



**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, 2014
- Date of approval of the Report: March 11th, 2015

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 2014 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. 16191 of 2007 on markets (as subsequently amended).

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, 2014.

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 70 (seventy) countries, divided into four main macro geographical areas: Europe, the Americas, Asia and Rest of the World.

Established in 1992 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 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 some 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 Colombia, India, Spain and, to a lesser extent, in the United States. In other countries it operates through important local partners.

During last years, this business model (“small global player”) 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, in April 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 2014, see the Management Report on the Financial Statements as at December 31st, 2014.

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.

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 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 Chairman and CEO;
- 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;
- the Internal Audit Manager;
- the Related-Party Transaction Committee, 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 practices.

Corporate Social Responsibility

Every year Isagro publishes an 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.

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. It 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.

2.0 INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to article 123-bis, paragraph 1, TUF) as at March 11th, 2015

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

Isagro S.p.A.'s share capital, following the fully subscription of capital increase resolved by the Extraordinary Shareholders' Meeting which took place on April 7th, 2014, 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 16th, 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, after the subscription of the capital increase and the subsequent issue of no. 6,999,960 ordinary shares and no. 14,174,919 Growth Shares offered in option to shareholders is equal to € 24,961,207.65, divided into no. 24,549,960 ordinary shares and no. 14,174,919 Growth Shares; the Extraordinary Shareholders' Meeting taken on April 7th, 2014 resolved the removal of the par value of all shares representing Isagro's share capital, consequently amending the article 6 of Articles of Association.

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.

No stock-based incentive plans (stock options, stock grants, etc.) exist requiring issues of new share capital, including therein bonus issues.

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%
Finindustria Italiana S.p.A..	Phyteurop S.A.	2.792%	2.792%

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 are two shareholders’ agreements in place, of which the Issuer is aware, pursuant to article 122 of the Consolidated Financial Law.

In particular, an agreement between the shareholders of BasJes S.r.l. (formerly BasJes Holding S.r.l.) and an additional agreement between Gowan LLC (“Gowan”) and the current shareholders of Piemme S.r.l. (“Piemme”), which totally represent, at the signing day of the agreement (October 18th, 2013), the 90.261% of the share capital of the latter¹.

¹We highlight that, on December 3rd, 2014, effective date December 10th, 2014, the deed of merger by incorporation of Manisa S.r.l. and Holdisa S.r.l. into BasJes Holding S.r.l. was filed at the Milan Register of Companies. BasJes Holding S.r.l. was contextually renamed Holdisa S.r.l. and became the direct parent company of Isagro, thus achieving a streamlining of Isagros’s controlling structure.

g1) Holdisa S.r.l. shareholders' agreement (formerly BasJes Holding S.r.l.)

The agreement between Holdisa S.r.l. ("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, following the capital increase as above described and the merger as reported in footnote no.1 (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 currently 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

In accordance with the capital increase and merger operation as above described, pursuant to article 93 of the Consolidated Financial Law, Isagro is currently 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.:

- restrictions on share trading ("lock up" period of three years) (article 122, paragraph 5b) of the Consolidated Financial Law);
- 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);
- amendments to the Articles of Association and membership of the corporate bodies of Manisa and Holdisa (article 122, paragraph 1 of the Consolidated Financial Law); we highlight that, following the aforementioned merger, the covenants contained in this letter are outdated;
- 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);
- transformation of Holdisa into a limited company (article 122, paragraph 1 of the Consolidated Financial Law).

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.

g2) Piemme and Gowan shareholders' agreement

The agreement was signed on October 18th, 2013 (and subsequently updated and amended) by the current shareholders of Piemme and Gowan LLC, which holds (starting from February 5th, 2014) 0.50% of Piemme share capital.

The financial instruments covered in the agreement represent, as at December 31st, 2014, 99.50% of Piemme share capital as illustrated in the table below:

Piemme shareholders at 12.31.2014	% of syndicated capital	% of Piemme capital
Giorgio Basile	34.55	34.37
Maurizio Basile	6.91	6.88
Maria Camilla Filippini Battistelli	22.36	22.25
Alessandra Basile	18.09	18.00
Riccardo Basile	18.09	18.00
Total	100.00	99.50

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

- Piemme shareholders' pledged to Gowan to not transfer proper shares to third parties;
- the last paragraph of article 17 of Piemme's Articles of Association envisages that every amendment to article 16 of the Articles of Association (pre-emptive right in case of transfer of shares) should be approved unanimously by all shareholders.

None of the parties to the agreement are able to exercise control over Piemme as a result of the agreement which has 5 years duration, effective from the date of signature, unless otherwise envisaged by law.

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.

The Issuer has the following significant agreements in place including change of control clauses:

- cooperation agreement signed on September 24th, 2012 with FMC Corporation for the research and development of a new proprietary fungicide discovered by the Isagro S.p.A.

Research Centre. If change of control should occur for one of the parties, the agreement envisages that, prior to presentation of the complete dossier for the registration of Technical Products by Isagro S.p.A. and FMC, respectively in the European Union and USA, and without permission from the other party, it may be terminated in accordance with the terms of the underlying agreement;

- regional commercial agreement signed on January 15th, 2013 with the Syngenta Group for the marketing of a broad-spectrum biological fungicide. The underlying contract to the agreement envisages that, in the event of change of control of one of the parties, the other may exercise the option to terminate the arrangement with immediate effect;
- commercial agreement signed on July 2nd, 2013 with the Syngenta Group for the supply and distribution of a copper-based fungicide in a vast area of Europe. The underlying contract to the agreement envisages that, in the event of change of control of one of the parties, the other may exercise the option to terminate the arrangement with immediate effect;
- loan agreements with the European Investment Bank (E.I.B.). The agreements envisage, in the event of change of control of the Company, the E.I.B. may exercise the option to request the advance repayment of the loan together with the related accrued interests and any other due amount based on the underlying contract.

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)

Mandates to increase share capital

The Extraordinary Shareholders' Meeting taken on April 7th, 2014, resolved to vest the Board of Directors with the powers to increase the share capital, to be paid by cash, in divisible form within September 30th, 2014, for a maximum amount (including the share premium) of Euro 29,500,000 of which maximum Euro 7,450,000 allocated to capital, by issuing ordinary shares and Growth Shares, both with no par value, to be jointly offered in option to Company's shareholders pursuant to article 2441, paragraph 1, c.c., at the issuing price (in any case equal for both shares' categories), regarding

share number and ratio as established by the Board in proximity of the beginning of the offer and compliant with Shareholders' Meeting guidelines.

The share capital increase has been concluded on May 21st, 2014 with the subscription of a total amount of Euro 29,010 thousand. For a detailed description of the capital increase operation see the Management Report on the Financial Statements as at December 31st, 2014.

Authorization to purchase treasury shares

We highlight that in 2009 the Shareholders' Meeting, with resolution of April 30th, 2009, renewed the authorization given to the Board of Directors to purchase and sell the Issuer's treasury shares. This authorization, with a duration of 18 months from the date of the resolution, expired on December 31st, 2010 and has not been renewed.

As at December 31st, 2014, the Company holds 50,000 treasury shares, equal to 0.129% of the share capital, for a total value of Euro 162,410.36. None of the subsidiaries and associates holds Isagro S.p.A. shares.

I) 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 – corporate governance section);
- the information required by article 123-bis, paragraph 1l), ("*rules applicable to the appointment and replacement of directors [...] and to amendment of the Articles of Association, 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 2014 (adopted by resolution of the Board of Directors on August 5th, 2014), available to the public on the Italian Stock Exchange website (www.borsaitaliana.it) and on the Corporate Governance Committee website



(<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>), as the basis for its effective corporate governance.

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 regulation², 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.

² By Resolution no. 19109 of January 28th, 2015 Consob confirmed the 2.5% threshold.

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

Each list must contain one or more candidates who meet the independence requirements under provisions of law. 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 votes³;
- (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 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;

³Isagro's Articles of Association does 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).

- 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 came 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 should 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

At the date of this Report, considering the ownership structure and the fact that the only two executive directors are, as of today, shareholders of the parent company of the Issuer, the Board of Directors has not assessed any succession plans for executive directors.

The Board of Directors, during the meeting of March 11th, 2015, acknowledged the recommendation of the Nomination Committee (see paragraph 7.0) and deemed appropriate to postpone any decision on this matter subsequent to the assignment of the new Board.

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

The current Board of Directors, which mandate expires on approval of the Financial Statements as at December 31st, 2014 by the Shareholders' Meeting called for April 24th, 2015, was elected by list vote during the Shareholders' Meeting of April 26th, 2012⁴, pursuant to the provisions of article 15 of the Articles of Association.

A list of 7 (seven) candidates for appointment to the Board of Directors was submitted by the majority shareholder Holdisa S.r.l. (for the events occurred during 2014 see the footnote no. 4). With 54.72% of the votes, as a ratio of 100% of the voting share capital, all candidates on the list submitted, except for Christina Economou and Gianni Franco elected with 54.71% of the votes, were elected as follows:

Executive members:

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

Non-executive members:

- Riccardo Basile
- Christina Economou
- Gianni Franco
- Adriana Silvia Sartor (independent director)
- Elena Vasco (independent director)
- Antonio Zoncada (independent director)

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

Giorgio Basile

Graduate 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

⁴The Shareholders' Meeting of April 7th, 2014, pursuant to article 2386 c.c. and to article 15 of Articles of Association and following the Holdisa S.r.l. shareholder's nomination at March 31st, 2014, designed, in office up to the next Shareholders' Meeting called for approval of the Financial Statements as at December 31st, 2014, the non-executive director Gianni Franco. We highlight that the latter was co-opted during the Board of December 19th, 2013 replacing the outgoing (after his resignation) non-executive director Paolo Piccardi.

The same Shareholders' Meeting, pursuant to article 2386 c.c. and to article 15 of Articles of Association, resolved the increase of Board members from the previous 7 (seven) to the current 8 (eight). Moreover, it appointed the non-executive director Christina Economou in office up to the next Shareholders' Meeting, following the Holdisa S.r.l. shareholder's nomination at March 31st, 2014.

At the Board of Directors' meeting of August 5th, 2014, the non-executive director Carlo Porcari resigned with immediate effect. Pursuant to article 2386, paragraph 1 of the Italian Civil Code, the outgoing director was replaced by non-executive director Riccardo Basile as new member of the Board of Directors, in office up to the next Shareholders' Meeting of the Company.

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

Maurizio Basile

Graduate 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. He is currently head of Advanced Management Control in the Economics Department of Luiss University in Rome. Since 2011 he has been an Independent Director of Banor SIM S.p.A., Executive Director of I.R.B.M. Science Park S.r.l. and advisor to the Federazione Italiana Tabaccai. Since December 2014 he has been Standing Auditor of Terzia S.p.A., a company owned by Federazione Italiana Tabaccai.

He has been Vice Chairman of the Issuer since September 1st, 2011, and from January 1st, 2014 he is responsible for the Finance & Control, Personnel, Corporate Communications and General Services business areas and for institutional relations.

Riccardo Basile

Graduate in Economics specialising in Corporate Finance. In the period 2006-2008 he specialized in Finance and Entrepreneurship at the Leonard N. Stern School of Business where awarded merit-based scholarship. He starts 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 was a summer associate of JP Morgan Investment Banking in London. From 2009 to 2012 he gained significant experience in strategic advisory at McKinsey & Company in London. Since 2012 he has been Chief Executive Officer and co-founder of Lazada Thailand, an e-commerce company.

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

Christina Economou

Graduate in Economics (MBA) specializing in Corporate Finance and certified as public accountant in Arizona (USA). From 1992 to 1996 she was retail store manager in Asterios Jewelry (Greece). In 1997 she spent a period - *financial analysis internship* - in Hewlett-Packard Company (France). From 1998 to 2000 she was recruited in the *Leadership Program* from the United Technologies Corporation (USA) where between 2000 and 2005 became *Customer Assurance and Quality Manager*. In 2005 she started her career in Gowan Company LLC in office as *Senior Financial Analyst* up to 2008. From 2008 to 2009 she worked at the Regulatory department of Gowan where her goal was to learn the very technical and heavily-regulated agrochemical industry.

Since 2009 she has been *Chief Financial Officer* of Gowan.

She has been a Non-Executive Director of the Issuer since April 7th, 2014.

Gianni Franco

Graduate in Agricultural Sciences, he has gained significant experience in major multinational groups in the chemicals and agrochemicals sector. Between 1970 and 1980 he was assistant in the Phytochemicals Division of Sivam S.p.A.. From 1980 to 1986 he worked with Du Pont de Nemours as Development & Marketing Manager and Product Manager. From 1987 to 1995 he was International Strategic Marketing Director of Sipcam Oxon Group. Between 1996 and 1998 he was Managing Director at the South African branch of Sanachem Europe. From 1998 to 2000 he was Global Business Leader of Dow Agrosiences, France. He is currently a director of Gowan Italia S.p.A. as well as Strategic Advisor of Gowan Company LLC.

He has been a Non-executive Director of the Issuer since December 19th, 2013.

Adriana Silvia Sartor

Graduate in Modern Languages and Literature, specialising in Business Development with a master's degree from Bocconi Business School (COSVIM), she joined 3M Italia's staff as translator. In Montedison she was assistant to Sen. Medici, Chairman of Montedison S.p.A., for relations with foreign delegations. She has been Manager of Information Management for Siemens Data S.p.A., part of the IT R&D Division of Siemens Munich. In 1988 she joined the Elettrotec S.r.l., a company owned by her family, as Sole Director and in 2001 became Sole Director of its subsidiaries Elettro Instruments S.r.l. and Sie. Among her other experiences, she has collaborated with the team of lexicographers that prepared the Hazon Garzanti dictionary, with the IT Studies University as external professor and thesis mentor, and with the Documentation Department of CNR, Rome. For approximately 10 years she has been Vice Chairman of Confidi Province Lombarde. She has been a member of the Assolombarda Executive Council since 2006, of the Scientific Committee of Promos since 2010 and from 2008 to 2012 she was Vice Chairman of Confindustria Lombardia. Since 2012 she has been coordinator of the Business Internationalisation Technical Committee for the Special Expo 2015 Project headed by the Chairman Diana Bracco.

She is an Independent Director of the Issuer.

Elena Vasco

Graduate in Economics, from 1992 to 1997 she gained important experience as Investments and Special Affairs Officer with Mediobanca. From 1997 to 2002 she was Manager of the Planning, Control and Strategic Development Department of Holding di Partecipazioni Industriali S.p.A.. From 2002 to 2003 she was Chief Executive Officer of the radio broadcasting group headed by RCS and in



2004 she was appointed Head of Strategic and Special Affairs Management of RCS MediaGroup S.p.A.. From 2005 to 2006 she was advisor on extraordinary finance operations in the fashion, publishing, thermal and clinical engineering sectors. From 2006 to 2009 she was Head of the Administration, Finance, Planning and Control Division of Milano Serravalle Milano Tangenziali S.p.A.. Since 2009 she has been Head of the Resources and Assets Department of the Milan CCIAA (Chamber of Commerce) and since 2012 she has been Vice General Secretary of the same organisation. In April 2013 she joined the Board of Directors of Banca Carige. She is an Independent Director of the Issuer.

Antonio Zoncada

Graduate in Economics. In 2007 he was appointed Treasurer of Assolombarda, in 2006 Vice Chairman of Fonchim (Supplementary Pension Fund for the Chemical Sector), and up to 2011 was Director of Faschim. From 1985 to 2005 he covered various positions in the BASF Group, until becoming CEO and Chairman. He is a member of the Supervisory Body of Banca Popolare di Sondrio, Chairman of the Supervisory Body of Bracco S.p.A., Chairman of the Board of Auditors of Confindustria, and member of the Board of Directors of Innovhub - Stazioni Sperimentali per l'Industria, the Special Company of the Milan Chamber of Commerce. Since 2012 he has been Senior Advisor of Stanton Chase International. He is an Independent Director of the Issuer.

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	21.06.94	26.04.12	M	X				-	9/9
Vice Chairman	BASILE Maurizio	1948	26.04.06	26.04.12	M	X				Banor SIM S.p.A. Independent Director I.R.B.M. Science Park S.r.l. Chief Executive Terzia S.p.A. Statutory Auditor	9/9
Director	BASILE Riccardo	1979	05.08.14	05.08.14	(1)		X			Lazada Ltd. (Lazada Thailand) Chief Executive Officer and Director	2/2
Director	ECONOMOU Christina	1974	07.04.14	07.04.14	(2)		X			-	5/5
Director	FRANCO Gianni	1945	19.12.13	19.12.13	(3)		X			Gowan Italia S.p.A. Director	9/9
Director	SARTOR Adriana Silvia	1948	26.04.12	26.04.12	M		X	X	X	Confidi Province Lombarde Vice Chairman	6/9
Director	VASCO Elena	1964	26.04.12	26.04.12	M		X	X	X	Banca Carige S.p.A. Director Orizzonte Sgr Director	8/9
Director ○	ZONCADA Antonio	1946	29.04.08	26.04.12	M		X	X	X	Fonchim Vice Chairman Innovhub Director	8/9
DIRECTORS TERMINATING OFFICE DURING THE REPORTING PERIOD											
Director	PORCARI Carlo	1940	22.06.98	26.04.12	M		X			Banca Popolare Commercio e Industria S.p.A. Vice Chairman and Executive Committee Member Banca Carime S.p.A. Director and Committee Executive Member Ubi Factor S.p.A. Director	7/7

No. of meetings held in the reporting period: 9

Quorum required to present minority lists for the election of one or more members (pursuant to article 147-ter, TUF): 2,5%

In office until: the current Board of Directors is in office up to the next Shareholders' Meeting, April 24th, 2015, called for the approval of the Financial Statements as at December 31st, 2014.

- (1) Co-opted Director by the Board of Directors of August 5th, 2014
- (2) Director appointed by the Shareholders' Meeting of April 7th, 2014 without the application of the voting list system
- (3) Director appointed by the Shareholders' Meeting of April 7th, 2014 without the application of the voting list system (formerly co-opted by the Board of Directors of December 19th, 2013)

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).

STRUCTURE OF THE COMMITTEES									
Name	Assignment	C.R.C.		R.C. (***)		N.C. (***)		E.C.	
		(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
BASILE Giorgio	Chairman and Chief Executive Officer							N/A	N/A
BASILE Maurizio	Vice-Chairman							N/A	N/A
BASILE Riccardo	Director							N/A	N/A
ECONOMOU Christina	Director							N/A	N/A
FRANCO Gianni	Director							N/A	N/A
SARTOR Adriana Silvia	Director	5/5	M	2/2	C	2/2	C	N/A	N/A
VASCO Elena	Director							N/A	N/A
ZONCADA Antonio	Director	5/5	C	2/2	M	2/2	M	N/A	N/A
DIRECTORS TERMINATING OFFICE DURING THE REPORTING PERIOD									
PORCARI Carlo	Director							N/A	N/A
no. of meetings held in the reporting period		5		2		2		N/A	

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", which held two meetings during the reporting period (see paragraphs 7.0 and 8.0).



C.R.C.: Control and Risk Committee.

R.C.: Remuneration Committee.

N.C.: Nomination Committee.

E.C.: Executive Committee.

N/A: not applicable.

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

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 March 24th, 2009 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 4 (four).

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 particular, 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.

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 and, if required to related specific topic, to show the reference regulatory framework.

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

In 2014, 9 (nine) meetings of the Board of Directors of the Issuer were held. The average duration of the Board meetings was approximately three hours.

For 2015 at least 6 (six) meetings are planned, 3 (three) of which were already held on January 27th, February 25th and March 11th, 2015.

The promptness and completeness of pre-meeting information are guaranteed by the Corporate 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 should 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, 2014. 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.

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:

- (i) 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;

- (ii) define the nature and level of risk compatible with the Issuer's strategic objectives;
- (iii) evaluate the adequacy of the organisational, administrative and accounting structure of the Issuer as well as of its subsidiaries of strategic importance as prepared by the Chief Executive Officers, with particular reference to the system of internal control and risk management;
- (iv) 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;
- (v) 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;
- (vi) 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;
- (vii) 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;
- (viii) taking into account the outcome of the evaluation mentioned under the previous item (vii), report its view to shareholders on the professional profiles deemed appropriate for the composition of the Board of Directors, prior to its nomination; we underline that the aforementioned outcome of the evaluation will be disclosed at the Shareholders' Meeting called to replace the current Board, with mandate due to expire on approval of the Financial Statements as at December 31st, 2014;
- (ix) provide information in the Corporate Governance Report as set forth in the Code;
- (x) 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 2014, the Issuer's Board of Directors conducted the following activities, in compliance with criterion 1.C.1. of the Code:

- examined and approved the strategic, industrial and financial plans of the Issuer and the Group, the corporate governance system of the Issuer and the Group structure. Specifically, on March 4th, 2014 the Board of Directors approved the draft of Financial Statements of

Isagro S.p.A. as at December 31st, 2013 and the Isagro Group Consolidated Financial Statements as at December 31st, 2013 with the related Directors' Management Reports and Notes to the Financial Statements (on March 14th, 2014 it approved updates of both); at the same date it also approved the Group Business Plan for 2014-2018, subject to Deloitte & Touche Audit Firm comfort letter, defining the nature and level of risk compatible with the Issuer's strategic objectives; it approved the impairment tests executed in compliance with IAS 36 International Accounting Standard;

- 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;
- assessed and approved, in accordance with the provisions of article 21 of Articles of Association, the transactions completed by the Issuer during 2014 having a significant impact on the latter's strategies, profitability, assets and liabilities and financial position; it approved the 2015 Budget;
- assessed the adequacy of the organisational, administrative and accounting structure of the Issuer as well as of its subsidiaries of strategic importance receiving constantly information both on major organizational changes and on the accounting standards applied; resolved on the strengthening of the marketing & sales area, the establishment of the Risk Management department and assigned new powers and delegations following the organisational structure's changes;
- defined the terms and conditions of the capital increase resolved by the Isagro S.p.A. Extraordinary Shareholders' Meeting of April 7th, 2014, and successfully completed on May 21st, 2014;
- assessed the possession of independence requisites of the Independent Issuers' Directors - Adriana Silvia Sartor, Elena Vasco and Antonio Zoncada - in accordance with recommendations of principle 3.P.2. of the Code. Consecutively the Board also approved the text of the press release concerning the outcome of the assessment, to be then submitted to the Italian Stock Exchange in accordance with the provisions of law;
- at the Board of Directors' meeting of May 7th, 2014, in accordance with recommendations of criterion 1.C.1. of the Code, performed the Board Evaluation in relation to performance of the Board and its committees, as well as their size and membership, verifying that with respect to activities conducted by the Company, its various members - executive, non-executive and independent - are adequately represented and their professional and managerial expertise, also of an international nature, taking into account the potential benefits from presence on the Board of the different genders, age ranges and office seniority. The Board Evaluation, which began a few months prior to that Board meeting, was performed through the transmission of a summary self-assessment questionnaire to each board member, subsequently completed and delivered by each one, anonymously, to the Secretary of the Board. The questionnaire, prepared by the Corporate Affairs and Internal Audit departments, was then processed by the same. The results of the self-assessment process were discussed during the Board meeting and

it pledged to identify the appropriate improvement measures in view of the appointment of the new Board in 2015;

- on recommendation of the Nomination and Remuneration Committee and with opinion in favour by the Board of Statutory Auditors, it approved the 2014 remuneration and variable incentive plans for Directors; it also approved the updated budget of the Control and Risk Committee, the Nomination and Remuneration Committee, the Internal Audit department and the budget of members of the Supervisory Body; it approved the allocation of the annual budget of the Manager responsible for preparing the corporate accounting documents pursuant to article 154-*bis* of Italian Legislative Decree no. 58/1998, in compliance with the provisions of law and the Articles of Association on such matters;
- acknowledged the streamlining of Isagros's controlling structure following the merger by incorporation of Manisa S.r.l. and Holdisa S.r.l. into BasJes Holding S.r.l.. BasJes Holding S.r.l. was contextually renamed "Holdisa" and became the direct parent company of Isagro S.p.A.;
- resolved the adoption of the Corporate Governance Code in the updated version of July 14th, 2014;
- revoked previous powers and assigned new powers to Company representatives, defining their limits and exercise methods;
- approved the update of the "Internal Dealing Code", pursuant to article 114, paragraph 7, TUF, European directives on "Market Abuse" and "Consob Regulation";
- approved the Corporate Governance and the Ownership Structure Report pursuant to article 123-*bis* of Legislative Decree no. 58/1998 and the Remuneration Report, with related tables (at the same time approving the update of the general Policy on the remuneration of Directors and Executives with strategic responsibilities of the Issuer);
- through the support of the Control and Risk Committee, it assessed the adequacy of the internal control and risk management system; it positively assessed the opportunity recommended by the Control and Risk Committee which, on the basis of best practices, pointed out the necessity of implementing a structured risk management process and established the role of Risk Manager. Rudi Savi, Company's Q&HSE Manager, was appointed Risk Manager with effective date March 13th, 2014;
- acknowledged the report on the mobility procedure launched at Novara plant by the Company (disclosure pursuant to article 24, Italian Law 223/1991).

We highlight that, on the basis of revenues generated, the subsidiaries Isagro (Asia) Agrochemicals Pvt. Ltd. and Isagro USA, Inc. were identified as of strategic significance.

With regard to criterion 1.C.4. of the Code, we report that in 2014 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*.

We highlight that, as recommended by criterion 2.C.5. of the Corporate Governance Code, there are no interlocking directorate positions.

Chairman of the Board of Directors

On May 10th, 2012, 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 paragraph 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 Chairman

and CEO and the Vice Chairman of the Company are to be considered 1st level and any others as 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 € 500,000 (five hundred thousand) and a joint 1st or 2nd level signature for amounts between € 500,000 (five hundred thousand) and € 2,000,000 (two 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 1st or 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 1st or 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;
- 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, not registered movables, registered movables 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 € 500,000 (five hundred thousand) and a joint 1st or 2nd level signature for amounts exceeding € 500,000 (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 € 500,000 (five hundred thousand) and a joint 1st or 2nd level signature for amounts exceeding € 500,000 (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 € 500,000 (five hundred thousand) and joint 1st or 2nd level signature for amounts exceeding € 500,000 (five hundred thousand) 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 1st or 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 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 (*this power was assigned by the Board of Directors on August 2nd, 2012, to supplement the powers already assigned by resolution of May 10th, 2012*).
 - y) 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;
 - z) 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;
 - aa) 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, in order 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 and Risk 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, on May 10th, 2012 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 the Chairman and CEO and the Vice Chairman of the Company are to be considered 1st level and any others as 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;
 - 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 € 500,000 (five hundred thousand) and a joint 1st or 2nd level signature for amounts between € 500,000 (five hundred thousand) and € 2,000,000 (two 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 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 € 4,00,000 (four million) by a joint 1st or 2nd level signature for each transaction;
 - h) to request and to obtain from 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 1st or 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;
- 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, not registered movables, registered movables 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 € 500,000 (five hundred thousand) and a joint 1st or 2nd level signature for amounts exceeding € 500,000 (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 € 500,000 (five hundred thousand) and a joint 1st or 2nd level signature for amounts exceeding € 500,000 (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 € 500,000 (five hundred thousand) and joint 1st or 2nd level signature for amounts exceeding € 500,000 (five hundred thousand) 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 1st or 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 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 (*this power was assigned by the Board of Directors on August 2nd, 2012, to supplement the powers already assigned by resolution of May 10th, 2012*).
- y) 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 perform payments by instalments;
- z) 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;
- aa) 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.

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 3 (three) non-executive directors, namely Antonio Zoncada, Elena Vasco and Adriana Silvia Sartor, qualify 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 aforementioned directors was assessed by the Board of Directors during the meeting of May 10th, 2012, following their appointment at the Shareholders' Meeting of April 26th, 2012, and the results of the assessment 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.

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 aforementioned 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 March 4th, 2014, 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' verification, 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 2014 the independent directors met 3 (three) times, in the absence of the other directors and coordinated by the Lead Independent Director, mainly to assess and analyze the following matters:

- Company's capital increase extraordinary operation and new controlling structure;
- Management process and monitoring of Research & Development investments;
- Company's financial position with focus on short-term loans' costs;
- general performance of the Company with a focus on sales and on plant's capacity exploitation.

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 should arise 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.3. 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 10th, 2012, appointed the independent director Antonio Zoncada as Lead Independent Director.

This decision stems from the need to identify the Lead Independent Director, pursuant to criterion 2.C.4. 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 May 7th, 2014 the Board of Directors of the Company approved the updated version⁵ 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 "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 2014 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. 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 documents and information", updated to its new version at the meeting of May 14th, 2013 (this document is available on the Company website www.isagro.com in the corporate governance/codes and procedures section).

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.

⁵ The first version of the Internal Dealing Code dates back to the document approved by the Board of Directors on October 13th, 2003.

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. Corporate Affairs 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 and Risk Committee”.

We highlight that, pursuant to criterion 4.C.1., paragraph c), the Board resolved to establish a single “Nomination and Remuneration Committee”, composed of sole non-executive 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)

This Committee was established by the Board of Directors resolution of May 10th, 2012 and then the related membership was updated by resolution of the Board dated July 24th, 2013. It also acts as Remuneration Committee and it is composed of 2 (two) independent directors, Adriana Sartor (Chairman) and Antonio Zoncada. The Committee membership therefore complies with criterion 4.C.1. of the Code, according to which the Committee can have at least 2 (two) members if the Board of Directors is made up of no more than 8 (eight) members, provided both are independent.

In 2014 the Committee held 2 (two) meetings, and in 2015 it planned 3 (three) meetings, of which 1 (one) already held on March 4th, 2015; the average duration of meetings is 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 2014 as part of its duties, were as follows:

- expression of the opinion in favour, by letter dated April 2nd, 2014, of the proposal received from Holdisa S.r.l. containing the list of two new candidates for appointment to the Company's Board of Directors (Gianni Franco and Christina Economou), together with the *curriculum vitae* of each candidate and the necessary declarations of the same. We highlight that Gianni Franco was co-opted on December 19th, 2013 replacing the resigned director Paolo Piccardi;
- recommendation to the Company's Board of Directors during the meeting of February 27th, 2014 on the launch of an initial assessment regarding the necessity to prepare a plan for the succession of executive directors, according to timing and methods considered most

appropriate, 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.

In compliance with criterion 4.C.1., paragraph d), all Committee meetings are duly minuted.

In performing its duties, the Nomination 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 12th, 2013, the Board of Directors made available to the Committee an expense budget for year 2014 totalling € 5,000 (five 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)

This Committee was established by the Board of Directors resolution of May 10th, 2012 and then the related membership was updated by resolution of the Board dated July 24th, 2013, including also the duties of the Nomination Committee. It is composed of two independent directors, Adriana Sartor (Chairman) and Antonio Zoncada. The Committee membership therefore complies with criterion 4.C.1., according to which the Committee can have at least 2 (two) members if the Board of Directors is made up of no more than 8 (eight) members, provided both are independent. At the time of the appointment, the Board assessed as suitable the skills and experience of the Committee members in financial and remuneration policy matters.

In 2014 the Remuneration Committee held 2 (two) meetings, and in 2015 it planned 3 (three) meetings, of which 1 (one) already held on March 4th, 2015; 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 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 2014 as part of its duties, were as follows:

- approval on February 27th, 2014, 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 to the Company’s Board of Directors for examination and approval at the meeting of March 4th, 2014;
- expression of the opinion in favour on the new directors’ remuneration appointed by the Shareholders’ Meeting of April 7th, 2014 (Gianni Franco and Christina Economou) and on the change of the remuneration of the executive director, Maurizio Basile.

Note that the Chairman and a member of the Board of Statutory Auditors were also invited to attend the meeting of February 27th, 2014.

In compliance with criterion 4.C.1., paragraph d), all Committee meetings are duly minuted.

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 12th, 2013, the Board of Directors made available to the Committee an expense budget for year 2014 totalling € 5,000 (five thousand), considered all-inclusive in covering duties related both to Nomination and Remuneration Committees.

9.0 REMUNERATION OF DIRECTORS

Note that information on the “General policy on the remuneration of directors and executives with strategic responsibilities” are provided in the “Remuneration Report” published pursuant to article 123-ter, TUF, and available on the Company website www.isagro.com, in the corporate governance/shareholders’ meeting section.

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.

10.0 CONTROL AND RISK COMMITTEE

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

The Committee was established by the Board of Directors resolution of May 10th, 2012 and then the related membership was updated by resolution of the Board on February 8th, 2013. It is composed of 2 (two) independent directors, Adriana Sartor and Antonio Zoncada, the latter as Chairman, whose experience in accounting, financial and risk management 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 criterion 4.C.1., paragraph a) and principle 7.P.4. of the Code, in accordance with which, respectively, as in this case, the Committee membership can comprise only 2 (two) directors, provided they are both independent, if the Board of Directors is made up of no more than 8 (eight) members and, if the Issuer is subject to direction and coordination by another company the Committee shall be made up exclusively of independent directors.

In 2014 the Committee held 5 (five) meetings, and in 2015 it planned 6 (six) meetings, of which 2 (two) already held on January 22nd and March 4th, 2015. 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.

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 and Risk 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 occasion of 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.

In addition, the Committee 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, 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.

During the reporting period, the Committee mainly performed the following activities:

- examined the 2014 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 with the support of Internal Audit department, duly reporting on a quarterly basis to the Board of Directors;
- as part of the coordination activities with other parties involved in the internal control and risk management system, 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.

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 12th, 2013, the Board of Directors made available to the Committee an expense budget for year 2014 totalling € 20,000 (twenty thousand) to cover the performance of its duties.

11.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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 and Risk Committee and Internal Audit department.

An effective internal control 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.

Given the characteristics of the company, the Control and Risk Committee periodic reports 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 organised so as to ensure correct information and adequate control coverage of all activities and, in particular, the areas at greatest risk.

Following the recommendations of the Control and Risk Committee it has been established the role of Risk Manager by the nomination of Rudi Savi at the Board Meeting of March 4th, 2014, as reported in this Report, paragraph 4.0.

At the meeting of February 4th, 2014, after hearing the Board of Statutory Auditors and the Executive Director Responsible for the Internal Control and Risk Management System, the Board of Directors approved the 2014 Internal Audit plan prepared by the Internal Auditor Manager.



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 guidelines this system is based on are those referred to in the main reference models such as the CoSO report.

The internal control model on financial reporting adopted by Isagro was presented to the Control and Risk 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.

Based on the important processes and activities, the risks are identified, i.e. the events that, due to their probability of occurrence and impact on the accounts of the Financial Statements, may compromise the achievement of the control objectives concerning financial reporting.

The identified risks are assessed by the departments involved in the process, which identify the controls required to mitigate the probability of occurrence and the impact on the assertions of the financial disclosure.

In particular, 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.

The outcome of the monitoring activities is reported to the responsible Manager, promptly indicating the operational status of the control system.

Furthermore, in its quarterly reports to the Board of Directors, the Control and Risk Committee provides information concerning the monitoring activities conducted in the reference quarter by the Manager responsible for preparing the corporate accounting documents.

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

On May 10th, 2012, the Board of Directors of the Issuer, in compliance with criterion 7.P.3., paragraph a) no. (i) of the Code, appointed the Chairman and CEO, Giorgio 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 and Risk Committee and the Chairman of the Board of Statutory Auditors;
- prompt reporting to the Control and Risk 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 Chairman and CEO 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 August 5th, 2010, as proposed by the Executive Director Responsible for the Internal Control System (now the Executive Director Responsible for the Internal Control and Risk Management System) and in compliance with the new provisions of criterion 7.C.1. of the Code, the Company’s Board of Directors appointed Laura Trovato as Internal Audit Manager (formerly Manager of the Internal Control System), defined the remuneration consistent with corporate policies and provided the officer with resources sufficient to carry out her duties, subject to the favourable opinion of the Internal Control Committee (now the Control and Risk Committee).

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 € 20,000).

The Internal Audit Manager, after hearing the opinion of the Control and Risk Committee, has submitted the "Annual Internal Auditing Plan for 2014" to the Board of Directors on February 4th, 2014.

The activity performed by Internal Audit department in 2014 was consistent with the above approved audit plan. As part of the audit activities carried out, it was also verified the accounting recognition system in order 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 - also in his role as Executive Director Responsible for the Control and Risk Management System, the Control and Risk Committee and the Board of Statutory Auditors).

In 2014 the Internal Audit Manager attended all meetings held by the Control and Risk 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.

On November 12th, 2013, the Board of Directors of Isagro S.p.A. adopted the updated version of the Organisational, Management and Control Model in order to acknowledge new regulatory and legislative provisions at the date of this Board.

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. The Special Section specifically describes the Sensitive Processes and the measures and protocols set up by the Company in order 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.

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*”, “*Receiving stolen goods, money-laundering, use of illegally gained money, assets and utilities*”, “*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*”.

At the date of this Report, on the recommendation of the Supervisory Body, the Company is planning the risk assessment and gap analysis to be carried out with the aim to provide updating of the Model with reference to the new offences recently introduced in the Decree.

The task of monitoring the operations and compliance with the Model, and arranging the related updates, is assigned to the Supervisory Body, which was set up by resolution of the Board of Directors on May 10th, 2012. 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, 2014, features a collegial structure in order to satisfy the independence, autonomy, professionalism and continuity requirements of Legislative Decree no. 231/2001. Its members include an external professional covering the role of Chairman, Renato Colavolpe, the independent director, 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 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 in the corporate governance/organisational model 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,

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 10th, 2012 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, appointed 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 12th, 2013, the Board of Directors, in compliance with law and the Articles of Association, made him available an expense budget for year 2014 totalling € 10,000 (ten thousand).

With regard to managers in other roles and corporate functions associated with 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 Chairman and CEO;
- the Control and Risk Committee, with the duty of providing support to the Board of Directors' assessments and decisions relating to the internal control and risk management system;
- the Risk Manager (role established during 2014), responsible for the coordination of governing bodies in the risk assessment process;
- the Company departments to which second level controls are assigned, with a view to ensuring the monitoring and management of corporate risks;
- 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 Board of Statutory Auditors, which supervises the effectiveness of the internal control and risk management system;
- 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;
- 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 November 12th, 2013 the Board of Directors approved the updated version of the "Procedures for managing transactions with related parties", which entered into force on January 1st, 2014. This Procedure (available on the Company website www.isagro.com, in the corporate governance/codes & procedures section) 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 has issued 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.

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 deems 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, 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.

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.

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

The current Board of Statutory Auditors was appointed by the Shareholders’ Meeting of April 24th, 2013 by list vote and also in application of article 148, paragraph 1-*bis*, TUF with a view to guaranteeing gender balance. The appointed Board will remain in office until approval of the Financial Statements as at December 31st, 2015.

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

- Piero Gennari - Chairman
- Claudia Costanza
- Giuseppe Bagnasco

Substitute Auditors

- Eleonora Ferraris
- Francesco Mangiameli

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

Piero Gennari, *Chairman of the Board of Statutory Auditors* of the Issuer. He is a senior 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 the seventies as auditor and tax advisor, in CT&P he gained 35 years of significant experience as a tax, corporate and accounting advisor of Italian and foreign multinational corporations, specialising in mergers & acquisitions, tax disputes, transfer pricing and in the role of statutory auditor. 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”, tax and corporate advisory firm. 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 Chairman of the Board of Statutory Auditors of Manuli Strech S.p.A., GF Uno S.p.A., Avnet Italia S.r.l., Irene S.p.A., Biotedim S.p.A., Risanamento S.p.A., Enervit S.p.A..

Giuseppe Bagnasco, *Standing Auditor* of the Issuer. 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. Since 2008 he has been a Standing Auditor for a number of Isagro Group companies. Since 2012 he has also been a member of the Supervisory Board of Infrastrutture Trasporto Gas S.p.A., a member of the Edison Group, and from mid-2013 to mid-2014 he has collaborated with the Triboo Group (e-commerce and web advertising) as Chief Financial Officer.

Eleonora Ferraris, *Substitute Auditor* of the Issuer. Owner of Studio Professionale in Robbio, administrative, tax and corporate advisory firm. She is a member of the Vercelli Society of Chartered Accountants 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 Pezzana (VC) and for the Municipality of Germagno (VB).

Francesco Mangiameli, *Substitute Auditor* of the Issuer. He is a partner of Studio Caramanti Ticozzi & Partners. He is a member of the Society of Chartered Accountants and registered in the Register of Auditors, and has completed proficiency courses in Tax Law. For several years he has been a tax advisor at national and international level, after his initial career experience with a leading auditing firm. He is a Standing Auditor of several companies, including Uop S.r.l. (Honeywell Group), Accademia S.g.r., Selte S.p.A., Kervis Asset Management S.p.A..

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 SA ***	No. other assignments ****
Chairman	GENNARI Piero	1949	29.04.2010	24.04.2013	M	X	10/10	no. 2 Chairman no. 5 Standing Auditor no. 5 Substitute Auditor
Standing Auditor	COSTANZA Claudia	1967	24.04.2013	24.04.2013	M	X	10/10	no. 10 Chairman no. 10 Standing Auditor no. 6 Substitute Auditor no.2 Directors no. 1 Liquidator
Standing Auditor	BAGNASCO Giuseppe	1945	29.04.2010	24.04.2013	M	X	10/10	no. 1 Standing Auditor no.1 Member of the Supervisory Board
Substitute Auditor	FERRARIS Eleonora	1976	24.04.2013	24.04.2013	M	X	0/10	-
Substitute Auditor	MANGIAMELI Francesco	1963	29.04.2010	24.04.2013	M	X	0/10	no. 5 Standing Auditor no. 5 Substitute Auditor no. 1 Attorney
STATUTORY AUDITORS TERMINATING OFFICE DURING THE REPORTING PERIOD								
-								
Number of meetings held during the reporting period:10								
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, 2015.

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-*quinqüesdecies* of the Issuers’ Consob Regulation.

The Board of Statutory Auditors held 10 (ten) meetings during the year; the average duration of the meetings was about 4 (four) hours, with attendance by each auditor as illustrated in the above table.

During 2015, 6 (six) meetings are planned, 1 (one) of which has already been held on February 25th, 2015.

There have been no changes in membership of the Board of Statutory Auditors since the end of 2014. 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 24th, 2013, on May 16th, 2013 (earliest date after their appointment) and subsequently on March 10th, 2014, declared that it still met the requirements for office, confirming the statement made at the Shareholders’ Meeting, i.e. that it meets the independence, professionalism and integrity requirements envisaged in the Italian Civil Code and Corporate Governance Code.

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 and the reference market; the statutory auditors are also updated regularly on the main regulatory and self-regulation changes through the participation in conferences on related matters.

With regard to criterion 8.C.3., 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 Control and Risk Committee, exchanging information significant to the completion of their respective duties. In 2014, the Chairman of the Board of Statutory Auditors or his appointed delegate participated at all meetings of the Control and Risk 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.

In order 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 August 5th, 2014, the Company's Board of Directors appointed, effective from September 1st, 2014, Davide Grossi (formerly assistant to Investor Relations) 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, replacing Ruggero Gambini (Chief Financial Officer) who was Investor Relations Manager since June 2011.

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 Corporate Communications and General Services 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. In addition, the Company makes available to its shareholders a quarterly publication "Isagro Focus", a strategic communication tool reflecting corporate solidity and transparency, and designed to keep investors informed of all initiatives undertaken by the Company.

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 in article 2 of the Articles of Association.

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.

We highlight that, during the presentation of the list of two new candidates for appointment as Director (Gianni Franco and Christina Economou), the majority shareholder disclosed its proposal to the public in relation to the increase of Board members from previous 7 to the current 8 and to the duration of office of directors.

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/corporate-governance/shareholders' meeting section](http://www.isagro.com/corporate-governance/shareholders-meeting-section)).

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. 5 (five) directors (board members) of the Issuer spoke at the Shareholders' Meeting of April 7th, 2014. 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.

We highlight that the Remuneration Committee reports to Shareholders on the methods used to carry out its duties. For this purpose the annual Shareholders' Meeting is attended by the Chairman or other member of the Committee.

During the year there were no significant changes in the market capitalisation of the Issuer's shares.



With reference to the Issuer's capital structure we highlight that, with effective date December 10th, 2014, it was completed the merger by incorporation of Manisa S.r.l. and Holdisa S.r.l. into BasJes Holding S.r.l. that was contextually renamed "Holdisa" and became the direct parent company of Isagro S.p.A.. The streamlining of Isagro's controlling structure, as duly disclosed to the market as part of the increase of capital, was fully realized.

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 paragraph 11.3 with regard to the Organisational Model adopted by the Issuer pursuant to Italian Legislative Decree no. 231/2001.

18.0 CHANGES OCCURRING AFTER YEAR END

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

Milan, March 11th, 2015

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

The Chairman

Giorgio Basile