory Auditors, on March 30th, 2018, verified the independence requirements of its members, by notifying them in the Report of the Board of Statutory Auditors to the Shareholders' Meeting.

Pursuant to criterion 2.C.2. of the Code, we highlight that the organization and contents of Board of Directors' meetings, as well as the attendance of Committee meetings, guarantee constant updating of the Statutory Auditors as regards Company performance, the reference market and the principles of proper risk management disclosure; the statutory auditors are also updated regularly on the main regulatory and self-regulation changes through the participation in conferences on related matters.

The remuneration of the Statutory Auditors shall be determined by Shareholders' Meeting.

The remuneration of the Board of Statutory Auditors was established by Shareholders' Meeting on April 28th, 2016, which confirmed the previously allocated amounts, providing for an annual fee of € 30,000 (thirty thousand) for the Chairman of the Board and € 20,000 (twenty thousand) for each Standing Auditor, gross of withholding taxes. These fees are commensurate with the commitment required, the relevance of the role covered and the dimensional characteristics of the Company.

The remuneration earned in 2018 is detailed in the Remuneration Report.

With regard to criterion 8.C.4., which recommends that a Statutory Auditor who, on his own account or on behalf of third parties, has any interest in a given transaction of the Issuer, must promptly give a full disclosure to the other Statutory Auditors and to the Chairman of the Board of Directors of the nature, terms, source and extent of such interest, we highlight that such recommendation has been observed.

In carrying out its duties, the Board of Statutory Auditors works in coordination with the Internal Audit department and the corporate control bodies, exchanging information significant to the completion of their respective duties. In 2018, the Chairman of the Board of Statutory Auditors or his appointed delegate participated at all meetings of the Control, Risk and Sustainability Committee to discuss issues and audits conducted.

15.0 INVESTOR RELATIONS

Isagro S.p.A.'s Board of Directors, in accordance with principles 9.P.1. and 9.P.2. of the Code, promotes initiatives to encourage the greatest possible attendance of shareholders at Shareholders' Meetings, to facilitate the exercise of shareholder rights and takes action to establish continuous dialogue with shareholders based on an understanding of their respective roles.

The Company guarantees to the financial community several dedicated meetings, as part of a constant, transparent and continuous communication.

To promote relations with shareholders and key investors, the Issuer's website (www.isagro.com) features an investor relations section in which the relevant documentation for shareholders concerning the Issuer is published.

The Company's interest in establishing and maintaining constant dialogue with its shareholders, institutional investors and financial analysts was confirmed with the setup in 2003 of a dedicated company department: Investor Relations.

On March 1st, 2017, the Company's Board of Directors appointed, effective from the same date, Erjola Alushaj (already *Assistant to Investor Relator*) as Investor Relations Manager, i.e. the "Manager responsible for relations with institutional and other shareholders" pursuant to criterion 9.C.1. of the Corporate Governance Code and to article 3j) of Stock Exchange Market Regulation.

In compliance with the procedure on the communication of Company-related documents and information, the Investor Relations Manager is responsible for the dialogue with institutional investors, other shareholders and with the financial community operators at national and international level. Together with the Communication department, the Investor Relations Manager is responsible for financial disclosures.

The Issuer publishes information online regarding corporate governance, Financial Statements and highlights, presentations of corporate events, press releases and share performance on its website in English and Italian, so as provide its shareholders with fast, easy access to such important information.

16.0 SHAREHOLDERS' MEETINGS (pursuant to article 123-bis, paragraph 2c), TUF)

Pursuant to article 9 of the Articles of Association, the Shareholders' Meeting represents all shareholders. Its resolutions, made in compliance with laws in force and the Articles of Association, are binding upon all shareholders.

Shareholders' Meetings may be held on an ordinary or extraordinary basis, as required by law. Meetings may be held outside the registered offices of the Company, providing they are in Italy or in a European Union member State.

The Board of Directors is required to call a Shareholders' Meeting at least 1 (once) a year, no later than

120 (one hundred and twenty) days from the close of the financial year, or no later than 180 (one hundred and eighty) days if the Company is required to prepare consolidated Financial Statements and where required by special circumstances relating to the structure and business purpose of the Company.

Pursuant to article 10 of the Articles of Association, each shareholder is entitled to one vote for every ordinary share held. We highlight that there are no multiple voting shares or shares envisaging the increase of votes.

Pursuant to article 11 of the Articles of Association, the Shareholders' Meetings are called via notice of meeting published in accordance with the terms and methods established under applicable laws and regulations. Notices of meetings are required to specify the date, time and place of the meeting, the agenda and any additional information required under regulations, including statutory provisions, in force. The ordinary Shareholders' Meeting and the extraordinary Shareholders' Meeting shall be held in a single call, unless the Board of Directors, for a specific Shareholders' Meeting, resolves to indicate the date for the second, and if necessary, for the third call, providing notice thereof in the notice of call.

In accordance with article 12 of the Articles of Association, the participation and representation of shareholders at Shareholders' Meetings are governed by laws and regulations in force. Parties with the right to vote can notify the proxies delegated to intervene and vote at the meetings via certified e-mail to the address stated in the notice of meeting and by the methods established therein. For each Shareholders' Meeting, the Articles of Association envisage the option of designating - and indicating in the notice of meeting - a person or entity to which shareholders may delegate proxy with voting instructions on all or any proposals on the agenda, in accordance with terms and methods established in current regulations.

The Chairman of the Shareholders' Meeting is responsible for checking that shareholders are eligible to participate and that proxies are valid.

In compliance with the provisions of article 13 of the Articles of Association, the Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence or impediment, by the Vice-Chairman, where appointed, or in the absence of both, by another person delegated by the Board of Directors; in the absence of all three, the Shareholders' Meeting elects its own Chairman. The Shareholders' Meeting is required to appoint a Secretary, who may be a non-shareholder.

Voting procedures, both at ordinary and extraordinary Shareholders' Meeting, are conducted as established by the Chairman of the Shareholders' Meeting and in compliance with laws in force.

Resolutions of the Shareholders' Meeting are recorded in minutes signed by the Chairman and Secretary.

Where required by law and where deemed appropriate by the Chairman of the Shareholders' Meeting, the minutes are recorded by a Notary Public.

Ordinary Shareholders' Meetings may approve, or if necessary amend, regulations governing meeting procedures in accordance with laws in force governing companies listed on regulated markets.

The extraordinary Shareholders' Meeting is exclusively responsible for decisions on the issue of convertible and non-convertible bond loans referred to article 2 of the Articles of Association.

Any sale of assets (including firms, business units and intellectual properties) representing more than the 25% of the amount of the total assets, resulting from the latest certified consolidated financial statements approved by Isagro, shall be subject to the approval of the ordinary Shareholders' Meeting



pursuant to article 2364, no. 5), of the Italian Civil Code.

Pursuant to article 14 of the Articles of Association, the ordinary and extraordinary Shareholders' Meeting are held, as a general rule, in a single call, and they are constituted and pass valid resolutions with the majorities contemplated by law. The Shareholders' Meeting resolutions that prejudice the rights of the Growth Shares established by article 7 and/or by article 24 must be approved by the special Shareholders' Meeting holding Growth Shares in compliance and with the majorities prescribed by law.

For the purpose of facilitating procedures at Shareholders' Meetings, the Company has published "Isagro S.p.A. Shareholders' Meeting Regulation", available on the website (www.isagro.com, governance section/Shareholders' Meeting).

The methods used to guarantee the rights of each shareholder to speak on items on the agenda are provided in article 6 of the aforementioned Regulation.

The Shareholders' Meeting is the corporate event that allows direct discussion between Directors and Shareholders. The Chairman of the Board, Giorgio Basile, the Vice-Chairman, Maurizio Basile, the independent director Enrica Maria Ghia, the Chairman of the Board of Statutory Auditors, Filippo Cova, the Statutory Auditors, Claudia Costanza and Giuseppe Bagnasco and the members of the Supervisory Body attended the Shareholders' Meeting of April 24th, 2018.

In response to questions from Shareholders, information was provided at the meeting on business performance and on items on the agenda. Documents and information were also provided as envisaged in applicable legal regulations, already disclosed to the public, by the deadlines envisaged in regulations in force, made available at the Company's registered office, at Borsa Italiana S.p.A. (Italian Stock Exchange) and on the Company website.

It should be noted that no further matters were submitted to the Shareholders' Meeting with respect to the proposals formulated by the Directors for which prior public disclosure was necessary by the Shareholders controlling the Issuer.

We highlight that the Remuneration Committee reports to Shareholders on the methods used to carry out its duties through what is described in the Annual Remuneration Report that is exposed and approved with advisory vote during Annual Shareholders' Meeting, as required by article 123-ter, paragraph 6, of the TUF.

During the year, there were no significant changes in the market capitalisation of the Issuer's shares or in the composition of its shareholder structure.

17.0 OTHER CORPORATE GOVERNANCE POLICIES (pursuant to article 123-bis, paragraph 2a), TUF)

The Issuer does not apply corporate governance practices over and above those necessary to meet legal and regulatory obligations, other than the ones already illustrated in the previous paragraphs of this Report.

In particular, reference should be made to previous section 10 with regard to the tasks assigned to the Control, Risk and Sustainability Committee regarding the supervision of sustainability matters, to the previous section 11.3 with regard to the Organisational Model adopted by the Issuer pursuant to Italian Legislative Decree no. 231/2001 and to the internal procedure for reporting mechanisms of possible irregularities or violations of the regulations (so-called whistleblowing system).

18.0 CHANGES OCCURRING AFTER YEAR END

No changes to the corporate governance structure have occurred since the close of the financial year.

19.0 CONSIDERATIONS ON THE LETTER OF DECEMBER 21st, 2018 BY THE CORPORATE GOVERNANCE COMMITTEE PRESIDENT

The recommendations contained in the letter of December 21st, 2018 by the President of the Corporate Governance Committee on Corporate Governance area were brought to the attention of the Board of Directors and the Board of Statutory Auditors in the meeting of February 28th, 2019.

In this regard, the Board of Directors, in examining the aforementioned recommendations, considered, with regard to those regarding the assessment of the independence requirements of the Directors, the Board Review activities and the weight of the long variable components. period, not to undertake further initiatives, compared to those already implemented or started, as already in compliance with them.

On the same occasion, however, he expressed his commitment in favor of a greater timeliness of the pre-council information flows, in accordance with what emerged from the discussion of the results of the Board Evaluation (year 2017) which identified this area as of an improvement.



Milan, March 13th, 2019

On behalf of the Board of Directors of Isagro S.p.A.

The Chairman

Giorgio Basile