

Report on Corporate Governance and Ownership Structures 2019

(Pursuant to Article 123 – bis of the Consolidated Law on Finance)

Approved by the Board of Directors
on 7 April 2020



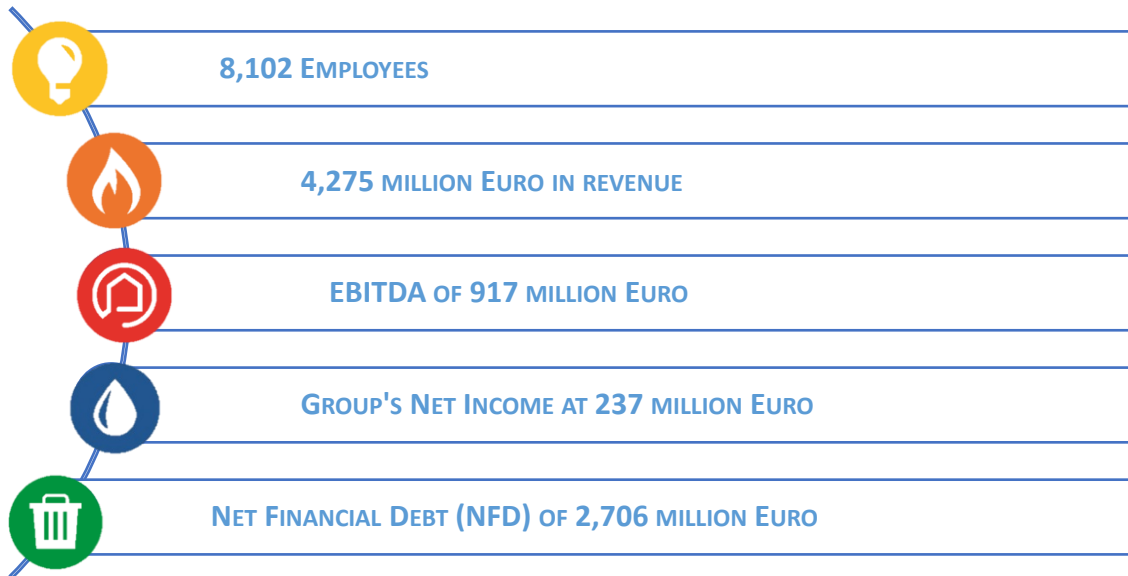
CONTENTS

EXECUTIVE SUMMARY	4
INTRODUCTION	9
1-ISSUER PROFILE	10
2-INFORMATION ON OWNERSHIP STRUCTURES	10
2.1-Share capital structure	10
2.2-Shareholding limits and restrictions on voting rights	10
2.3-Significant shareholdings in the share capital	12
2.4-Holders of securities conferring special rights	12
2.5-Employee shareholding	12
2.6-Agreements between Shareholders that are known to the Company in accordance with Article 122 of the Consolidated Law on Finance	13
2.7-Significant agreements to which the company (or its subsidiaries) are parties and which become effective, are modified or that terminate in the event of a change of control of the company, and their effects (change of control clauses)	19
2.8-Agreements between the Company and the directors providing for indemnities in the event of resignation or dismissal without just cause or if their employment relationship terminates following a takeover bid	20
2.9-Rules applicable to the appointment and replacement of directors as well as to the amendment of the By-laws, if different from those applicable in a supplementary manner	20
2.10-Existence of proxies for capital increases pursuant to Article 2443 of the Italian Civil Code or the power of the directors to issue equity securities as well as authorisations to purchase treasury shares	20
2.11-Activities of management and coordination pursuant to Article 2497 et seq. of the Italian Civil Code. - Indication of the reasons why IREN S.p.A. believes it is not subject to management and coordination activities (pursuant to Article 16, paragraph 4 of the new Market Regulations as per Consob resolution No. 20249 of 28/12/2017)	21
3-COMPLIANCE	21
4-BOARD OF DIRECTORS	21
4.1-Appointing and replacing	21
4.2-Succession plan	24
4.3-Composition	24
4.4-Criteria and diversity policies within the administrative body: evaluations and strategic guidelines of the previous Board on the size, competence and professionalism of the current Board, also in relation to gender quotas.	25
4.5 -Induction programme and board evaluation	26
4.6-Role of the Board of Directors	28
4.7-Delegated bodies	31
4.8-Other executive directors	39
4.9-Independent directors	39
4.10 - Maximum number of positions held in other companies	41
5-INTERNAL MANAGEMENT AND EXTERNAL DISCLOSURE OF CORPORATE INFORMATION	42
6-INTERNAL BOARD OF DIRECTORS' COMMITTEES	43
7-REMUNERATION AND APPOINTMENTS COMMITTEE	44

8-REMUNERATION OF DIRECTORS	47
9-CONTROL, RISK AND SUSTAINABILITY COMMITTEE	47
10-COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES	51
11-INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	53
11.1-Directors responsible for the Internal Control and Risk Management System	56
11.2-Internal Audit Unit Manager	56
11.3-Organisation Model pursuant to Italian Legislative Decree No. 231/2001	58
11.4 - GDPR 679/2016 on the protection of natural persons with regard to the processing of personal data	59
11.5-Independent Auditors	60
11.6-Financial Reporting Manager	60
11.7-Coordination between those involved in the Internal Control and Risk Management System	61
12-DIRECTORS' INTEREST AND TRANSACTIONS WITH RELATED PARTIES	65
13-BOARD OF STATUTORY AUDITORS	68
13.1 - Appointment and replacement.	68
13.2 - Composition.	69
13.3 – Diversity criteria and policies within the auditing body: professionalism requirements and compliance with gender quotas in accordance with law.	70
13.4 - Independence requirements, causes of ineligibility, incompatibility and dismissal, remuneration.	71
13.5 – The role of the Board of Statutory Auditors.	72
13.6 - Meetings and functioning.	73
14- RELATIONS WITH SHAREHOLDERS	73
15-SHAREHOLDERS' MEETINGS	74
16 - ADDITIONAL COMPANY GOVERNANCE PRACTICES	76
17 - CHANGES SINCE THE END OF THE FINANCIAL YEAR 2019	76
18 - CONSIDERATIONS ON THE LETTER OF 19 DECEMBER 2019 FROM THE CHAIRPERSON OF THE COMMITTEE FOR CORPORATE GOVERNANCE	76
TABLE 1. INFORMATION ON OWNERSHIP STRUCTURES	79
TABLE 2. STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES.	80
TABLE 3. STRUCTURE OF THE BOARD OF STATUTORY AUDITORS	82
TABLE 4. OFFICES HELD BY DIRECTORS IN OTHER COMPANIES	83
ANNEX 1. PERSONAL AND PROFESSIONAL PROFILE OF EACH DIRECTOR	86
ANNEX 2. PERSONAL AND PROFESSIONAL PROFILE OF EACH AUDITOR	93
ANNEX 3. MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS	95

EXECUTIVE SUMMARY

KEY HIGHLIGHTS¹ FOR THE COMPANY

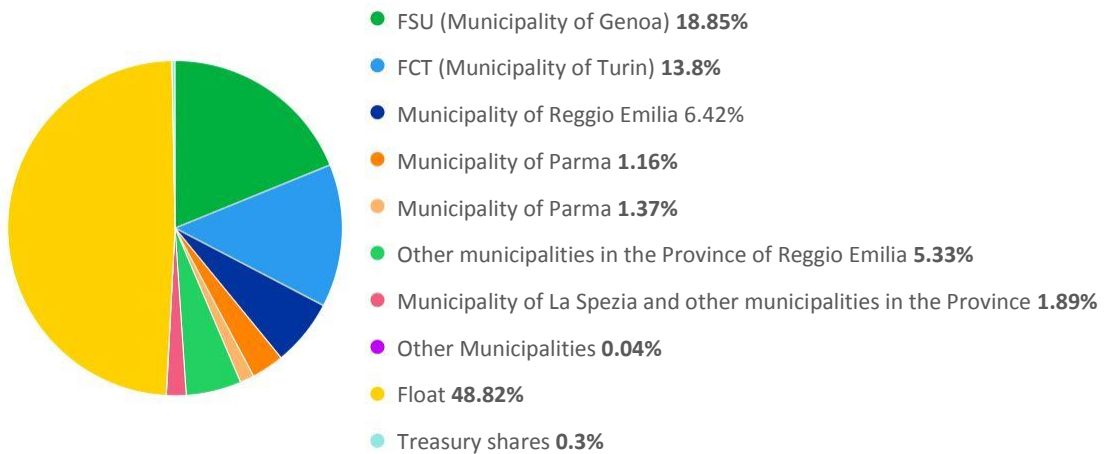


¹ The figures shown refer to 31 December 2019 and the respective scope of consolidation

STOCK PERFORMANCE 2017-2020 (UPDATED 27 MARCH 2020)



OWNERSHIP STRUCTURE - SHAREHOLDING STRUCTURE (UPDATED ON 8 JANUARY 2020)

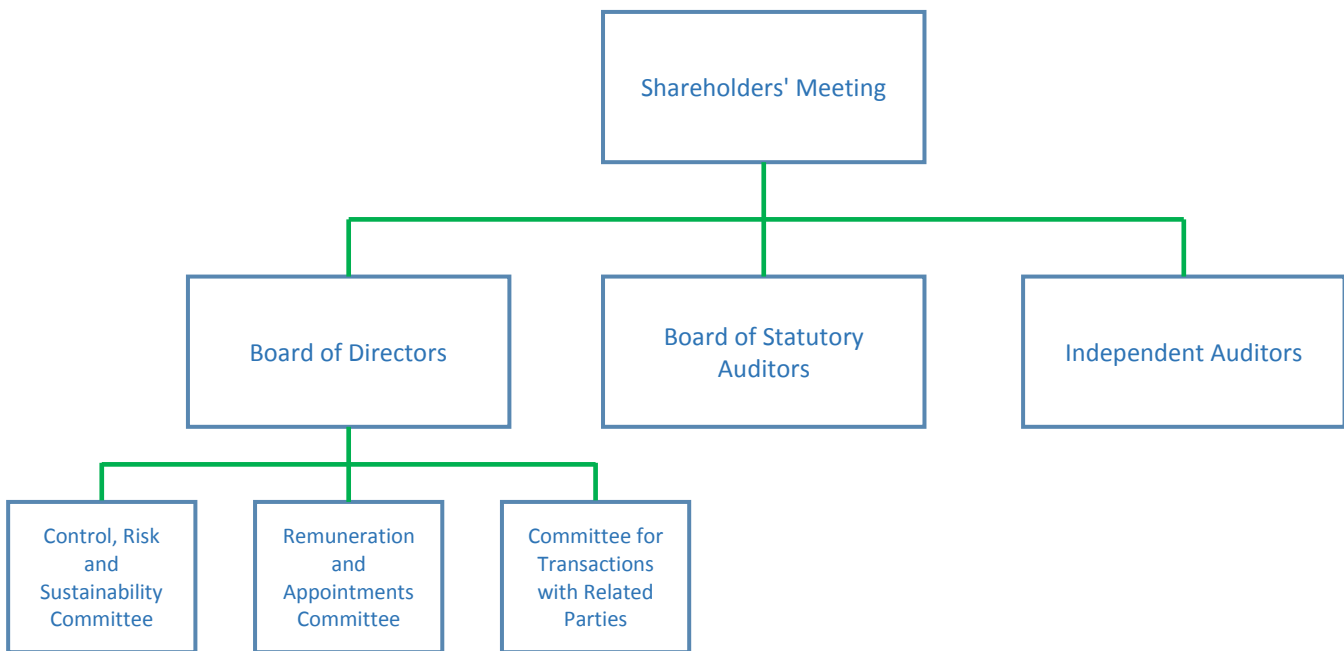


*SHAREHOLDING STRUCTURE DETAIL **

	YES/NO	% OF CAPITAL
PRESENCE OF A SHAREHOLDERS' AGREEMENT	YES	48.68%
PRESENCE OF INCREASED VOTING RIGHTS	YES	48.16%
THRESHOLD FOR THE PRESENTATION OF LISTS	YES	1%
PARTICIPATION OF ITALIAN INSTITUTIONAL INVESTORS (EXCLUDING PUBLIC SHAREHOLDERS)	YES	13.73%
PARTICIPATION OF FOREIGN INSTITUTIONAL INVESTORS	YES	28.31%
PRESENCE OF TREASURY SHARES	YES	0.3434 %

* DATA UPDATED WITH INFORMATION AVAILABLE AS AT 31 MARCH 2020.

GOVERNANCE MODEL



FOCUS ON THE BOARD OF DIRECTORS

COMPOSITION



CHAIRPERSON
RENATO BOERO



DEPUTY
CHAIRPERSON
MORIS FERRETTI



CEO AND GENERAL MANAGER
MASSIMILIANO BIANCO



DIRECTOR
SONIA MARIA MARGHERITA
CANTONI



DIRECTOR
ENRICA MARIA GHIA



DIRECTOR
PIETRO PAOLO
GIAMPELEGRINI



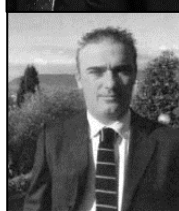
DIRECTOR
ALESSANDRO GIGLIO



DIRECTOR
FRANCESCA GRASSELLI



DIRECTOR
MAURIZIO IRRERA



DIRECTOR
CRISTIANO LAVAGGI



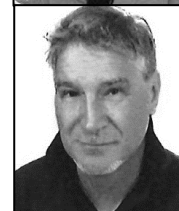
DIRECTOR
GINEVRA VIRGINIA
LOMBARDI



DIRECTOR
GIACOMO MALMESI



DIRECTOR
TIZIANA MERLINO



DIRECTOR
GIANLUCA MICCONI



DIRECTOR
LICIA SONCINI

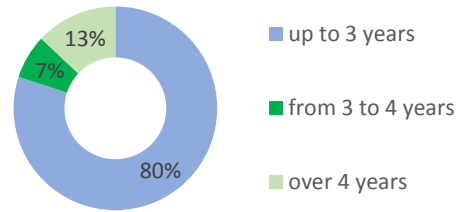


- ▲ Independent pursuant to the Italian Consolidated Law on Finance and the Italian Corporate Governance Code
- Control, Risk and Sustainability Committee (CRSC)
- Related-Party Transactions Committee (CTRP)
- Remuneration and Appointments Committee (RAC)
- Ⓢ Chairperson of the Committee

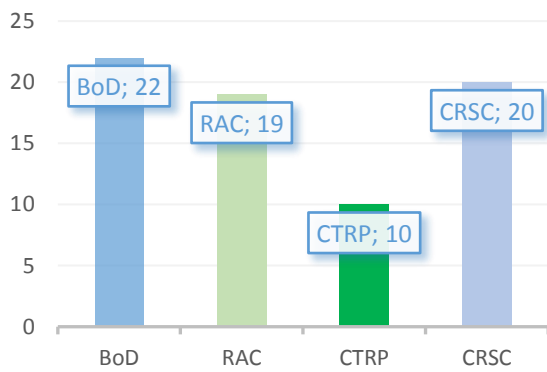
BOARD EVALUATION PROCESS

IMPLEMENTATION OF THE BOARD EVALUATION PROCESS	YES
EVALUATING BODY	ADVISOR
SELF ASSESSMENT METHODS	QUESTIONNAIRE AND INDIVIDUAL INTERVIEWS

SENIORITY IN THE COMPANY

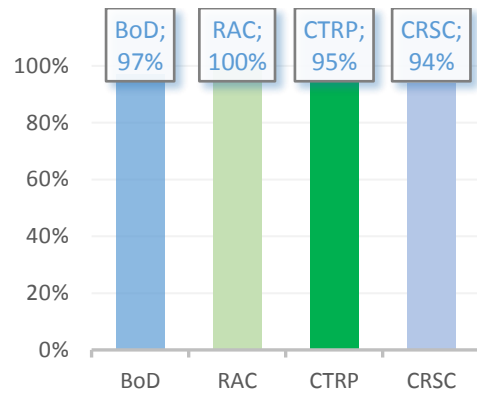


MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES²



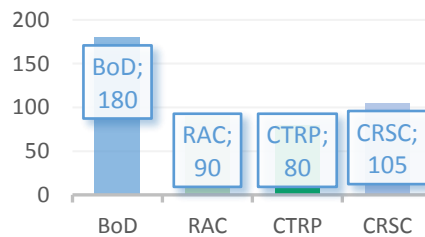
² The table represents the total number of meetings held in 2019. In particular, since 22 May 2019 the following have been held:
13 meetings of the BoD; 8 meetings of the RAC; 8 meetings of the CTRP; 12 meetings of the CRSC.

AVERAGE ATTENDANCE AT MEETINGS³



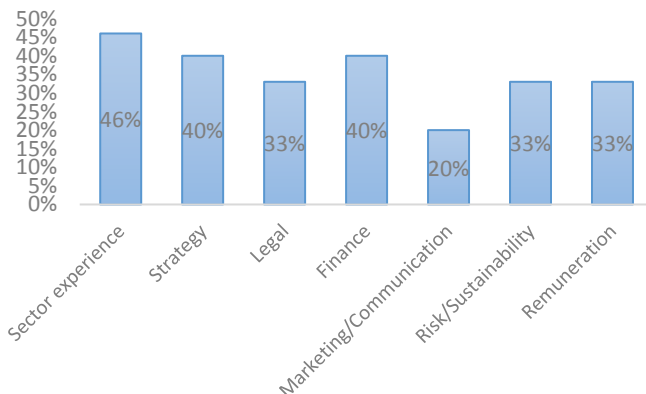
³ The table represents the average attendance of directors in the total number of meetings held in 2019. In particular, since 22 May 2019 the percentages are: 97% BoD; 100% RAC; 94% CTRP; 98% CRSC.

AVERAGE LENGTH⁴ OF MEETINGS

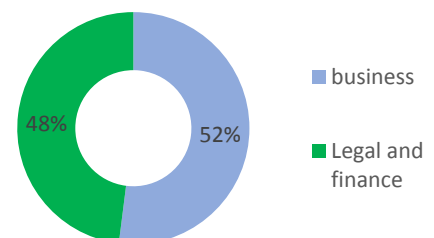


⁴ Values expressed in minutes in relation to the total number of meetings held in 2019.

DIRECTORS' EXPERTISE



% OF BUSINESS VS. LEGAL AND FINANCIAL EXPERTISE



FOCUS ON THE BOARD OF STATUTORY AUDITORS

COMPOSITION⁵



CHAIRPERSON
MICHELE
RUTIGLIANO

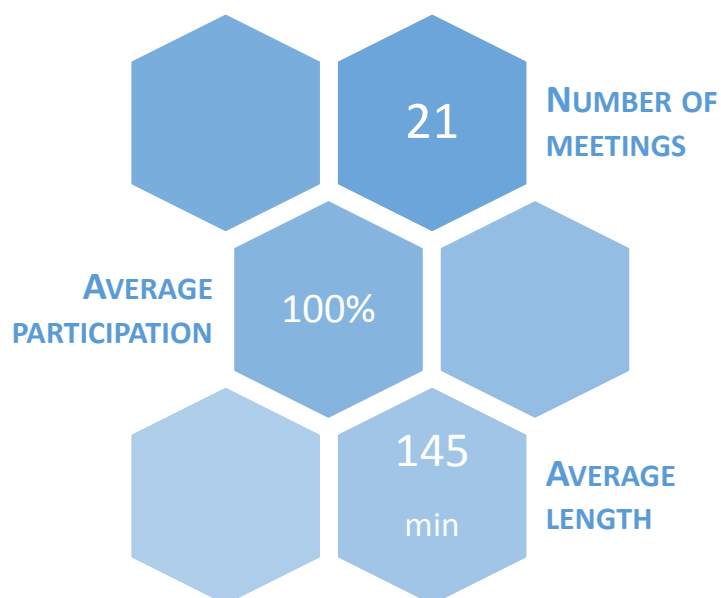


STANDING AUDITOR
SIMONE CAPRARI



STANDING AUDITOR
CRISTINA CHIANTIA

⁵ Appointed for the three-year period 2018-2020 during the Shareholders' Meeting held on 19 April 2018.



MAIN ELEMENTS OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

YES/NO

PRESENCE OF A SPECIFIC RISK MANAGEMENT UNIT	YES
EXISTENCE OF AN ENTERPRISE RISK MANAGEMENT PLAN	YES
IF YES, IS THIS PLAN BEING DISCUSSED WITH THE COMMITTEE?	YES
PREPARATION OF A NUMBER OF SPECIFIC COMPLIANCE PROGRAMS	YES
PRESENCE OF SUCCESSION PLANS	NO

INTRODUCTION

The purpose of this Report on Corporate Governance and Ownership Structures (hereinafter also referred to as the "**Report**") is to provide information on the ownership structure of IREN S.p.A. (hereinafter also referred to as the "**Company**") and to provide a general and complete presentation of the structure of the corporate governance system it has adopted.

The Report is prepared in compliance with the disclosure obligations towards shareholders and the market, as provided for by Article 123-*bis* of Italian Legislative Decree No. 58 of 24 February 1998 (hereinafter also "**Consolidated Law on Finance**"), as subsequently supplemented¹.

The information provided therein refers, where not expressly indicated, to the 2019 financial year.

The Report was prepared in accordance with the VIII Edition of the Format published by Borsa Italiana S.p.A. in January 2019.

The sources of internal regulations for IREN S.p.A. and the Group consist of:

- I) the current By-laws of the Parent Company IREN S.p.A. approved by the Board of Directors of IREN S.p.A. during the meeting held on 25 March 2020, (hereinafter also referred to as the "**By-laws**"). The current text incorporates changes relating to the identification of shareholders and adaptation to the new rules on compliance with gender quotas for the composition of the Board of Directors and the Board of Statutory Auditors.
- II) the current By-laws of First Level Companies;
- III) the provisions of the Italian Corporate Governance Code for Listed Companies (hereinafter also the "**Code**" or "**Governance Code**") in the July 2018 version, to which the Company² formally adhered by resolution of the Board of Directors on 5 April 2019, also adopting, on the same date, a further update to the document highlighting the specific governance solutions adopted by the Company³.

In order to ensure greater usability of the document, the Report is preceded by a brief "Executive Summary" summarising its main contents.

¹ The provisions of Italian Legislative Decree No. 254 of 30 December 2016 - which, *inter alia*, amended Article 123-*bis* of the Consolidated Law on Finance - have been applied with reference to the reports relating to financial years starting from 1 January 2017.

² IREN S.p.A. had already formally adhered to the Code in the July 2015 version, by resolution of the Board of Directors on 20 December 2016.

³ With reference to the Italian Corporate Governance Code issued by the Italian Corporate Governance Committee on 31 January 2020, in-depth analysis is underway in order to identify the methods and deadlines for IREN to adhere to it within the current year. These will be taken into account in view of possible future updates of remuneration policies.

1-ISSUER PROFILE

Introduction - Origin and configuration of the IREN Group

During the four-year period 2015-2018, the IREN Group has completed full operational integration and, as things stand, is composed of the following:

- an industrial holding company, the Parent Company IREN (with the legal form of a listed joint-stock company, whose ownership structure is provided for in the specific section of the corporate website), which groups together all of the Group's staff corporate activities; - four first-level holding companies (hereinafter "First-Level Companies", with the legal form of a listed joint-stock company, with IREN S.p.A. as sole shareholder), operating directly or through investee/subsidiary companies, which are focused on controlling as many core businesses (Environment, Energy, Market, Grids) through a model based on skills and digitisation of processes, strongly scalable with the immediate integration of all the acquired companies.

This business model is aimed at enhancing the complementarity of the two original Groups (IRIDE Group and ENIA Group) and the recently acquired Groups (Atena Group, ACAM Group and San Germano Group), as well as strengthening the territorial roots and the integration of the activities and assets characteristic of each business .

With regard to the First-Level Companies, the Parent Company IREN S.p.A. carries out management and coordination activities, expressly provided for and regulated in the By-laws of the same.

The By-laws of IREN S.p.A. also ensure that the Chief Executive Officer be granted powers for the day-to-day management of the Company in accordance with the guidelines and policies formulated by the Board of Directors, as well as organisational powers and operational proxies for each of the business areas organised into divisions. Where the business areas are structured in the form of companies, the Chief Executive Officer, on the basis of the guidelines of the Holding company's Board of Directors, exercises functions of strategic planning, indications of objectives and control over the subsidiaries and proposes the appointment and/or dismissal of the Chief Executive Officer of each First-Level Company, to the Board of Directors.

2-INFORMATION ON OWNERSHIP STRUCTURES

2.1-Share capital structure

At the date of approval of the 2019 Draft Financial Statements (25 March 2020) the subscribed and fully paid-up share capital amounts to 1,300,931,377 Euro with a nominal value of 1 Euro each, consisting exclusively of ordinary shares.

SHARE CAPITAL STRUCTURE					
	<i>No. Shares</i>	<i>Nominal value</i>	<i>% in relation to share capital</i>	<i>Listed/ Not listed</i>	<i>Rights and obligations</i>
Ordinary shares	1,300,931,377	1.00 Euro	100.000	Listed on Borsa Italiana	
Total	1,300,931,377		100.000		

2.2-Shareholding limits and restrictions on voting rights

Pursuant to Article 9 of the current By-laws, from the date coinciding with the 24th month following the date of Opening (on 1 June 2016) of the Special List, at least 50% plus one of the total voting rights, in relation to the Shareholders' Meeting resolutions with increased voting, must be owned by public bodies.

It is forbidden for any shareholder other than public bodies to hold more than 5% of the share capital (see Article 10 of the current By-laws). This limit on share ownership is calculated exclusively on the shares conferring the right to vote at shareholders' meetings and refers exclusively to them.

Under no circumstances may voting rights be exercised for holdings in excess of the above percentage.

For the calculation of the threshold, account is taken of the total shareholding held by: (i) the parent, natural or legal

person or company, all direct or indirect subsidiaries and associates; (ii) the parties subject to a shareholders' agreement referred to in Article 2341-*bis* of the Italian Civil Code and/or pursuant to Article 122 of the Consolidated Law on Finance and relating to company shares. Control also occurs, with reference to parties other than companies, in the cases provided for in Article 2359, paragraphs 1 and 2 of the Italian Civil Code. Control in the form of the dominant influence is considered to exist in the cases provided for in Article 23, paragraph 2 of Italian Legislative Decree No. 385 of 1 September 1993. The linkage is used in the cases referred to in Article 2359, paragraph 3 of the Italian Civil Code. For the purposes of calculating the shareholding, account is also taken of shares held through trustees and/or intermediaries and/or those for which voting rights are attributed in any way to a person other than the holder. In the event of violation of the above provisions, the shareholders' meeting resolution, if any, may be challenged in accordance with the provisions of Article 2377 of the Italian Civil Code, if the required majority would not have been achieved without this violation. The shares for which the voting right cannot be exercised are, however, calculated for the purpose of the regular constitution of the Shareholders' Meeting.

On the basis of the provisions of the Internal Dealing Procedure, the following are considered as Relevant Parties:

- (i) Directors and Auditors of IREN;
- (ii) parties performing management functions in IREN and executives who have regular access to inside information and have the power to make management decisions that may affect future developments and prospects;

and the following are considered as Associates:

- (i) a spouse who is not legally separated or a partner equivalent to a spouse, dependent children, including those of the spouse, and, if cohabiting for at least one year, the parents, relatives and relatives-in-law of the relevant parties;
- (ii) legal persons, partnerships and trusts in which a Relevant Party or one of the persons referred to in point i) above who:
 - Have management responsibility;
 - Are directly or indirectly controlled by them;
 - Are established for their benefit or whose economic interests are substantially equivalent;

it is prohibited to carry out any type of transaction on IREN shares or related financial instruments, using "inside information".

In addition, Relevant Parties and persons closely related to them are prohibited from trading in listed IREN securities, meaning trading activities aimed at obtaining profits in the short term.

The Board of Directors of IREN has reserved the right to prohibit or limit the execution of transactions involving Company shares or related financial instruments during specific periods of the year, in connection with specific events, giving prior notice to the Relevant Parties concerned, it being understood that the Relevant Parties may not carry out transactions involving Company shares or related financial instruments within 30 days (Blackout periods) preceding meetings of the Board of Directors at which the following are examined: the annual financial report including the draft financial statements and the consolidated financial statements and the half-yearly financial report.

2.3-Significant shareholdings in the share capital

The parties that directly or indirectly hold more than 3% of the subscribed share capital represented by shares with voting rights, according to the communications received by the Company pursuant to Article 120 of the Consolidated Law on Finance as at 31 December 2019 are as follows:

SIGNIFICANT SHAREHOLDINGS IN CAPITAL		
Declarant	Percentage of share capital	Percentage share of total voting rights**
FSU srl	18.851	23.748
FCT SPA	13.803	18.632
Municipality of Reggio Emilia	6.423	8.670
Municipality of Parma*	3.163	4.271

NOTES

* The Municipality of Parma participates directly with a 0.43% stake in the voting share capital and indirectly through the subsidiaries S.T.T. holding with a 1.179% stake in the voting share capital and Parma Infrastrutture S.p.A. with a 1.554% stake in the voting share capital.

** Voting rights with reference to Shareholders' Meeting resolutions with increased voting with an increased vote pursuant to Article 6-bis of the By-laws.

2.4-Holders of securities conferring special rights

To date, no securities have been issued that confer special rights of control.

As at 31 December 2019, no individual person exercised control over IREN pursuant to Article 93 of the Consolidated Law on Finance.

With reference to the mechanism for the appointment of directors, which is carried out by list voting, the By-laws in force provide that 13 directors out of a total of 15, of which the Board is composed, shall be taken from the list that has obtained the majority of the votes validly cast.

Similarly, for the appointment of the Board of Statutory Auditors, in accordance with the By-laws and the Shareholders' Agreement in force, the voting system confers on the public shareholders meeting the right to appoint three standing auditors and two supplementary auditors.

The Shareholders' Meeting of 9 May 2016 approved the introduction to Article 6-bis of the By-laws of the institution of the increased voting rights under which each share gives the right to two votes in the resolutions of the Shareholders' Meeting concerning the following matters, (i) the amendment of Articles 6-bis, 6-ter, 6-quater and 9 of the By-laws, (ii) the appointment and/or dismissal of the members of the Board of Directors pursuant to Article 19 of the By-laws, and (iii) the appointment and/or dismissal of the members of the Board of Statutory Auditors pursuant to Article 28 of the By-laws, as well as the exercise of liability action against them (the "**Shareholders' Meeting resolutions with increased voting**"), if both of the following conditions are met: (a) the voting right has belonged to the same party by virtue of a qualifying right in rem (full ownership with voting rights, bare ownership with voting rights or usufruct ownership with voting rights) for a continuous period of at least 24 (twenty-four) months from the effective date of the inclusion of that party in the special list referred to in Article 6-ter below (the "**Special List**"); and (b) the recurrence of the condition under (a) also results from a specific communication from the intermediary in accordance with the applicable legislation or from the continued inclusion in the Special List.

2.5-Employee shareholding

The Shareholders' meeting may resolve on the extraordinary allotment of profits to the company's employees and providers of labour, to be made through the issue of special classes of shares to be allotted individually and subject to special rules regarding the methods of transfer and the rights they grant. No such decisions have been taken at this time.

2.6-Agreements between Shareholders that are known to the Company in accordance with Article 122 of the Consolidated Law on Finance

During 2019, the public shareholders of IREN signed two Addenda to the shareholders' agreements signed in 2016: the FSU - FCT Agreement - Emilian Parties and La Spezia Parties and the Emilian public shareholders sub-agreement, as better described below.

Pursuant to Article 122 of Italian Legislative Decree No. 58 of 24 February 1998 and subsequent amendments and additions (the "Consolidated Law") and Article 129 *et seq.* of the regulations referred to in CONSOB Resolution No. 11971/1999 and subsequent amendments and additions, on 5 April 2019 the signing of the Addendum to the Shareholders' Agreement (the "Agreement" or "Shareholders' Agreement") concerning ordinary shares of Iren S.p.A. ("Iren" or the "Company") was completed.

The extract from the FSU - FCT Agreement - Emilian Parties and La Spezia Parties, pursuant to Article 122 of the Consolidated Law on Finance and Article 129 *et seq.* of the Issuers' Regulations, was published on 9 April 2019 in "Italia Oggi".

A. The FSU - FCT Agreement - Emilian Parties and La Spezia Parties

As at 31 December 2019, the financial instruments covered by the Agreement ("Shares Contributed") (i) provided to the Voting Syndicate (as defined below), consist of all the ordinary IREN shares held by the Signatories (as defined below) during the period of validity of the Agreement, equal to 633,367,088 ordinary shares of the Company representing 48.68% of the share capital represented by ordinary IREN shares and (ii) provided to the Block Syndicate (as defined below) are made up of 455,329,436 ordinary shares (the "Blocked Shares") of the Company equal to 35% of Iren's share capital. It should be noted that the Blocked Shares are subject to the restrictions on circulation set out below (the "Block Syndicate"), while the shares of Signatories other than the Blocked Shares may be freely transferred.

a) AGREEMENT TYPE AND PURPOSE

The Agreement can be traced back to a block and voting syndicate whose purpose is to guarantee the development of the Company, its subsidiaries and its activities, as well as to also ensure the same unity and stability of direction through the use of the increased voting instrument, and in particular (i) to determine methods for consultation and joint adoption of certain resolutions of the Company's Shareholders' Meeting; and (ii) to regulate certain limits on the circulation of the Shares.

b) CONTENT OF THE SHAREHOLDERS' AGREEMENT

Increased Voting

The Agreement provides for, among other things, the possibility for shareholders to benefit from the increased voting referred to in Article 127-*quinquies* of the Consolidated Law and its implementing provisions (the "Increased Voting"), and the commitment of the Parties: (i) to confer to the Agreement any new shares purchased; (ii) with the exception of transfers of the Shares allowed under the Agreement, to refrain from carrying out any transaction that may result in the cancellation from the special list and/or the loss of the right to the Increased Voting in relation to its own Shares; and (iii) not to request the cancellation of the special list or to waive the inclusion in the special list and/or the right to the Additional Voting in relation to treasury shares.

Pursuant to the By-laws, the resolutions with reference to which the Increased Voting will be applied are as follows: (i) the amendment of Articles 6-*bis*, 6-*ter*, 6-*quater* and 9 of the By-laws; (ii) the appointment and/or dismissal of the members of the Board of Directors pursuant to Article 19 of the By-laws, as well as the exercise of liability action against them; and (iii) the appointment and/or dismissal of the members of the Board of Statutory Auditors pursuant to Article 28 of the New By-laws, as well as the exercise of liability action against them (the "Shareholders' Meeting resolutions with increased voting").

Voting Syndicate

The Agreement provides for the commitment of the Signatories : (i) to submit and vote for a joint list for the appointment of Directors of the Company and a joint list for the appointment of the auditors of the Company in accordance with the provisions of the Agreement; (ii) to ensure that the Directors align their vote in the Board of Directors of the Company to the provisions of the Agreement (with reference only to the termination and replacement of Directors); and (iii) to align their vote in the Shareholders' Meeting on Significant Matters (as defined below) in accordance with the provisions of the Agreement.

Pursuant to the Agreement, each Party has undertaken to make every effort to ensure that - for the entire duration of the Agreement - the positions of Chairperson, Deputy Chairperson and Chief Executive Officer of the Company are assigned to the directors designated by the Parties through the Shareholders' Agreement Committee and that they are

assigned responsibilities in line with those indicated in the senior management composition of the macro-organisational structure described in the Agreement.

The Parties have undertaken to remove any director of the Company who exercises his or her voting rights in a manner contrary to or not in line with the provisions of the Agreement.

Appointment of the Board of Directors

The Board of Directors is made up of 15 directors of which: 3 directors were designated by Finanziaria Sviluppo Utilities S.r.l. ("FSU"), 3 directors were designated by Finanziaria Città di Torino (FCT), 3 directors were designated by the "Emilian Parties" ("Emilian Parties" refer to all the Signatories with the exception of FSU and FCT and La Spezia Parties), 1 director designated by La Spezia Parties, 3 directors designated by the Shareholders' Agreement Committee who will hold the office of Chairperson, Deputy Chairperson and Chief Executive Officer of the Company and 2 directors elected by minorities in compliance with Article 19 of the By-laws.

In the event that lists are not submitted by minority shareholders, the first of the Directors who would have been elected by the minority shareholders will be appointed by the Auditor of the Shareholders' Agreement who holds the highest number of shares at 31 December of the previous year and the second by the other two Auditors belonging to the Shareholders' Agreement Committee who hold the highest number of shares at 31 December of the previous year. For the entire duration of the Agreement, the Chairperson, Vice-Chairperson and Chief Executive Officer will be appointed by the Shareholders' Agreement Committee. The Agreement also includes provisions relating to the presentation of lists, the inclusion in the list of candidates for the office of Director proposed by the Signatories and the replacement of Directors who have ceased to hold office.

Appointment of the Board of Statutory Auditors

Given the amendment to the By-laws made on 5 April 2019, the Board of Statutory Auditors of the Company, starting from appointments for the three-year period 2020-2022, will be composed of 5 Standing Auditors and 2 Supplementary, of which one Standing Auditor designated by FSU (to be included in first place in the list for the election of Auditors), one Standing Auditor designated by FCT (to be included in second place in the list in the "Standing Auditor" section) and one Standing Auditor designated by the Emilian Parties (to be included in third place in the list for the election of Auditors). FSU, FCT and the Emilian Parties, in addition, will designate in rotation the party to be included at the first place in the list in the "Supplementary Auditors" section and the first designation will be made by FSU. In addition, FSU, FCT and the Emilian Parties will designate in rotation the candidate to be included in second place on the list in the "Supplementary Auditor" section of the Company's Board of Statutory Auditors and designate the candidate to be included in second place on the list in the "Supplementary Auditor" section" and the first designation will be made by FCT. The Agreement also provides for the submission of lists and the inclusion in the list of candidates for the office of Auditor proposed by the Signatories and the replacement of Auditors who have ceased to hold office.

Qualified quorums

The resolutions of the Extraordinary Shareholders' Meeting relating to the following matters (the "Significant Matters") will be adopted only with the favourable vote of the Emilian Parties, who will express it jointly, on the one hand, and of FSU, on the other hand: (i) Shareholders' Meeting resolutions with increased voting; and (ii) (a) amendment of the provisions of the By-laws governing the limits on share ownership, (b) amendment of the provisions of the By-laws concerning the composition and appointment of corporate bodies, (c) amendments to the statutory provisions concerning the quorums for incorporation and resolution as well as the powers of the Shareholders' Meeting and the Board of Directors, (d) the registered office, (e) mergers, demergers (other than those pursuant to Articles 2505, 2505-*bis* and 2506-*ter*, final paragraph of the Italian Civil Code), as well as other extraordinary transactions on the Company's capital, with the exception of those required by law, and (f) the liquidation of the Company.

Block Syndicate

The Blocked Shares cannot be disposed of (the "Transferability Constraint") for the entire duration of the Agreement and where rights *in rem* over the Blocked Shares are created or transferred, the corresponding administrative rights shall be retained by the Signatories. No acts of disposal may be carried out - either directly or indirectly or through a third party - concerning Shares or other acts and/or facts and/or transactions that involve or may involve the obligation to promote a mandatory (even residual) takeover bid on the Company's Shares. The Transferability Constraint will automatically cease to be effective if a law, or other act having the force of law, is enacted whereby the companies (and/or their subsidiaries) entrusted with local public services lose the entrustment of such services if the voting rights due in such companies to public bodies and/or subsidiaries of the latter with reference to the appointment of corporate bodies are in total more than 50% plus one of the voting rights due to all shareholders of the company for the same matters.

If, as a result of violations of the provisions set forth in the Agreement, one or more of the Signatories is obliged to promote a mandatory takeover bid (even if residual) concerning the Company's Shares, the defaulting Party shall

indemnify and hold harmless the other Signatories from all costs, expenses, charges connected with or otherwise arising from such conduct, including those relating to the mandatory takeover bid for the Company's Shares.

Signatories' Shares other than Blocked Shares may be freely transferred.

Each Party that has carried out a transfer of the transferable shares shall notify the Agreement Coordinator and the Shareholders' Agreement Secretary so that they may periodically update the list containing the shares subject to the voting syndicate, the blocked shares and the transferable shares.

c) BODIES OF THE SHAREHOLDERS' AGREEMENT

The bodies of the voting syndicate are: the "Shareholders' Agreement Committee", the "Agreement Coordinator" and the "Shareholders' Agreement Secretary".

The Shareholders' Agreement Committee

The Shareholders' Agreement Committee has coordination functions between the Parties and is composed of the Mayor *pro tempore* of the Municipality of Genoa representing FSU, the Mayor *pro tempore* of the Municipality of Turin representing FCT, and the Mayor *pro tempore* of the Municipality of Reggio Emilia representing all the Emilian Parties that have signed the Agreement. The Shareholders' Agreement Committee will remain in office for the entire duration of the Agreement. The Shareholders' Agreement Committee meets whenever one of its members so requests and deliberates unanimously.

The Chairperson, Deputy Chairperson and Chief Executive Officer of the Company shall be appointed by unanimous decision on the basis of professionalism and competence and shall be chosen on the basis of rosters of names shared by the members of the Shareholders' Agreement Committee. In the event of disagreement, the member of the Shareholders' Agreement Committee who has the highest number of shares at 31 December of the previous year shall have the right to appoint the candidate for one of the positions; in this case all shares shall be included among the shares blocked for a period of one year; the other two positions shall be chosen by the other members of the Shareholders' Agreement Committee.

The Agreement includes provisions on how to appoint the Chairperson, Deputy Chairperson and Chief Executive Officer of the Company, depending on whether the appointment is made by the Shareholders' Meeting or by the Board of Directors.

If the Shareholders' Agreement Committee does not appoint unanimously, as the case may be, the Chairperson and/or the Deputy Chairperson and/or the Chief Executive Officer, the Agreement will be automatically terminated without the need for further communication and shall be deemed to be definitively terminated pursuant to Article 1360, paragraph 2 of the Italian Civil Code, with effect from the date of termination. In this case the Agreement Coordinator, and by default, each member of the Shareholders' Agreement Committee, will be required to immediately inform the Parties.

The Shareholders' Agreement Coordinator

The Shareholders' Agreement Coordinator manages the activities of the Shareholders' Agreement Committee and is appointed by the Shareholders' Agreement Committee from among the members of the Shareholders' Agreement Committee itself on a rotating basis every 12 months.

The current Coordinator of the extended Agreement is Luca Vecchi, Mayor of the Municipality of Reggio Emilia.

The Shareholders' Agreement Secretary

The Shareholders' Agreement Secretary performs the following functions: (i) collates the list for the election of the members of the Board of Directors and the members of the Board of Statutory Auditors prepared in accordance with the Agreement; (ii) transmits to the Signatories the votes received from the other Signatories; (iii) performs all the operational-executive functions necessary for the execution of the Agreement; (iv) drafts and signs the minutes of the meetings of the Shareholders' Agreement Committee; (v) communicates to all the Parties the possibility that the blocked Shares no longer constitute the majority of the voting rights in the Shareholders' Meeting; (vi) takes steps to carry out the communications to CONSOB required by law on the occasion of any modification of the Agreement; and (vii) updates the number of shares contributed to the Voting Syndicate and/or the Block Syndicate at least once every six months, and in any case whenever it receives communications regarding the change. The Shareholders' Agreement Secretary is appointed by the Shareholders' Agreement Committee by unanimous decision. The Shareholders' Agreement Secretary participates in the meetings of the Shareholders' Agreement Committee.

d) PENALTIES

The party in breach of certain provisions of the Agreement (including, by way of example and without limitation, violations of the obligation to vote at the Shareholders' Meeting of the Company in accordance with the Agreement or the violation of certain provisions dictated on the appointment of corporate bodies) will be required to pay a penalty of 10 million Euro, without prejudice to the right of each of the fulfilling parties to take action for compensation for greater damages,

to be paid to the parties not in breach, pro rata in relation to their respective shareholding in the Company on the date of the violation. In the event of the violation of the Transferability Constraint, the aforementioned penalty will be equal to the greater amount between: (i) 10 million Euro; and (ii) double the capital gain realised by the transferor.

e) DURATION AND MODIFICATIONS OF THE AGREEMENT

The current Agreement became effective on 5 April 2019, (the "Date of Effectiveness"). The Agreement shall be effective between the Parties until the third anniversary of the Date of Effectiveness (the "First Expiry Date") and shall be renewed tacitly, unless terminated, for a further two years (the "Second Expiry Date"); thereafter any further renewal shall be agreed in writing in advance. The aforementioned is without prejudice to the right of each of the Parties to withdraw with effect from the First Expiry Date by means of a notice sent to the other Parties at least 180 days prior to the First Expiry Date. Withdrawal must be communicated in writing to the Shareholders' Agreement Secretary. Withdrawal by some of the Parties will render the Agreement ineffective for all other Parties only if, as the case may be, on the First Expiry Date or on the Second Expiry Date, the voting rights of the Parties who have not exercised their withdrawal are less than 40% of the total number of voting rights due to all shareholders with reference to the Shareholders' Meeting resolutions with increased voting. With the exception of the latter case, the Agreement will continue between the Parties who have not exercised their right of withdrawal. The Agreement may be modified with the written agreement of the Signatories representing a total of at least four fifths of the Shares Contributed. Amendments to the Agreement must be communicated to all Signatories at least 60 days prior to the date of entry into force of such amendments. In this case, dissenting Signatories will have the right to immediately withdraw from the Agreement by means of a communication sent no later than the fifteenth day prior to the date of entry into force of the amendments.

The Shareholders' Agreement is open to public bodies that have become shareholders of the Company as a result of the subscription of Shares on the market or negotiated directly between the Parties (or by virtue of a capital increase of the Company (the "New Purchasing Shareholders"), it being understood that the subscription of the New Purchasing Shareholders must be authorised in advance by the Shareholders' Agreement Committee. Registration will be formalised by the new shareholders signing a registration letter.

B. Sub-agreement of Emilian public shareholders:

Pursuant to Article 122 of the Consolidated Law on Finance and Article 129 *et seq.* of the Issuers' Regulations, on 5 April 2019 the Emilian Parties signed an Amending Deed to the Sub-Agreement signed on 9 May 2016 (the "Addendum to the Sub-Agreement") through which the Emilian Parties proposed to maintain coordination with the Main Agreement as amended by the Addendum.

As at 31 December 2019, the financial instruments covered by the Sub-Agreement (the "Shares Contributed") were as follows: (i) 187,939,184 ordinary shares of the Company, equal to 14.4465% of the share capital represented by ordinary shares of the Company, contributed to the Voting Syndicate (as defined below) and (ii) the Shares Contributed other than the "Blocked Shares" pursuant to the Agreement, which are subject to pre-emption rights (as defined below) and are currently equal to 58,977,963 ordinary shares of the Company, equal to 4.5335% of the total "Shares".

The Shares Contributed constitute the totality of the ordinary shares owned by the members of the Sub-Agreement (the "Signatories" or the "Parties") and are subject to the voting syndicate referred to below (the "Voting Syndicate") and the right of pre-emption referred to below (the "Right of Pre-emption"). The Signatories have undertaken to confer in the voting syndicate and submit to the Right of Pre-emption any further ordinary shares of the Company held by the Signatories after the signing of the Sub-Agreement.

a) AGREEMENT TYPE AND PURPOSE

The Sub-Agreement can be traced back to a block and voting syndicate with the purpose, among other things, of: (i) ensuring uniformity of conduct and rules on decisions that must be taken by the Signatories in the context of what is provided for in the Agreement; (ii) providing for further commitments in order to guarantee the development of the Company, of its investees and of its business, and of ensuring the same unity and stability of guidance; (iii) attributing a right of pre-emption in favour of the Signatories in the event of sale of the Company's shares other than shares covered by the Block Syndicate under the terms of the Agreement; and (iii) conferring on the Municipality of Reggio Emilia an irrevocable mandate to exercise on behalf of the signatories the rights attributed to these latter under the terms of the Agreement.

b) CONTENT OF THE SUB-AGREEMENT AND SUB-AGREEMENT BODIES

Voting Syndicate

The Signatories who have signed the Amending Deed of the Sub-Agreement will appoint 3 members of the Board of Directors of the Company according to the following methods: (i) 1 Director designated by the Mayor *pro tempore* of the Municipality of Reggio Emilia, endorsed by the majority of the Statutory Auditors of the Reggio Emilia area; (ii) 1 Director designated by the Mayor *pro tempore* of the Municipality of Parma endorsed by the majority of the Statutory Auditors of the Parma area and (iii) 1 Director designated by the Mayor *pro tempore* of the Municipality of Piacenza endorsed by the majority of the Statutory Auditors of the Piacenza area.

Under the Sub-Agreement, the Signatories will designate 1 Standing Auditor and two Supplementary Auditors of the Company; the latter will be designated by the Signatories in rotation with FSU. Pursuant to the Sub-Agreement, the above designation will take place in the following manner: (i) the Mayor of the Municipality of Reggio Emilia and then, on a rotating basis, the Mayor of the Municipality of Piacenza and then the Mayor of Parma shall have the right to designate the candidate to be included in third place on the list in the "Supplementary Auditor" section of the Company; (ii) the Municipality of Parma shall have the right - on a rotating basis with FSU and FCT - to designate the candidate to be included in second place on the list in the "Supplementary Auditor" section of the Company.

Sub-Agreement Bodies

The bodies of the Voting Syndicate are: the Sub-Agreement Shareholders' Meeting, the "Sub-Agreement Coordinator", the "Sub-Agreement Secretary" and the "Sub-Agreement Executive Board".

The Sub-Agreement Shareholders' Meeting, constituted by all the Signatories, is the body that expresses, in general, the will of the Signatories and must meet when requested by a number of Parties representing at least 50.01% of the total votes (rounded down) available to the Parties or, in any case, before the date:

- of first call of a Shareholders' Meeting of the Company concerning the following resolutions (the "Significant Shareholders' Matters"): (a) resolutions to be adopted with the application of the Increased Voting pursuant to the By-laws of the Company; or (b) resolutions relating to the following matters (i) amendment of the statutory provisions governing the limits on share ownership; (ii) amendment of the statutory provisions concerning the composition and appointment of corporate bodies; (iii) statutory amendments concerning the constitution and resolution *quorums* and the powers of the Shareholders' Meetings and the Board of Directors; (iv) the registered office; (v) mergers, demergers (other than those pursuant to Articles 2505, 2505-*bis* and 2506-*ter*, final paragraph of the Italian Civil Code) as well as other extraordinary transactions on the Company's capital, with the exception of those required by law; and (vi) the liquidation of the Company;
- where the Board of Directors will meet to resolve on one of the matters referred to in Article 25.5., points (ii), (iii), (iv) and (vi) of the By-laws (the "Significant Decision-Making Matters").

The Sub-Agreement Shareholders' Meeting will be valid if a number of Signatories representing at least 50.01% of the total votes (rounded down) available to the Parties are present at the meeting. Even in the absence of a valid call, the Sub-Agreement Shareholders' Meeting will be considered validly constituted and suitable to deliberate with the presence of a number of Parties representing 70% of the votes available to the Parties.

The Sub-Agreement Shareholders' Meeting is competent to pass resolutions with the favourable vote of at least 50.01% of the total votes (rounded down) available to the Parties, with the exception of the provisions concerning Significant Shareholders' Matters for which it is competent to pass resolutions with the favourable vote of at least 60% of the total votes (rounded down) available to the Parties, taking into account, in the event that the resolution relating to a Significant Shareholders' Matter is a resolution passed by a Shareholders' Meeting for which the increase in voting rights pursuant to the By-laws is applicable, the increases in voting rights available pursuant to the Company's By-laws.

Each Party shall do everything possible within the limits of the law to ensure that the Directors appointed by the same exercise their voting rights in such a way that the provisions of the Sub-Agreement are fulfilled for the entire duration of the same. The Parties undertake to do everything in their power to cause the dismissal of each director of the Company who exercises his or her right to vote in a manner contrary to or not in line with the provisions of the Sub-Agreement, it being understood that the replacement director will be appointed by the same Party that appointed him or her.

The activities of the Sub-Agreement Shareholders' Meeting will be coordinated by the coordinator of the Sub-Agreement Shareholders' Meeting (the "Coordinator"). The Coordinator will be appointed by the Sub-Agreement Shareholders' Meeting between the Parties.

The Sub-Agreement Secretary carries out all the operational-executive functions necessary for the execution of the Sub-Agreement and convenes the Sub-Agreement Shareholders' Meeting. The Sub-Agreement Secretary is the party designated by the Municipality of Reggio Emilia.

The Executive Board has an advisory and educational function and consists of the following five members: (i) the Mayor *pro tempore* of the Municipality of Reggio Emilia, as representative of the Municipality of Reggio Emilia and of the other subjects belonging to the Municipalities of the territorial area of Reggio Emilia; (ii) the Mayor *pro tempore* of the Municipality of Parma, as representative of the Municipality of Parma and of the other subjects belonging to the

Municipalities of the territorial area of Parma; (iii) the Mayor *pro tempore* of the Municipality of Piacenza, as representative of the Municipality of Piacenza and of the other subjects belonging to the Municipalities of the territorial area of Piacenza; (iv) the Coordinator; and (v) the Sub-Agreement Secretary.

The Executive Board has merely advisory and educational functions for the Sub-Agreement's Shareholders' Meeting on matters of strategic importance for the Company or for the Parties as shareholders of the Company, as well as, if necessary, on Significant Shareholders' Matters and Significant Decision-Making Matters.

Right of Pre-emption

Without prejudice to the prohibition of non-transferability provided for by the Agreement, if one of the Signatories intends to carry out, in whole or in part, acts of disposal concerning Company Shares or financial instruments convertible into Company Shares or option rights on newly allotted Shares, he or she must offer them - in proportion to the shareholding held by each one in the Company - in advance, in pre-emption, to all the other Signatories under the same conditions. The Sub-Agreement contains provisions aimed at regulating the terms and conditions for the exercise of the Right of Pre-emption. In particular, the Right of Pre-emption must in any case be implemented in compliance with the sales methods and timing provided for in the Agreement, it being understood that in the event of incompatibility: (i) the provisions of the Agreement will be deemed to prevail and the Signatories shall observe and implement the provisions of the Agreement; and (ii) the Right of Pre-emption shall not apply among the Signatories themselves.

c) PENALTIES

The party in breach of certain provisions of the Sub-Agreement (such as, by way of example and without limitation, violations of the provisions relating to the Right of pre-emption) will be required to pay a penalty equal to the greater sum between: (i) 10 million Euro; and (ii) double the capital gain realised by the Transferor.

d) DURATION AND MODIFICATIONS OF THE SUB-AGREEMENT

The Sub-Agreement became effective on 5 April 2019 (the "Date of Effectiveness"). The Sub-Agreement shall be effective between the Parties until the third anniversary of the Date of Effectiveness (the "First Expiry Date") and shall be renewed tacitly, unless terminated, for a further two years (the "Second Expiry Date"); thereafter any further renewal shall be agreed in writing in advance. The aforementioned is without prejudice to the right of each of the Parties to withdraw with effect from the First Expiry Date by means of a notice sent to the other Parties at least 180 days prior to the First Expiry Date. Withdrawal must be communicated in writing to the Sub-Agreement Secretary. The Sub-Agreement will continue between the Parties who have not exercised their right of withdrawal. The dissolution of the Agreement will result in the dissolution of the Sub-Agreement and the withdrawal from the Agreement will result in the withdrawal from the Sub-Agreement. The Sub-Agreement may be amended with the written agreement of the Signatories representing in total at least four fifths of the Shares of the Company held by the Signatories and contributed to the Agreement. Amendments to the Sub-Agreement must be communicated to all Signatories at least 60 days prior to the date of entry into force of such amendments. In this case, dissenting Signatories will have the right to immediately withdraw from the Sub-Agreement by means of a communication sent no later than the fifteenth day prior to the date of entry into force of the amendments.

The Sub-Agreement is open to the registration of persons (i) who have become shareholders following the purchase of Shares on the free market, (ii) who have become parties to the Agreement and (iii) who can be qualified as local authorities of the provinces of Parma, Piacenza or Reggio Emilia or are subsidiaries of such local authorities or consortia between such local authorities. This registration will be formalised by the new shareholders signing a registration letter.

C. The FSU - FCT Agreement

With effect from 17 July 2018, a shareholders' agreement (the "Sub-Agreement") concerning ordinary shares of Iren S.p.A. was signed, through which the shareholders FCT Holding S.p.A. ("FCT") and FSU S.r.l. ("FSU") proposed to regulate, as from the date of effectiveness of the Demerger, mutual relations as shareholders of Iren, including within the framework of the broader shareholders' agreement signed by FSU with other shareholders of Iren on 9 May 2016 (the "Shareholders' Agreement").

As at 31 December 2019, the financial instruments covered by the FSU/FCT Sub-Agreement ("Shares Contributed") were as follows: (i) 424,817,412 ordinary shares of the Company, equal to 32.65% of share capital.

a) Agreement type and purpose

This Sub-Agreement is attributable to a blocking and voting syndicate with the purpose of ensuring that, following the Demerger, FCT and FSU will jointly exercise the powers of voting, and of indicating candidates for IREN's company officers,

in substantial compliance with what is provided for in the By-laws of FSU, current up to the date of the Demerger; all this, in the context and with the necessary observance of the Shareholders' Agreement, so that the provisions regarding FSU in this Shareholders' Agreement are passed on jointly, without a break, to FSU and FCT, which will act as a single party in relation to the other signatories, in accordance with that provided for in the Sub-Agreement.

b) Content of the FSU/FCT Shareholders' Sub-Agreement,

The Signatories, acknowledging that compliance with the obligations of the Shareholders' Agreement is functional to the pursuit of the objectives of the Sub-Agreement, agree that - unless otherwise provided for in the Sub-Agreement - all the obligations provided for in the Shareholders' Agreement are transferred and remain in the Sub-Agreement for as long as the Shareholders' Agreement is effective.

c) Designation of candidates for Iren's corporate offices

The Signatories agree that the nomination of candidates to be included jointly in the list of members of the Board of Directors and the Board of Statutory Auditors formed pursuant to the Shareholders' Agreement shall be made on an equal footing. In the event that the Shareholders' Agreement ceases to be effective (which, however, has not been terminated within the terms by any contracting party) and its renegotiation is not completed, the Signatories will jointly submit the list of candidates for election to the Board of Directors pursuant to Articles 19-20 of Iren's By-laws, who undertake to vote.

d) Voting syndicate

Without prejudice to the provisions on the designation of candidates for the offices of Iren, the Signatories undertake to make a unanimous decision on the votes to be cast at Iren's Shareholders' Meeting.

e) Penalties

If the Signatory has violated certain provisions of the Sub-Agreement (including, by way of example and without limitation, the obligation to comply with the obligations set forth in the Shareholders' Agreement), they will be required to pay the other Signatory a penalty of 10,000,000.00 Euro (ten million/00) for each violation committed, without prejudice to the latter: i) compensation for the greater damages; and ii) the right to seek legal termination of the Sub-Agreement against the defaulting Signatory.

f) Duration and amendments to the shareholders' agreement

The Sub-Agreement has a duration of three years starting from the date of effectiveness of the Demerger and is renewed automatically on expiry for a period of a further 2 years, subject to withdrawal to be communicated at least 6 months before expiry.

2.7-Significant agreements to which the company (or its subsidiaries) are parties and which become effective, are modified or that terminate in the event of a change of control of the company, and their effects (change of control clauses)

As part of a broader acquisition of gas supplies from Russia, on 18 November 2008, IRIDE S.p.A. (now IREN S.p.A.), IRIDE Mercato S.p.A. (now IREN Mercato S.p.A.) and AEM Trading S.r.l. (now A2A Trading S.r.l. - A2A Group) had entered into an agreement aimed at regulating the corporate governance rules of A2A Alfa S.r.l. - special purpose vehicle company aimed at holding a 50% stake in the company that would stock up with Russian gas (Premium Gas S.p.A.) in order to guarantee the stability of the shareholding structure and to establish a system of governance that would ensure continuity and stability of management.

The Agreement expired on 18 November 2018 without being renewed.

A2A Alfa S.r.l., 30% owned by IREN Mercato and 70% by A2A Trading S.r.l., has been in liquidation since 7 May 2019.

With regard to existing loan contracts, there are commitments of the following types: (i) Change of Control clauses, which provide for the maintenance of control of the IREN Group by Public Shareholders either directly or indirectly; (ii) Negative Pledges clauses, by virtue of which the company undertakes not to provide collateral beyond a specified limit; (iii) Disposal of Asset clauses with limits defined as a percentage of Shareholders' Equity or total fixed assets; (iv) *Pari Passu* clauses, which gave the lender banks equal treatment with other unsecured creditors and (v) clauses for compliance with financial ratios (covenants such as Debt/EBITDA, EBITDA/Financial charges), with annual verification.

In addition, for certain medium/long-term loan contracts of group companies, clauses and commitments typical of Project Financing contracts are provided for.

2.8-Agreements between the Company and the directors providing for indemnities in the event of resignation or dismissal without just cause or if their employment relationship terminates following a takeover bid

This information is contained in the Report on the 2020 Remuneration Policy and compensation paid 2019 which is published and submitted for approval to the Shareholders' Meeting pursuant to Article 123-ter of the Consolidated Law on Finance.

2.9-Rules applicable to the appointment and replacement of directors as well as to the amendment of the By-laws, if different from those applicable in a supplementary manner

The Company is managed by a Board of Directors composed, at the date of approval of this Report, of a fixed number of 15 directors.

As indicated in the introductory part of the Report, the By-laws in force, last approved at the meeting held on 25 March 2020 by the Board of Directors of IREN S.p.A., incorporate changes relating to the identification of shareholders and compliance with the new rules as regards gender quotas for the composition of the Board of Directors and the Board of Statutory Auditors.

The Board of Directors is appointed on the basis of lists submitted by shareholders.

The information required by Article 123-bis, paragraph 1, letter l) ("*rules applicable to the appointment and replacement of directors*") is illustrated in the section of this Report dedicated to the Board of Directors (**para. 4.1**).

2.10-Existence of proxies for capital increases pursuant to Article 2443 of the Italian Civil Code or the power of the directors to issue equity securities as well as authorisations to purchase treasury shares

At the date of approval of this Report, there are no proxies for capital increases pursuant to Article 2443 of the Italian Civil Code i.e. powers of the directors to issue equity securities.

With reference to the authorisation to purchase treasury shares, the Ordinary Shareholders' Meeting of IREN S.p.A. held on 5 April 2019 authorised the Board of Directors to also purchase and dispose of treasury shares of IREN S.p.A. in a fractional manner, pursuant to Articles 2357 *et seq.* of the Italian Civil Code and Article 132 of Italian Legislative Decree No. 58 of 24 February 1998.

Details of the treasury share purchase plan are contained in the report prepared by the Board of Directors and available on the Iren S.p.A. website www.gruppoiren.it in the relevant Section "*Investors - Corporate Governance - Shareholders' Meetings - Extraordinary and Ordinary Shareholders' Meeting of Iren S.p.A. convened as a single call for 5 April 2019 - Directors' Report on the Ordinary Shareholders' Meeting*".

The Board of Directors may carry out treasury share purchase and disposal transactions for a maximum of 65,000,000 shares of the Company, equivalent to one twentieth of the share capital. The treasury share purchase programme is permitted for eighteen months starting from the date of the shareholders' meeting resolution. The maximum amount of the shares purchasable as part of the share repurchase programme may not be more than the amount of the distributable profits and available reserves resulting from the latest financial statements regularly approved.

The shareholders' meeting also defined, according to what was proposed by the Board of Directors, purposes, terms and conditions for the purchase and disposal of the treasury shares.

The Shareholders' Meeting conferred on the BoD all the widest powers, to be exercised with the widest discretionality, so that it may proceed with implementing the purchases in full compliance with the current legislation. The purpose of the transaction is to provide the Group with a supply of shares available for external growth transactions.

Also on 5 April 2019, the Board of Directors, having taken note of the resolution of the Shareholders' Meeting that authorised the latter to implement the Company's share repurchase programme, resolved to provide a mandate to the Chief Executive Officer to launch the Company's share repurchase programme aimed at purchasing a maximum number of 26,000,000 shares, so as not to exceed 2% of the Company's share capital.

At the end of the financial year at 31.12.2019 there were 3,950,587 treasury shares in portfolio.

During the meeting held on 25 March 2020, the Board of Directors of IREN S.p.A. resolved to submit, to the Shareholders' Meeting called to approve the 2019 Financial Statements, the proposal to renew the authorisation to purchase and dispose of treasury shares of IREN S.p.A. pursuant to Articles 2357 *et seq.* of the Italian Civil Code, Article 132 of Italian Legislative Decree 58/1998 and the Consob Regulation adopted with Resolution No. 11971 of 14 May 1999, after revoking the previous authorisation to purchase and dispose of treasury shares as per the resolution of the Shareholders' Meeting of IREN S.p.A. of 5 April 2019.

The By-laws provide that the Company may issue, in the manner required by law, both registered and bearer bonds, also convertible into shares, and also with warrants.

2.11-Activities of management and coordination pursuant to Article 2497 *et seq.* of the Italian Civil Code. - Indication of the reasons why IREN S.p.A. believes it is not subject to management and coordination activities (pursuant to Article 16, paragraph 4 of the new Market Regulations as per Consob resolution No. 20249 of 28/12/2017)

As at 31 December 2019, IREN S.p.A. is not individually controlled by any shareholder and therefore no person is responsible for the management and coordination of IREN.

3-COMPLIANCE

IREN S.p.A. adheres to the Governance Code for Listed Companies drawn up by the Italian Committee for Corporate Governance.

Lastly, with a resolution of the Board of Directors of 5 April 2019, the Company formally adopted the Corporate Governance Code for Listed Companies in the version updated in July 2018, available to the public on Borsa Italiana's website at the page <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.html>.

After adoption a disclosure was made to the public through a press release distributed to the market.

On the same date the Board of Directors also approved an update of the document which highlights the governance solutions adopted by the Company with reference to the provisions of the Code. This was published on the IREN Group's website (www.gruppoiren.it), in the Section "*Investors– Corporate Governance – Corporate documents*".

The implementation of the provisions of the Governance Code will be disclosed later in this Report.

Information on adherence to the remuneration recommendations is provided in the Report on the paid Remuneration Policy 2020 and compensation policy 2019, to which reference should be made.

As of the date of this Report, the new features arising from the publication of the Corporate Governance Code by the Italian Corporate Governance Committee on 31 January 2020 (applicable, as indicated by the Committee, from the first financial year beginning after 31 December 2020, with the relative disclosure to be provided to the market in the Report on Corporate Governance and Ownership Structures to be published in 2022) are currently being analysed.

IREN S.p.A. and its strategically important subsidiaries are not subject to non-Italian legislative provisions that affect the corporate governance structure of the same.

4-BOARD OF DIRECTORS

4.1-Appointing and replacing

As already mentioned in the introductory part of the Report, the By-laws in force, which were last approved by the Board of Directors of IREN S.p.A. at the meeting held on 25 March 2020, include changes relating to the identification of shareholders and compliance with the new rules on compliance with gender quotas for the composition of the Board of Directors and the Board of Statutory Auditors.

As regards the latter, it should be noted that the current composition of the Board of Directors and the Board of Statutory Auditors of IREN S.p.A. (following the appointments made on 22 May 2019 and 19 April 2018, respectively), complies with the criteria relating to gender balance in administrative and control bodies of listed companies, most recently amended by Italian Law No. 160 of 27 December 2019.

List voting

Without prejudice to the provisions of a shareholders nature on the subject - referred to in **para. 2.6** - for the appointment of the Board of Directors, the "list voting" mechanism has been adopted, so as to guarantee a number of candidates of

the less represented gender no less than two fifths, rounded down to the nearest unit if the list contains less than 5 candidates, in implementation of Article 1, paragraphs 302-304 of Italian Law 160/2019, as well as an adequate presence of Directors designated by minority shareholders. Articles 19 and 20 of the By-laws govern the terms and procedures for filing and publishing lists (in which candidates are marked with a sequential number), as well as the related documentation, in accordance with current regulations.

Pursuant to Article 20.2 of the current By-laws, the lists submitted by shareholders must be deposited at the registered office of the Company no later than the twenty-fifth day prior to the date of the Shareholders' Meeting on first or single call and published by the Company at least twenty-one days prior to the date of the Shareholders' Meeting, again on first or single call, in accordance with the procedures provided for by current regulations. Terms and procedures for filing lists are indicated by the Company in the notice of call of the Shareholders' Meeting. Each shareholder may present or contribute to the presentation of only one list, even if through a third party or trust company, and each candidate may appear on only one list under penalty of ineligibility.

Entitlement to submit lists

Only shareholders who, alone or together with other shareholders, hold at least 1% of the share capital with voting rights at the Ordinary Shareholders' Meeting, or the lower percentage that is required by law or regulations, where applicable, as indicated in the notice of call of the Shareholders' Meeting, are entitled to submit a list. In this regard, it should be noted that the shareholding required for the submission of the lists of candidates for the election of administrative bodies of IREN was identified by Consob (with Determination No. 28 of 30 January 2020) as 1%, equal to the percentage provided for by Article 20.1 of the current By-laws (the same percentage identified for the appointment of the Administrative Body in office). In order to prove ownership of the number of shares required to submit lists, shareholders must file at the Company's registered office, within the deadline set for publication of the lists by the Company, the appropriate certification proving ownership of the number of shares represented.

Shareholders belonging to the same Group and shareholders who enter into to a Shareholders' Agreement concerning shares of the Company may not submit more than one list, even via a third party or trust company.

Composition of lists

Pursuant to the By-laws, at least two Directors must meet the requirements of independence prescribed by the regulations in force at the time. Therefore, as a mechanism to ensure the election of the aforementioned minimum number of independent directors, the lists must include at least two candidates who meet the aforementioned independence requirements. The Company, in line with the provisions of the Corporate Governance Code, expressly requests, in the notice of call of the Shareholders' Meeting, that the lists of candidates for the office of Director indicate their suitability to qualify as "independent" in accordance with both the provisions of the Consolidated Law on Finance and Article 3 of the Corporate Governance Code. All candidates must also meet the requirements of integrity prescribed by current legislation.

In implementation of Article 1, paragraphs 302-304 of Italian Law 160/2019, as well as pursuant to Article 19.1 of the current By-laws, the lists (excluding those composed of one or two candidates) must also include a number of candidates of the less represented gender no less than two fifths, rounded down to the nearest unit if the list contains less than 5 candidates, as provided for in the notice of call of the Shareholders' Meeting.

Together with every list and within the deadline set for the filing of the lists themselves, declarations must also be filed in which the individual candidates accept their candidacy and certify, under their own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of the requirements provided for by the regulations in force at the time and the By-laws for the respective offices, including whether they meet the independence requirements prescribed by the regulations in force at the time.

Pursuant to Article 19, paragraph 2 *et seq.* of the current By-laws, the procedures for the appointment of the Administrative Body that ensure the election of at least one minority director pursuant to Article 147-*ter*, paragraph 3 of the Consolidated Law on Finance, as well as the minimum number of independent directors as required by Article 147-*ter*, paragraph 4 of the Consolidated Law on Finance, are provided for.

Appointment mechanisms

Following the introduction of the increase in voting rights by the Shareholders' Meeting held on 9 May 2016, as well as the changes in relation to the quantitative composition of the corporate bodies referred to in the previous By-laws made at the Shareholders' Meeting held on 5 April 2019 (see **para. 4.3**) and the amendments to the By-laws approved by the Board of Directors on 25 March 2020, without prejudice to the conditions specified in Articles 6-*bis*, 6-*ter*, 6-*quater* thereof, the appointment of the members of the Board of Directors shall take place as follows:

- *If the list that obtains the highest number of votes has been presented and voted by shareholders who hold at least 40% of the voting rights in Shareholders' Meeting resolutions with increased voting*, (i) thirteen members of the Board of

Directors, at least six of whom are of the least represented gender, shall be taken from this list in the order in which they are listed; (ii) for the appointment of the two remaining members, the votes obtained from each of the additional lists (which have not been presented or voted by shareholders connected in accordance with the regulations in force at the time with the shareholders who presented or voted for the list that obtained the highest number of votes) are subsequently divided by one and two. The quotients thus obtained are progressively assigned to the candidates on each list, in the order provided for. The candidates are then placed in a single decreasing ranking, according to the quotients assigned to each candidate. The two candidates with the highest quotients will be elected. In the event of a tie between candidates from different lists, the last member to be elected will be the one from the list that obtained the highest number of votes or, in the event of a further tie, the most senior candidate.

- If the list that obtains the highest number of votes has been presented and voted by shareholders who hold at least 22% of the voting rights in Shareholders' Meeting resolutions with increased voting, but less than 40%, (i) eight members of the Board of Directors are taken from this list, four of whom are of each gender, according to the progressive order in which they are listed; (ii) five members of the Board of Directors are taken from the list that obtained the second highest number of votes, two of whom are of the least represented gender, on the basis of the progressive order in which they were listed; (iii) for the appointment of the remaining two members, the votes obtained from each of the additional lists (which have not been presented or voted by shareholders connected in accordance with the regulations in force at the time with the shareholders who presented or voted for the list that obtained the highest number of votes and the second highest number of votes) are subsequently divided by one and two. The quotients thus obtained are progressively assigned to the candidates on these various lists, in the order provided for. The candidates are then placed in a single decreasing ranking, according to the quotients assigned to each candidate. The two candidates with the highest quotients will be elected. In the event of a tie between candidates from different lists, the last member to be elected will be the one from the list that obtained the highest number of votes or, in the event of a further tie, the most senior candidate.

- If none of the lists is presented by shareholders who hold at least 22% of the voting rights in the Shareholders' Meeting resolutions with increased voting, (i) the votes obtained by each list are divided by progressive integers from one to the number of directors to be elected. The quotients thus obtained are progressively assigned to the candidates on these various lists, in the order provided for. The candidates are then placed in a single decreasing ranking, according to the quotients assigned to each candidate. Candidates who have the highest quotients will be elected until the number of members to be elected has been reached; (ii) in the event of a tie between candidates from different lists, the last candidate to be elected will be the one from the list that obtained the highest number of votes or, in the event of a further tie, the most senior candidate; (iii) if, as a result of the aforementioned appointments, the number of members of the less represented gender is less than six, the candidate of the most represented gender placed at last place in the ranking of the candidates elected will be replaced by the candidate of the less represented gender - if present belonging to the same list - placed first of the unelected candidates and so on until the number of candidates of the less represented gender needed to reach six is reached.

- If only one list of candidates is submitted, the directors will be elected from that list.

- If no list is submitted within the statutory deadline, the candidates proposed by the Shareholders' Meeting and voted by the latter shall be elected. Similarly, the Shareholders' Meeting will elect the Directors necessary to complete the composition of the Board, if the total number of candidates indicated in the lists voted by the Shareholders' Meeting is insufficient to achieve this result, or if at least six candidates of the less represented gender are not available. In particular, the candidates submitted to the Shareholders' Meeting must be included in one or more lists whose composition by gender must comply with the principles of proportionality provided for the submission of lists within the terms of the By-laws; where more than one list is submitted, the election of Directors will be carried out by means of the list voting mechanism, quotients, ranking lists and any replacement mechanisms provided for in the event that none of the lists is submitted by shareholders who hold a percentage of at least 22% of the voting rights in Shareholders' Meeting resolutions with increased voting.

Replacement of Directors

Without prejudice to the provisions of a shareholder nature, the replacement of Directors who leave office for any reason whatsoever is governed by Article 18, paragraph 4, of the By-laws which, while respecting the balance between genders, provides for: (i) the application of the "co-optation" mechanism referred to in Article 2386, paragraph 1, of the Italian Civil Code where the replacement Director is appointed pursuant to Article 19, paragraph 2, of the By-laws; (ii) in the case of an outgoing Director appointed pursuant to Article 19, paragraphs 3 and 4, of the By-laws, the replacement of the same by the Directors in office shall be made with the first non-elected candidates belonging to the lists in which the outgoing directors were indicated or, if not possible, pursuant to Article 2386, paragraph 1, of the Italian Civil Code.

Among the functions assigned to the Remuneration and Appointments Committee pursuant to the Corporate Governance Code (see **para. 7**), there is also that of proposing to the Board of Directors candidates for this position of Director in the cases of co-optation pursuant to Article 2386 paragraph 1 of the Italian Civil Code, if it is necessary to replace

Independent Directors, ensuring observance of the prescriptions on the minimum number of independent directors and on the quotas reserved for the less represented gender.

4.2-Succession plan

To date, the Board of Directors has not adopted a succession plan for executive Directors, given the current shareholding structure of the Company and since the rules for their appointment and replacement are laid down in the By-laws. Furthermore, the identification of the directors expressed by the majority is defined on the basis of the shareholders' agreements between the public shareholders.

4.3-Composition

With approval of the financial statements at 31 December 2018 (Shareholders' Meeting of 22 May 2019) the term of office of the Administrative Body previously in office ended.

Following the amendments to the By-laws approved by the Shareholders' Meeting on 5 April 2019, the number of Directors has been increased, with effect from the appointment of the Administrative Body for the three-year period 2019-2021, by providing for a Board of Directors composed of 15 members. The Directors, although eligible for re-election, remain in office for three years, expiring on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office.

In accordance with the provisions of the By-laws previously in force and referred to in detail in the Reports on Corporate Governance and Ownership Structures pursuant to Article 123-ter relating to previous years, the Board of Directors, currently in office, is composed of 15 members, elected by the Shareholders' Meeting on 22 May 2019 for the three-year period 2019-2021. The term of office of the administrative body therefore expires with the approval of the budget for the financial year 2021.

At the Shareholders' Meeting held on 22 May 2019, three lists of candidates were presented, reported below with the details of each candidate:

CANDIDATE LIST NO. 1, SUBMITTED BY THE SHAREHOLDERS: MUNICIPALITY OF GENOA THROUGH FSU - FINANZIARIA SVILUPPO UTILITIES S.R.L., MUNICIPALITY OF TURIN THROUGH FINANZIARIA CITTÀ DI TORINO HOLDING S.P.A. (FCT), MUNICIPALITY OF REGGIO EMILIA (THE LATTER ON ITS OWN AND AS AGENT OF 61 IREN PUBLIC SHAREHOLDERS LOCATED IN THE PROVINCES OF REGGIO EMILIA, PARMA AND PIACENZA), MUNICIPALITY OF LA SPEZIA (ON ITS OWN AND AS AGENT OF 25 IREN PUBLIC SHAREHOLDERS LOCATED IN THE PROVINCE OF LA SPEZIA) WHO ARE SIGNATORIES TO THE SHAREHOLDERS' AGREEMENT SIGNED ON 9 MAY 2016 AND THE RELATED ADDENDUM SUBSEQUENTLY SIGNED ON 9 APRIL 2019 WITH EFFECT FROM 5 APRIL 2019, HOLDERS OF 631,091,887 ORDINARY SHARES REPRESENTING A TOTAL OF 1,219,119,096 VOTING RIGHTS, EQUAL TO 63.09% OF THE TOTAL VOTING RIGHTS WITH REFERENCE TO THE SHAREHOLDERS' MEETING RESOLUTIONS WITH INCREASED VOTING, A LIST THAT OBTAINED 75.94% OF THE VOTES IN RELATION TO THE VOTING CAPITAL:

Candidate No. 1 - Pietro Paolo Giampellegrini, born in Massa on 14 November 1968;

Candidate No. 2 - Tiziana Merlino, born in Finale Ligure (SV) on 8 June 1974;

Candidate No. 3 - Alessandro Giglio, born in Genoa on 30 July 1965;

Candidate No. 4 - Sonia Maria Margherita Cantoni, born in Milan on 16 February 1958;

Candidate No. 5 - Maurizio Irrera, born in Turin on 17 September 1958;

Candidate No. 6 - Geneva Virginia Lombardi, born in Viareggio (LU) on 4 July 1966;

Candidate No. 7 - Francesca Grasselli, born in Reggio Emilia on 13 June 1979;

Candidate No. 8 - Giacomo Malmesi, born in Parma on 29 October 1971;

Candidate No. 9 - Gianluca Micconi, born in Ponte dell'Olio (PC) on 19 March 1956;

Candidate No. 10 - Cristiano Lavaggi, born in Carrara (MS) on 8 August 1975;

Candidate No. 11 - Renato Boero, born in Turin on 9 March 1962;

Candidate No. 12 - Moris Ferretti, born in Reggio Emilia on 28 May 1972;

Candidate No. 13 - Vito Massimiliano Bianco, born in Gioia del Colle (BA) on 30/08/1971

Candidate No. 14 - Renata Olivieri, born in Cassine (AL) on 14 December 1943;

Candidate No. 15 - Paolo Chiussi, born in Reggio Emilia on 3 October 1973.

CANDIDATE LIST NO. 2, SUBMITTED BY MINORITY SHAREHOLDERS AMUNDI ASSET MANAGEMENT SGR S.P.A. (MANAGER OF THE FUNDS: AMUNDI RISPARMIO ITALIA AND AMUNDI SVILUPPO ITALIA), ANIMA SGR S.P.A. (MANAGER OF THE FUNDS: ANIMA GEO ITALIA, ANIMA ITALIA, ANIMA CRESCITA ITALIA AND ANIMA INIZIATIVA ITALIA), ARCA FONDI SGR S.P.A. (MANAGER OF THE FUNDS: ARCA AZIONI ITALIA AND ARCA ECONOMIA REALE BILANCIATO ITALIA 30), EURIZON CAPITAL SGR S.P.A. (MANAGER OF THE FUNDS: EURIZON PROGETTO ITALIA 20, EURIZON PIR ITALIA 30, EURIZON PROGETTO ITALIA 70, EURIZON AZIONI ITALIA, EURIZON PIR ITALIA AZIONI, EURIZON AZIONI PMI ITALIA AND EURIZON PROGETTO ITALIA 40), EURIZON CAPITAL S.A. (MANAGER OF THE FUNDS: EURIZON FUND - EQUITY SMALL MID CAP ITALY AND EURIZON FUND - EQUITY

ITALY), FIDEURAM ASSET MANAGEMENT (IRELAND) - FONDITALIA EQUITY ITALY, FIDEURAM INVESTIMENTI SGR S.P.A. (MANAGER OF THE FUNDS: FIDEURAM ITALIA, PIANO AZIONI ITALIA, PIANO BILANCIATO ITALIA 50 AND PIANO BILANCIATO ITALIA 30), INTERFUND SICAV INTERFUND EQUITY ITALY, KAIROS PARTNERS SGR S.P.A. (AS MANAGEMENT COMPANY OF KAIROS INTERNATIONAL SICAV KEY FUND), MEDIOLANUM GESTIONE FONDI SGR S.P.A. (MANAGER OF THE FUNDS: MEDIOLANUM FLESSIBILE FUTURO ITALIA AND MEDIOLANUM FLESSIBILE SVILUPPO ITALIA), MEDIOLANUM INTERNATIONAL FUNDS LIMITED - CHALLENGE FUNDS - CHALLENGE ITALIAN EQUITY; PRAMERICA SICAV - ITALIAN EQUITY AND PRAMERICA SGR S.P.A. FUND. - MULTIASSET ITALIA & MITO 50 FUND, HOLDERS OF 55,259,521 SHARES EQUAL TO 4.248% OF THE VOTING SHARES OF IREN S.P.A., WHICH OBTAINED 23.46% OF THE VOTES IN RELATION TO THE VOTING CAPITAL:

Candidate No. 1 - Licia Soncini, born in Rome on 24/04/1961;

Candidate No. 2 - Enrica Maria Ghia, born in Rome on 26 November 1969.

Being the Candidate List No. 1 submitted by shareholders who together represented more than 40% of the voting rights, it was envisaged that if the same list obtained the highest number of votes at the Shareholders' Meeting, for the election of the members of the Board of Directors, the then current Article 19.2 of the By-laws would apply, which is why 13 members of the Board were taken from list No. 1. While the remaining 2 members have been taken from list No. 2.

Following the vote, the Board of Directors was composed as follows:

- 1) Renato Boero (Chairperson);
- 2) Moris Ferretti (Deputy Chairperson);
- 3) Vito Massimiliano Bianco (Chief Executive Officer);
- 4) Pietro Paolo Giampellegrini;
- 5) Tiziana Merlino;
- 6) Alessandro Giglio;
- 7) Sonia Maria Margherita Cantoni;
- 8) Maurizio Irrera;
- 9) Ginevra Virginia Lombardi;
- 10) Francesca Grasselli;
- 11) Giacomo Malmesi;
- 12) Gianluca Micconi;
- 13) Cristiano Lavaggi;
- 14) Licia Soncini;
- 15) Enrica Maria Ghia.

From the appointment date to the date of this Report, there here have been no changes in the composition of the Board.

Based on the criteria established by the Corporate Governance Code, the Board of Directors includes three executive directors, consisting of the Chairperson, the Deputy Chairperson and the Chief Executive Officer. The remaining twelve directors can be qualified as "non-executive", since they have not been assigned management and/or executive positions; among these is the position of Chairperson of the Board of Directors (without any operational delegation) in the First Level Companies of the IREN Group (100% controlled by the Parent Company). During the financial year, the "non-executive" directors actively participated, with authority and competence, in the discussion of the matters examined by the Board.

As regards the non-executive directors in office as at 31 December 2019, with the exception of Ms. Soncini (already in office in the previous term), all the others were appointed for the first time to the position of Director of IREN S.p.A. by the Shareholders' Meeting of 22 May 2019.

More details on the functioning and composition of the Board are provided in **Table 2** annexed to this report.

The personal and professional characteristics of each director are indicated in **Annex 1** at the end of this Report.

4.4-Criteria and diversity policies within the administrative body: evaluations and strategic guidelines of the previous Board on the size, competence and professionalism of the current Board, also in relation to gender quotas.

Without prejudice to the above, with reference to the amendment to the By-laws with regard to the quantitative composition of the corporate bodies, approved by the Shareholders' Meeting of IREN S.p.A. on 5 April 2019, in view of the renewal of the administrative body provided for at the Shareholders' Meeting for the approval of the Financial Statements as at 31 December 2018 and which took place on 22 May 2019, on the basis of an investigation carried out by the previous Remuneration and Appointments Committee, during the meeting held on 12 March 2019, in compliance with the provisions of Application Criteria 1.C.1., lett. h) and 5.C.1., lett. a) of the Corporate Governance Code, the Board of Directors then in office, on 5 April 2019, formulated its guidelines to the Shareholders on the qualitative and

quantitative composition of the Board of Directors for the three-year period 2019-2021, also providing (i) indications on the size of the Board of Directors itself and of the Committees established within it, as well as (ii) on the professional and managerial figures whose presence on the Board would be considered appropriate. This document (available to the public on the Company's website www.gruppoinen.it in the section *Investors - Corporate Governance - Shareholders' Meetings - 2019 - Ordinary Shareholders' Meeting of IREN S.p.A. convened on single call for 22 May 2019*) was disseminated and made available to the Shareholders' Meeting, in order to allow shareholders to make the necessary assessments in view of the appointment of the Board of Directors for the three-year period 2019-2021.

As far as the quantitative aspect is concerned, in accordance with best practices in the field of corporate governance, the number of members of the administrative body must be established to an adequate extent in relation to the size and complexity of the Company's organisational structure, in order to effectively oversee the Company's entire operations, both in terms of management and control. The correct size of the administrative body is also determined in relation to the number and composition of the Board committees, which have advisory, propositional and investigative functions in which a decisive role is entrusted to non-executive and independent Directors.

In particular, as will be seen below (**paragraphs 9 and 10**), the Board of Directors currently in office, during the meeting held on 30 May 2019, in order to remodulate the composition of the Sub-Committees, with the aim of ensuring, in addition to compliance with the recommendations of the Corporate Governance Code, an optimal balance of professionalism and skills represented within them, considering the personal characteristics of the various members, established the number of members of the Control, Risk and Sustainability Committee and the Committee for Transactions with Related Parties at 4.

With reference to qualitative aspects, without prejudice to the provisions of the By-laws concerning the possession of the requirements of good repute, the existence of which for each member appointed on 22 May 2019, for the three-year period 2019-2021, was verified, with the utmost transparency and correctness through all useful information, by the Board of Directors on 22 May 2019 and, most recently, on 27 February 2020, the previous Board of Directors formulated a wish that, for the composition of the Board of Directors appointed for the three-year period 2019-2021, different professional and managerial profiles should be combined, recognising the value attributed to the complementarity of experience and skills, together with gender and age diversity, for the proper functioning of the Board itself.

With particular reference to the provisions of Italian Law No. 120 of 2011 and the implementing Regulation of Italian Presidential Decree No. 251 of 2012, as well as Italian Law No. 160/2019 which amended the criteria relating to gender balance in the management and control bodies of listed companies (introduced by Italian Law No. 120/2011) taking into account that (i) on the occasion of the first renewal following the entry into force of this legislation, relating to the 2013-2015 mandate, the legal quota of one-fifth of the total number of members to be appointed has been reached, while (ii) on the occasion of the following renewals, relating to the 2016-2018 and 2019-2021 mandates, the minimum legal minimum quota of one third of the total number of components to be appointed was exceeded, with the appointment of 6 female Directors.

Considering that Italian Presidential Decree No. 251/2012 provided for the binding nature of the aforementioned legislation pursuant to 120/2011 on gender balance for three consecutive renewals, starting from the one following its entry into force (on 12 February 2013), for the 2019-2021 term of office, the statutory obligation to respect a quota of female representation equal to one third of the total number of members to be appointed was maintained. In this regard, the previous Board of Directors, in the guidelines set out above, also considered that gender diversity was adequately represented on the Board in office and expressed the hope that this representation would be maintained in the future.

In this regard, as mentioned above, the Board of Directors currently in office, at its meeting held on 25 March 2020, amended the text of the By-laws to bring them into line with the new rules on compliance with gender quotas for the composition of the Board of Directors and the Board of Statutory Auditors.

With regard to the adoption by the Company of measures to promote equal treatment and opportunities between genders within the entire corporate organisation, please refer to the specific section of the 2019 Sustainability Report, available on the company's website www.gruppoinen.it.

4.5 - Induction programme and board evaluation

The Directors actively participate in the meetings of the Board of Directors and in seminars or thematic meetings in which relevant documents such as, for example, the draft budget, the draft Business Plan and the main initiatives of the company and the group are presented.

Initiatives, at the instigation of the Chairperson, were also launched for the participation in courses and conferences of the Board of Directors and the members of the Board of Statutory Auditors. These are training programmes organised by the main trade associations on the duties and responsibilities inherent in the office of members of the administrative and control bodies of listed companies, in line with the recommendations of the Code of Conduct, aimed at the members of corporate bodies in office in listed companies.

Since the Board of Directors took office on 22 May 2019, at the instigation of the Chairperson, training seminars were organised for the Directors during which the Chief Executive Officer and the Directors of the Business Units and several staff functions presented the Group's Business Plan and business and corporate model, the four Business Units (Environment, Energy, Grids and Market), the Holding company's Organisation and Staff Departments and visits to some of the main facilities for each of the Business Areas were initiated.

During 2019, a number of meetings were organised, during which the Chief Executive Officer, Business Unit Directors or Strategic Directors presented, in several phases, topics related to the updating process of long-term strategic planning, the 2019-2024 draft Business Plan and several of the Group's main initiatives.

With particular reference to long-term strategic and sustainability issues, the members of the Board of Directors, together with Iren's Management, were able to take part in meetings - promoted by the Company itself and by one of the most important associations dealing with entrepreneurship issues - held in various areas where the Group operates concerning development strategies and the enhancement of the territories.

In addition, in continuity with what happened in previous years, on the Chairperson's input, participation in induction courses on the governance of listed companies, proper risk management and transactions with related parties was encouraged.

During 2019, in compliance with the provisions of Application Criterion 1.C.1, letter g) of the Code of Conduct for Listed Companies, in line with international "best practices" and as recommended in the letter of 19 December 2019 from the Chairperson of the Italian Corporate Governance Committee, the Board of Directors, after an investigation conducted by the Remuneration and Appointments Committee with the assistance of an external consultant, carried out - and completed in January 2020 - the annual self-assessment activity, referring to the 2019 financial year, on the functioning of the Board itself and its Committees as well as on their size and composition (board evaluation), also taking into account elements such as the professional characteristics, experience, including managerial experience of its members, their seniority in office and taking into account the diversity criteria set out in Article 2 of the Governance Code.

In carrying out this activity, the aforementioned Committee has decided to avail itself of an external consultant, who will provide its assistance for the entire three-year term of the Board of Directors. In compliance with the procedures in force in the IREN Group on the subject, following a beauty contest, the task of support in carrying out the board evaluation activity was entrusted to EY Advisory S.p.A., a consulting firm specialising in, among other things, corporate governance issues, which provided further services to IREN or its subsidiaries in legal and tax matters and in the development of skills of a nature and entity such as not to prejudice the characteristics of independence required by the task.

Year	Method
2019	Board evaluation (1st year of office) <ul style="list-style-type: none"> - selection, by the Committee, of an independent consultant to assist in carrying out board evaluation activities for the three years of the Board 's term of office; - kick - off with the Committee and the Chairperson of the Board of Directors to share expectations, aims and tools for activities; - meetings of the Committee and the Board of Directors to approve the contents of the self-assessment questionnaire (with customised contents taking into account the fact that 2019 was the first year of the current Board mandate); - conducting individual interviews with the Directors; - submission of the results of the board evaluation to the Committee and the Chairperson of the Board of Directors and, subsequently, to the entire administrative body; - identification of the corrective actions recommended as a result of the board evaluation to be implemented in 2020.

Consistent with the tasks assigned to it by the administrative body, the Remuneration and Appointments Committee and the Chairperson of the Board of Directors played a central role in the activity in question, supervising the preparation of the contents of the self-assessment questionnaire by the external consultant.

Specifically, the self-assessment process has developed through five stages:

1. preliminary recognition of the detection methods used in relation to the previous mandate and choice of the detection method to be used for the 2019 self-assessment process;
2. validation of the questionnaire (submitted to the Board of Directors on 7 November 2019);
3. conducting individual interviews with the Directors, aimed at also collecting the necessary information through the completion of the questionnaire (in paper version);
4. the consultant's final statement of the results and indications gathered during the interviews;

5. presentation of the results to the Board of Directors, at the meeting held on 23 January 2020, to discuss the main evidence in terms of actions to be implemented in the coming year.

The traditional self-assessment questionnaire and the interviews with the Councillors involved: (i) Composition of the Board of Directors; (ii) Operation and information flows; (iii) Participation in the strategic guidance process; (iv) Effectiveness of the Committees; (v) Internal and external relations of the Board of Directors.

At its meeting of 23 January 2020, the Board of Directors examined the aggregate results of the self-assessment questionnaires, which showed an overall positive assessment of the Board's perception of its work during its first year in office. The results of the board evaluation for the 2019 financial year show a positive picture of the functioning of the Board of Directors and the Committees, although there are several areas for improvement.

With reference to the component represented by the Independent Directors (made up of 9 Directors during 2019), the results of the board evaluation activity are substantially in line with the results of the overall self-evaluation of all the members of the Board of Directors.

During the individual interview, however, several areas of potential concern emerged that would be useful for the same administrative body in the coming year of its mandate to work on its functioning and that of the sub-committees.

In more detail, the results of the self-assessment show, among the main strengths:

- (i) an active participation in the "board evaluation" process that has distinguished each director with the desire to contribute to the effective improvement of the effectiveness of the Board of Directors for the next two years;
- (ii) a climate of collaboration that characterised the Board meetings in 2019.

Among the profiles brought to the attention of the Board of Directors by certain Directors, as useful ideas for future improvement, we would like to highlight:

- (i) the opportunity to further diversify the skills of the Board members and deepen the transversal knowledge of business issues considered more strategic, while at the same time seeking to consolidate digital skills within the Board, including through the study and promotion of an ad hoc induction path;
- (ii) the importance of rationalising, also in terms of content, the duration of board meetings, with the aim of respecting predefined time frames and focusing on the topics considered most strategic on the agenda, also for the benefit of a better dialogue;
- (iii) greater clarity in the Board of Directors with respect to the best way to manage, *ex ante*, external communication, engagement activities with the Group's shareholders and relations with the territory, as well as the players responsible for this;
- (iv) the improvement of the effectiveness and interaction between the different committees in order to work in synergy and to be able to carry out - where possible - annual and/or triennial activity planning.

4.6-Role of the Board of Directors

Information on the functioning of the Board of Directors.

During the 2019 financial year, the IREN Board of Directors held 22 (twenty-two) meetings (13 of which were held following the renewal of the Board's mandate), with an average attendance of 97% of its members (for details see **Table 2** below). The average duration of the meetings was 3 hours and 25 minutes.

At least 14 meetings of the Board of Directors are scheduled for 2020, regularly, in compliance with legal deadlines and a work schedule previously shared between Directors and Statutory Auditors; in addition, three meetings have already been held prior to the meeting to approve this Report.

No situations have emerged for the directors that could constitute violations of the prohibition of competition pursuant to Article 2390 of the Italian Civil Code. The Shareholders' Meeting did not authorise exceptions to the non-competition clause.

In line with the meeting timetables set out in Article 23, paragraph 2 of the current By-laws and subject to the adoption of specific internal regulations, the Directors have set a deadline of five days, which is considered adequate for pre-meeting information; in the case of urgent meetings, or matters of a particularly confidential nature, according to the assessments made by the Chairperson in the exercise of their institutional role as head of the administrative body, the information is in any case made available to the Directors at least at the beginning of the meeting, ensuring that it is adequately and punctually examined at that time.

The Directors therefore received ample information on the matters submitted for their decisions and the Chairperson of the Board of Directors has always ensured that the items on the agenda were given the necessary time to allow for a constructive debate, encouraging the contribution of the Directors in the course of the meetings, in order to ensure a conscious assumption of responsibility for the decisions for which they are responsible. In particular, the use of an IT system ("Cloud IREN") launched at the beginning of the Board's current term of office continued, on the initiative of the Chairperson of the Board of Directors, which allows Directors and members of the Board of Statutory Auditors to receive and view the documents on a constantly updated IT platform in good time (5 days in advance, in accordance with specific internal regulations, unless specific exceptions are made), on a platform that is constantly updated according to the progress of the administrative body's meetings. This system also allows for greater confidentiality of the data and information provided.

The following usually attend meetings: (i) the Secretary of the Board; (ii) the Director of Administration, Finance and Control, who holds the position of Manager in charge of financial reporting (henceforth also "Financial Reporting Manager"); (iii) the Director of Corporate Affairs and Legal Affairs and (iv) the Corporate Manager; during the meetings held in 2019, other managers and employees of the Company, as well as external consultants with expertise in the matters discussed, were invited to attend, when deemed necessary and at the request of the delegated bodies, in order to provide appropriate insights.

Matters reserved for the Board of Directors.

In compliance with Principles 1.P.1. letter h) and 1.P.2. of the Corporate Governance Code, Article 25 of the current By-laws provides that the administrative body is invested with the widest powers for the ordinary and extraordinary management of the Company, with the power to carry out all the actions deemed necessary or appropriate for the implementation and achievement of the corporate purpose, excluding only those powers which, strictly speaking, the law or the current By-laws have reserved to the competence of the Shareholders' Meeting.

In particular, pursuant to the aforementioned statutory provision, in addition to the resolutions reserved by law pursuant to Article 2381, paragraph 4 of the Italian Civil Code, the Board of Directors has exclusive jurisdiction over resolutions concerning:

- (i) identification and/or modification of business areas and decisions regarding the structuring of business areas into companies or operating divisions;
- (ii) where the business areas are structured in the form of companies: (a) appointment and/or dismissal of the Directors of each First-Level Company, it being understood that the Chief Executive Officer of each First-Level Company is proposed by the Chief Executive Officer of IREN S.p.A.; (b) setting the composition of the First-Level Company Board of Directors at more than three Directors; (c) exercise of voting rights at the shareholders' meetings of each First-Level Company;
- (iii) where the business areas are structured in the form of companies: (a) appointment of members of the Board of Directors of First Level Companies that are not executives within the Group and/or directors of the company; and/or where the business areas are structured into operating divisions, hiring and/or appointment and/or dismissal, all of the above on the proposal of the Chief Executive Officer, of the heads of each business area, proposed, for appointment and/or revocation, by the Chief Executive Officer of IREN S.p.A.;
- (iv) approval of the multi-year industrial and financial plans of the company and the Group, as well as the annual budget of the Group and (a) their revisions and/or (b) resolutions concerning activities and operations other than those provided for in the multi-year business and financial plans of the company and the Group as well as in the annual budget of the Group; the above points (a) and (b) insofar as they involve changes in investments for amounts exceeding 5% of the total amounts provided for in the budget and/or the plans;
- (v) transactions that are not expressly indicated in the business and financial plan and/or in the approved annual Group budget, it being understood that the foregoing does not constitute an exception to point (iv) above, where such transactions have as their object:
 - the approval of purchases or sales or other acts of disposal (in any way carried out) involving equity investments, companies or business units and having for the company and/or its subsidiaries a value greater than 10,000,000.00 Euro and not greater than 50,000,000.00 Euro or gross invested capital (net equity plus financial indebtedness) greater than 10,000,000.00 Euro and not greater than 50,000,000.00 Euro, per individual transaction, or even for transactions of a lower value but functionally connected with each other that, taken together, exceed the threshold indicated;
 - approval of investments, purchases and/or sales of assets or legal relationships, assumption of loans and/or issue of guarantees having, for the company and/or its subsidiaries, a total value greater than 10,000,000.00 Euro and not greater than 50,000,000.00 Euro or gross invested capital (net equity plus financial indebtedness) greater than 10,000,000.00 Euro and not greater than 50,000,000.00 Euro, or even for transactions of a lower value but functionally linked that, taken together, exceed the threshold indicated;

- the establishment of joint ventures that involve the company and/or its subsidiaries in expenditure/investment commitments or charges of any other nature exceeding 10,000,000.00 Euro and not exceeding 50,000,000.00 Euro per individual transaction, or even for transactions of a lower value but functionally linked together that, taken together, exceed the threshold indicated;
- (vi) approval of purchases or disposals or other acts of disposal (in any way carried out) involving equity investments, companies or business units and having for the company and/or its subsidiaries a value greater than 50,000,000.00 Euro or gross invested capital (net equity plus financial indebtedness) greater than 50,000,000.00 Euro, per individual transaction, or even for transactions of a lower value but functionally linked that, taken together, exceed the threshold indicated, except for those transactions already expressly indicated in the business and financial plan and/or the approved annual group budget;
- (vii) approval of investments, purchases and/or disposal of assets or legal relationships, assumption of loans and/or issue of guarantees having, for the company and/or its subsidiaries, a total value greater than 50,000,000.00 Euro or gross invested capital (net equity plus financial indebtedness) greater than 50,000,000.00 Euro, or even for transactions of a lower value but functionally linked that, taken together, exceed the threshold indicated, except for those transactions already expressly indicated in the business and financial plan and/or the approved annual group budget;
- (viii) the establishment of joint ventures that involve the company and/or its subsidiaries in expenditure/investment commitments or charges of any other nature in excess of 50,000,000.00 Euro per transaction, or even for transactions of a lower value but functionally linked that, taken together, exceed the threshold indicated, except for those transactions already expressly indicated in the business and financial plan and/or the approved annual group budget;
- (ix) approval and amendments to the group rules, if adopted;
- (x) approval of proposals to be submitted to the Shareholders' Meeting and the calling of the latter with regard to the transfer of the registered office, changes in share capital, issue of convertible bonds or warrants, mergers and demergers and/or amendments to the By-laws;
- (xi) mergers by incorporation or demerger of the company pursuant to Articles 2505, 2505-*bis* and 2506-*ter*, last paragraph of the Italian Civil Code; establishment and closure of secondary offices, adaptation of the By-laws to regulatory provisions. The Board of Directors may, however, refer resolutions on the matters covered by this item to the Shareholders' Meeting;
- (xii) transactions of greater significance with "related parties";
- (xiii) appointment and/or revocation of the Chairperson and Deputy Chairperson, except for the Chairperson appointed by the Shareholders' Meeting;
- (xiv) appointment and/or dismissal of the Chief Executive Officer.

With the exception of the matters referred to in paragraphs (ii), (iii) and (v) above, whose quorum is an absolute majority of the Directors in office, for the remaining matters referred to above, the relevant resolutions shall be taken by open vote, with the favourable vote of at least 12 out of a total of 15 Directors.

Strategic, industrial and financial planning.

IREN S.p.A. is an industrial holding company operating through a Group divided into four main First Level Companies, as sub-holding companies of the Parent Company and Holding Company of the respective Business Units (Energy, Market, Grids and Environment Business Units), which operate directly and/or through companies controlled by the same subsidiaries/investees in their respective sectors. This structure is designed to strengthen the integration of the activities and asset-based characteristics of each business chain, with a view to sustainable development that is attentive to local needs.

The management and coordination activities carried out by the Parent Company IREN S.p.A. with regard to the First-Level Companies are expressly provided for and regulated in the current By-laws of IREN S.p.A. and in the By-laws of these companies, Articles 15 of which expressly provides for the prior approval by the competent bodies of the Parent Company of a series of extraordinary/significant transactions involving the same, *"even though they are included in the approved multi-year business and financial plan and the annual group budget"*.

In accordance with current powers, the Business Units report to the Chief Executive Officer of the Parent Company. Pursuant to Article 26, paragraph 2 of the current By-laws of IREN S.p.A., it is expressly provided that *"the Chief Executive Officer is vested with the powers for the day-to-day management of the Company according to the advice and guidelines formulated by the Board of Directors, as well as organisational powers and operational proxies for each of the business areas organised into divisions. Where the business areas are structured in the form of companies_["the First-Level Companies"], the managing director, on the basis of the guidelines of the board of directors of the holding company, exercises functions of strategic planning, indications of objectives and control over the subsidiaries and proposes to the board of directors the appointment and/or dismissal of the Chief Executive Officer of each first level company"*.

..*

The Board of Directors of IREN S.p.A., during the 2019 financial year, took measures in the exercise of the management and coordination functions of the First-Level Business Companies.

In general, in line with the role assigned to it by the Company's Corporate Governance Code, the Board of Directors carried out the following main activities during 2019:

- a) decided the Group's strategies, through the analysis of medium/long-term market scenarios, the understanding of the potential impact on the businesses managed by the Group and the definition of the Group's long-term strategic advice and guidelines, with the consequent update of the 2019 - 2024 Business Plan, as well as extraordinary and significant M&A transactions;
- b) monitored the Company's organisational structure, internal control guidelines and the governance of administrative and accounting procedures;
- c) received constant reporting on the activities carried out by the delegated bodies;
- e) was regularly informed about the general management performance, the achievement of planned objectives and specific transactions with a potential significant impact on management parameters;
- f) approved in advance the particularly significant transactions of the subsidiaries, in compliance with the provisions of their respective By-laws; the general criteria for identifying transactions qualifying as "significant" are contained in the current By-laws of IREN S.p.A. and of the companies directly controlled by the same. If the aforementioned criteria are lacking and, in any case, if deficiencies are found, the Board of Directors shall fix them;
- g) approved, in compliance with current legislation and internal procedure, transactions with related parties.

4.7-Delegated bodies

Pursuant to Article 25.2 of the current By-laws, the Board of Directors delegates its powers to one or more of its members, in compliance with the limits set out in Article 2381 of the Italian Civil Code and, in particular, may grant powers to the Chairperson, the Deputy Chairperson and the Chief Executive Officer, provided they do not conflict with each other. It is also provided that it falls within the powers of the Chairperson, the Deputy Chairperson and the Chief Executive Officer, within the limits of the powers assigned to them, to grant proxies and powers of representation of the company for individual acts or categories of acts to employees of the company and also to third parties. Finally, the Board may appoint, for individual acts or categories of acts and also on an ongoing basis, attorneys, determining their powers and attributions, including the use of the company's signature.

Chairperson of the Board of Directors

Up until 22 May 2019, Paolo Peveraro was Chairperson of the Board of Directors of the Company.

By resolution of 22 May 2019, immediately following the Shareholders' Meeting that appointed the administrative body of IREN S.p.A. for the three-year period 2019-2021, the Board of Directors of the Company, after acknowledging the appointment by the Shareholders' Meeting of Renato Boero as Chairperson of the Board of Directors, assigned him with the functions and powers in relation to the aforementioned office.

On that occasion, it was established, in particular, that Renato Boero, as Chairperson of the Company, shall be tasked with the following functions: (i) Corporate Secretariat of the Board of Directors of IREN; (ii) Communication and External Relations; (iii) Institutional Relations (including relations with the Regulators, Regions and Local Authorities); (iv) Merger & Acquisition; all within the framework of the organisational structure established by the Chief Executive Officer, consistent with the functions assigned to the Chairperson. With regard to the functions relating to "Merger & Acquisition ("M&A")", "Communication and External Relations" and "Institutional Relations", the Chairperson informs the Chief Executive Officer in order to ensure appropriate coordination of the company's activities and those of the Group as a whole.

The Board of Directors has granted the same with the corporate signature and all powers within the scope of the powers granted within the commitment limits indicated below, including active and passive legal and procedural representation pursuant to Article 22 of the current By-laws. To the same has also been granted the powers to take any decision falling within the competence of the Board of Directors as a matter of urgency, together with the Chief Executive Officer and/or the Deputy Chairperson, and to notify the Board of Directors at the first subsequent meeting.

The Chairperson is assigned the task of submitting proposals for resolutions to the Board of Directors, to the extent attributed to their competence.

The Chairperson, with the exclusion of that reserved by law and/or the By-laws for the Shareholders' Meeting and/or the Board of Directors and in compliance with the limits of commitment, without prejudice to the limits set out in Article 25 of the By-laws, has also been granted the powers and proxies to:

- (i) preside over and direct the conduct of the Shareholders' Meeting;
- (ii) establish the agenda of the Board of Directors, taking into account the proposals of the Chief Executive Officer and the Deputy Chairperson and/or other Directors;

- (iii) chair and direct the work of the Board of Directors and manage the secretariat of the Board of Directors of Iren SpA;
- (iv) implement, to the extent of their competence, the decisions of the Shareholders' Meeting and the Board of Directors;
- (v) manage external communications of an institutional nature of the Company and the Group, interacting where appropriate with the investee companies concerned or through the same;
- (vi) manage the promotion and publicity activities for the image of the Company and the Group;
- (vii) represent the Company and the Group in institutional relations;
- (viii) manage Group sponsorships directly or through Group companies in line with the budget;
- (ix) analyse, prepare and submit to the Board of Directors extraordinary mergers & acquisitions transactions including purchases or disposals or other acts of disposals (in any way carried out) relating to corporate holdings and companies, to sign confidentiality agreements, letters of intent and agreements for the performance of the related due diligence activities;
- (x) entrust professional assignments of any type functional to mergers & acquisitions transactions with a spending limit of 500,000.00 Euro within the Group procedures and through the competent functions;
- (xi) implement - in the interest of the Company and the Group - merger & acquisition transactions with the following limitations:
 - A. purchase or sale transactions or other acts of disposal (in any way carried out) involving equity investments, companies or business units and having a value for the company and/or its subsidiaries not exceeding 10,000,000.00 Euro or gross invested capital (net equity plus financial indebtedness) not exceeding 10,000,000.00 Euro, per individual transaction, or even for transactions of a lower value, but functionally linked, which taken together do not exceed the threshold indicated;
 - B. the establishment of joint ventures that involve the company and/or its subsidiaries in expenditure/investment commitments or charges of any other nature not exceeding 10,000,000.00 Euro per transaction, or even for transactions of a lower value, but functionally linked to each other, which taken together do not exceed the threshold indicated;
 transactions and constitutions referred to in points (A.) and (B.) above, of value / expenditure / investment commitments even exceeding the limits of 10,000,000.00 Euro, if they are expressly and analytically indicated in the approved business and financial plan and/or in the approved annual Group budget.

Finally, the Board of Directors has established: (i) that all the powers conferred on the Chairperson, unless otherwise established, are exercised with individual signature, with the right to sub-delegate; (ii) that the Chairperson, as the person in charge of managing the risks relating to their proxies, acts in conjunction with the Deputy Chairperson; (iii) that the Chairperson is entrusted with the coordination of the activities that Internal Audit will carry out on the functions for which the Deputy Chairperson is responsible as well as on the companies in which the Deputy Chairperson of Iren may hold the position of Director.

The Deputy Chairperson of the Board of Directors

Until 22 May 2019, Ettore Rocchi served as Deputy Chairperson of the Board of Directors of the Company.

By resolution of 22 May 2019, immediately following the Shareholders' Meeting that appointed the administrative body of IREN S.p.A. for the three-year period 2019-2021, Moris Ferretti was appointed as Deputy Chairperson of IREN S.p.A. by the Board of Directors. On that occasion, it was agreed that the Vice-Chairperson should be tasked with the following functions: (i) *Corporate Affairs*; (ii) *Corporate Compliance*; (iii) *Corporate Social Responsibility (which is also responsible for supporting the activities of the Local Committees)*; (iv) *Risk Management*; (vi) *Internal Auditing*, as part of the organisational structure established by the Chief Executive Officer consistent with the aforementioned functions.

Moris Ferretti, as Deputy Chairperson, has also been granted the corporate signature and all powers within the scope of the powers granted within specific limits of commitment, as set out below, including active and passive legal and procedural representation pursuant to Article 22 of the By-laws.

The Deputy Chairperson is assigned the task of submitting, to the extent attributed to them and not delegated, resolution proposals to the Board of Directors.

They operate on the basis of the multi-annual plans and annual budgets approved by the Board of Directors and guarantee and verify, as far as they are concerned, compliance with the resulting management guidelines. With specific reference to the Corporate Affairs and Risk Management function, the Deputy Chairperson works in advance and in liaison with the Chief Executive Officer in order to ensure appropriate coordination of the company's activities and those of the Group as a whole.

The Deputy Chairperson has been granted the powers to take any decision falling within the competence of the Board of Directors as a matter of urgency, together with the Chairperson and/or the Chief Executive Officer, notifying the Board of Directors at the next subsequent meeting.

In accordance with Article 25.2 of the By-laws, with the exclusion of that reserved by law and/or the By-laws for the Shareholders' Meeting and/or the Board of Directors, and in particular without prejudice to the limits set out in Article 25 of the By-laws, the Deputy Chairperson has also been granted the following powers and proxies:

- (i) implementing, to the extent of their competence, the decisions of the Shareholders' Meeting and the Board of Directors;
- (ii) verifying implementation of the *corporate governance* rules also in implementation of the powers reserved for the Board of Directors;
- (iii) verifying execution of the resolutions of the Company's collegial bodies and the indications of the internal Committees also on the basis of the reports that the internal auditing service produces regularly;
- (iv) managing the 231/01 system, including through updates and adjustments of the management and control organisation model and related protocols, without prejudice to the autonomy and independence of the Oversight Committee;
- (v) managing the Privacy System (GDPR) in support of the Owner and the Data Protection Officer (DPO);
- (vi) verifying the quality indicators provided and monitoring the perceived quality indicators and the issues related to environmental impacts and social sustainability (corporate social responsibility) of company activities and processes;
- (vii) preparing, also with the support of the Communication and Image function, the draft social sustainability report (corporate social responsibility) to be submitted to the Board of Directors;
- (viii) proposing to the Board of Directors the candidates for members of the Committees (Internal Committees of the Corporate Governance Code of Borsa and Local Committees);
- (ix) issuing guidelines on the functioning of the Local Committees and supervising their activities, verifying their effectiveness and the frequency of meetings;
- (x) verifying the integrated management of the Group's Enterprise Risk Management (ERM) System: methodological approach, definition of policies and monitoring of the System;
- (xi) in conjunction with the Chief Executive Officer, taking out and managing insurance policies with the support of the "Procurement, Logistics and Services" and "Legal Affairs" functions;
- (xii) entrusting professional assignments of any type functional to the matters falling within the Deputy Chairperson's area of responsibility with a spending limit of 500,000.00 Euro within Group procedures and through the competent functions;
- (xiii) proposing to the Board of Directors, in agreement with the chairperson, the appointment, dismissal and remuneration of the operating manager of the *Internal Auditing* function;
- (xiv) the Deputy Chairperson, within the scope and limits of their powers, in conjunction with the Chairperson and the Chief Executive Officer, is responsible for supervising the functionality of the internal control system. To this end, as far as he/she is responsible, the Deputy Chairperson:
 - A. supports the Control and Risk Committee in the activity of identifying the main business risks, taking into account the characteristics of the activities performed by the Company and by its subsidiaries and in the periodic submission of the same to the examination of the Board of Directors,
 - B. executes the guidance defined by the Board of Directors ensuring that the competent corporate structures plan, put in place and manage the internal control and internal auditing system, checking constantly its overall adequacy, effectiveness and efficiency, acting also to adapt this system to the trends in the operating conditions and the legislative and regulatory framework.

Finally, the Board of Directors has established: (i) that within the scope of the direction and management of the Internal Auditing function, the coordination of activities that Internal Audit will carry out as regards the functions and activities for which the Deputy Chairperson is responsible as well as in relation to the companies in which the Deputy Chairperson of Iren holds the position of Director, will be delegated to the Chairperson; (ii) that all the powers conferred on the Deputy Chairperson, unless otherwise established, are exercised with individual signature, with the right to sub-delegate.

Chief Executive Officer (CEO) and General Manager

In the current Board term of office, the Board of Directors has proceeded in accordance with Article 26 of the By-laws, which provides that the Board of Directors, by qualified majority, as per Article 25.5 (xi) of the same By-laws, appoints a Chief Executive Officer who is vested with powers for the day-to-day management of the Company in accordance with the guidelines and policies formulated by the Board of Directors, as well as organisational powers and operational proxies for each of the business areas if they are organised into divisions.

Where, as envisaged in the current organisational structure of the IREN Group, the business areas are structured in the form of companies, the Chief Executive Officer, based on the guidelines of the holding company's Board of Directors,

exercises functions of strategic planning, indication of objectives and control over the subsidiaries and proposes to the Board of Directors the appointment and/or dismissal of the Chief Executive Officer of each First Level Company.

The Board of Directors, held on 22 May 2019 immediately following the Shareholders' Meeting that appointed the administrative body for the three-year period 2019-2021, confirmed Massimiliano Bianco as Chief Executive Officer of the Company, with attribution of the related powers.

The Chief Executive Officer is vested with:

- the corporate signature and all powers within the scope of the powers conferred within the limits of the commitment indicated below, including, among other things, active and passive legal and procedural representation as provided for under Article 22 of the By-laws. The Chief Executive Officer has also been assigned the task of submitting proposals for resolutions to the Board of Directors, except for matters falling within the competence of the Chairperson and Deputy Chairperson and those delegated to them. They operate on the basis of the multi-annual plans and annual budgets approved by the Board of Directors and guarantee and verify compliance with the resulting management guidelines;
- pursuant to Articles 25.2 and 26.2 of the By-laws, the delegation of management and administration of the Company until dismissal or resignation, with the exclusion of that reserved by law and/or the By-laws for the Shareholders' Meeting and/or the Board of Directors;
- the powers to take any decision falling within the competence of the Board of Directors on an urgent basis, together with the Chairperson and/or Deputy Chairperson, and to notify the Board of Directors at the first subsequent meeting.

In the current term of office, the following main functions shall be bestowed on the Chief Executive Officer: (i) Administration, Finance and Control (including Investor Relations); (ii) Personnel, Organisation and Information Systems; (iii) Procurement, Logistics and Services; (iv) Legal Affairs; (v) Strategies, Studies and Regulatory Affairs; (vi) Environment, Energy, Market and Grids Business Units.

Moreover, taking into account the significant size of the Company and the Group, with a view to overseeing and governing management and strategic activities with a unified vision in order to achieve the Group's objectives, the Board has established that the Chief Executive Officer should be informed of the following areas attributed to the Chairperson and Deputy Chairperson, which do not conflict with and in any case do not affect the powers and proxies attributed to the latter:

- "Merger & Acquisition ("M&A")", which reports to the Chairperson;
- "Institutional Relations," which reports to the Chairperson;
- "Communication and External Relations," which reports to the Chairperson;
- "Corporate Affairs," which reports to the Deputy Chairperson;
- "Risk Management" reporting to the Deputy Chairperson.

The Chief Executive Officer has been granted, by way of example but not limited to the above, the following powers and proxies, to be exercised within the limits of the law and the By-laws and in particular without prejudice to the limits set forth in Article 25 of the By-laws:

- (i) implementing the decisions of the Shareholders' Meeting and the Board of Directors, except where the Chairperson and Deputy Chairperson are responsible;
- (ii) implementing the Group's corporate strategies, within the framework of the directives established by the Board, and exercising the delegated powers, and in particular those listed herein, in accordance with such strategies and directives;
- (iii) exercising, on the basis of the guidelines of the Board of Directors, management, coordination and control functions, and in particular organisation and strategic planning, with indication of objectives and with monitoring and control of activities and results concerning the companies of the Group, as well as proposing to the Board of Directors the appointment and/or dismissal of the Chief Executive Officer of each First Level Company;
- (iv) preparing the multi-year plans, business plan and annual budget to be submitted to the Board of Directors;
- (v) opening and closing current accounts with banks and credit institutions, withdrawing sums from accounts in the Company's name, for this purpose issuing the relevant cheques or equivalent, and arranging for transfers to be made from actual availability and from current account credit facilities;
- (vi) carrying out deposits into bank and postal accounts of the Company, and endorsing the amounts credited on current accounts for the same cheques and money orders;
- (vii) drawing a bill of exchange upon customers, also endorsing promissory note discounts, bills, drafts as well as cheques of any kind and carrying out consequential transactions;
- (viii) assigning receivables of the Company with and/or without recourse and operating with companies and factoring

- institutions by signing all the relative deeds and issuing the relative receipts; it being understood that the aforementioned transactions, if not indicated in the approved business and financial plan and/or the approved annual Group budget, are subject to an amount limit of 10,000,000.00 Euro per individual transaction;
- (ix) entering into centralised cash pooling contracts with directly and indirectly controlled companies;
 - (x) representing the Company actively and passively before the financial administration and commissions of every order and level, as well as Banca d'Italia, customs, postal and telegraph offices, public administrations and private individuals; by way of example:
 - A. signing tax and VAT returns as well as any other tax fulfilments. In particular, the representation conferred includes, by way of example, the power to represent the Company in relation to the central and peripheral offices of the tax authorities with regard to the assessment, settlement and payment of indirect and direct taxes, in relation to the latter, both with regard to the Company's own income and the emoluments paid by the Company. This power also includes the power to sign declarations (annual and periodic), certifications, proxies for payment, questionnaires, minutes and any other act necessary for the correct fulfilment of the Company's tax and currency obligations, issuing proxies and mandates of any kind relating to the items listed above;
 - B. lodging complaints, filing petitions and appeals;
 - C. performing any operation at the Cassa Depositi e Prestiti, Banca d'Italia, customs, postal and telegraph offices for shipments, storage, release and collection of goods, values, parcels, packets, registered and insured letters, issuing receipts and granting discharge;
 - (xi) representing the Company in all negotiations and disputes of a tax and fiscal nature before the competent bodies and reaching, if necessary, agreements and compositions;
 - (xii) within the limits set out in point (viii) above, entering into, amending and terminating credit opening agreements, loans of any type and duration and related derivative contracts;
 - (xiii) requesting the use of financing tranches;
 - (xiv) within the limits set out in point (viii) above, providing guarantees and loans and taking out contracts relating to bank and insurance policies;
 - (xv) issuing, accepting and endorsing negotiable instruments;
 - (xvi) constituting, registering and renewing mortgages and privileges against third parties and for the company's benefit; permitting cancellations, reductions and liens registered in favour of the Company as well as subrogations in favour of third parties; renouncing mortgages and mortgage subrogations including legal ones and carrying out any other mortgage transaction, always against third parties and for the company's benefit, and therefore receivable, relieving the competent land registrars of any and all liabilities;
 - (xvii) withdrawing securities and values owed to the Company, issuing the relevant receipts;
 - (xviii) issuing and negotiating collection orders;
 - (xix) signing forms for the receipt of accompanying letters for values and documents relating to invoices issued by the Company;
 - (xx) hiring, appointing and dismissing personnel, including executives, and determining, from time to time, their overall remuneration in line with the forecasts contained in the annual budgets; hiring and promoting disciplinary sanctions, dismissal and any other measures against executives, middle managers, white-collar workers, agents, auxiliaries and blue-collar workers;
 - (xxi) representing the Company before public and private entities in the stipulation of deeds relating to the personnel area;
 - (xxii) defining the organisation and functional structures of the Company and the Group as well as the related activities and staff, within the framework of the general guidelines established by the Board; to establish the criteria for the recruitment and management of personnel in compliance with the annual budget of the Company and the Group; defining the corporate bodies of the non-first level Group companies;
 - (xxiii) representing the Company for the fulfilment of tax, insurance, accident and social security obligations relating to personnel management;
 - (xxiv) entering into, amending and terminating employment contracts in any form permitted by law;
 - (xxv) negotiating and defining any dispute of a trade union nature and representing the Company in trade union negotiations, with the right to conclude company agreements; representing the Company before trade union representatives, welfare and assistance offices and bodies, trade associations, labour and M.O. offices, Employment Offices and the Labour Inspectorate, the Social Security and Assistance Institute for Managers, Administrations and Bodies in general responsible for accident prevention and occupational hygiene, Health and Organisations and premises and Institutes of Medicine and Surgery and Occupational Hygiene, as well as the Financial Administration of the State and the Local Authorities with regard to the substitute tax relationships of the Company's employees;
 - (xxvi) representing the Company as well as reconciling and settling any labour and social security and compulsory assistance disputes at every state and level of justice, also in accordance with the provisions of the Code of Civil

- Procedure, as well as issuing powers of attorney to reconcile and settle as above and requesting any evidence and opposing it, testifying freely or formally, electing domiciles, appointing lawyers, attorneys and arbitrators and doing whatever else is necessary for the successful outcome of the cases in question;
- (xxvii) within the limits set out in point (viii) above, entering into currency contracts, including forward contracts;
 - (xxviii) within the limits referred to in the previous point (viii), participating, as far as he/she is concerned, in any kind of public or private bid in Italy and abroad;
 - (xxix) within the limits set out in point (viii) above, entering into, amending and terminating trade and service agreements of any kind with companies and entities;
 - (xxx) within the limits referred to in point (viii) above, stipulating, with all the appropriate clauses, assigning and terminating contracts and agreements in any case inherent to the corporate purpose - including those concerning intellectual property, trademarks, patents - also in consortium with other companies;
 - (xxxi) establishing, in the interest of the Company, consulting relationships with external experts and professionals, setting time frames and methods of payment with a spending limit of 500,000.00 Euro;
 - (xxxii) within the limits referred to in point (viii) above, providing for all the Company's expenses for investments and the valuation thereof; entering into, amending and terminating the relevant contracts, of whatever nature, in particular for:
 - A. works and supplies required for the conversion and maintenance of buildings and facilities;
 - B. purchases and disposals of furniture, equipment, machinery and movable property in general, including those entered in public registers, as well as financial leases and rentals of the same, with a limit on the annual fee;
 - C. commercial information, confidentiality agreements, letters of intent and the performance of due diligence activities;
 - D. purchases, including those for the annual premium, and orders relating to EDP programmes;
 - (xxxiii) within the limits referred to in point (viii) above, entering into the appropriate contracts, both in the form of purchase and sale, in the form of securities and real estate leases, in the form of service and/or works contracts, and in the form of supply contracts, to guarantee the Company the resources necessary to achieve the Company's objectives, accepting arbitration clauses, agreeing on exceptions to jurisdiction, including the power to request, obtain and sign sureties, letters of patronage and other typical and atypical forms of guarantee linked to the contracts signed;
 - (xxxiv) intervening as a representative of the Company, both as parent company and principal company, in the establishment of joint ventures, *A.T.I. - Associazioni Temporanee di Imprese* (TAC - Temporary Associations of Companies), *G.E.I.E. - Gruppo Europeo di Interesse Economico* - (EEIG - European Economic Interest Grouping), consortia and other bodies, giving and receiving the relevant mandates, in order to participate in tenders for the award of works, services and supplies;
 - (xxxv) participating, to the extent of their competence, on behalf of the Company, also in TACs, EEIGs, consortia and other bodies, in tenders or concessions, auctions, private bids, private negotiations, tenders-contracts and other public national, EU and international contracts, including state aid, for the award of works, supplies of equipment, including "turnkey" and / or goods and / or studies and / or research and / or services in general with any national, EU and international, public or private party; submitting applications for requests to participate from the pre-qualification phase; submitting tenders; in the event of award, signing the relevant deeds, contracts and commitments, including the issue of guarantees and/or the constitution of security deposits, with the widest possible powers to negotiate, agree and/or finalise all the clauses that it deems necessary and/or useful;
 - (xxxvi) carrying out the following transactions that are not indicated in the Group's business and financial plan and/or annual budget : investments, purchases and/or disposals, including *en bloc*, of assets or legal relationships, assumption of loans and/or issue of guarantees having, for the company and/or for the Group's subsidiaries, a total value not exceeding 10,000,000.00 Euro or gross invested capital (net equity plus financial indebtedness) not exceeding 10,000,000.00 Euro, or even for transactions of a lower value but functionally linked that, taken together, do not exceed the indicated threshold;
 - (xxxvii) providing for the distribution and organisation of the Group's logistics, entering into the necessary contracts and taking care of the rational structure and planning of activities in the area;
 - (xxxviii) ensuring the management and organisational control and coordination of the companies subject to the management and coordination of the parent company or in any case controlled by it pursuant to Article 2359 of the Italian Civil Code, identifying their specific objectives and areas of competence and synergy, in line with the Group's strategies and the risk profiles connected to them and exercising, also as a preventive measure, management control as well as adopting measures and procedures deemed appropriate for this purpose. exercising control and coordination over the purchase and sale of raw materials (gas, electricity, etc.);
 - (xxxix) granting and revoking powers of attorney and mandates within the above powers, for individual acts or categories of acts, both to employees of the Company and to third parties, including legal persons;
 - (xl) legally representing the Company in litigation of any kind, including civil, criminal or administrative litigation,

before any judicial, conciliation or arbitration authority of any order and level, and therefore also before Justices of the Peace, Tribunals, Courts of Appeal, the Court of Cassation, *Tribunale Amministrativo Regionale - TAR* (Regional Administrative Court - RAC), the Council of State and the Constitutional Court, as well as in all procedural phases of bankruptcy and compulsory administrative liquidation, preventive agreements, of all types, receivership proposals and extraordinary administration with express authorisation to proceed, on behalf of the Company, to all voting to be cast in each phase of the aforementioned procedures and to issue receipts for the amounts that, as a result of the procedures, will be due to the Company;

- (xli) reconciling and settling, extrajudicially and judicially, any dispute in any state and at any level of judgement, also pursuant to the provisions of the Code of Civil Procedure, as well as issuing powers of attorney to reconcile and settle as above, filing a complaint of perjury, disallowing private records, referring and taking oaths, signing arbitration compromises and arbitration clauses, and designating and appointing arbitrators;
- (xlii) representing the Company and the Group and managing relations with market bodies and investors, also with the support of the "Communication and External Relations" and "Corporate Affairs" functions;
- (xliii) preparing documentation for financial analysts and rating agencies;
- (xliv) representing the Company and the Group and managing relations with CONSOB and Borsa Italiana S.p.A. also with the support of the "Corporate Affairs" function;
- (xlv) managing financial, commercial and internal Group communication;
- (xlvi) in conjunction with the Deputy Chairperson, managing insurance policies with the support of the "Procurement, Logistics and Services" and "Legal Affairs" functions;
- (xlvii) certifying that copies of the Company's documents and those in any case acquired in the Company's records conform to the original;
- (xlviii) signing requests, also to public bodies, for news and information, certificates or attestations, permits, authorisations, concessions, licenses and any other clearance;
- (xlix) managing and developing integrated group systems (QAS);

Finally, the Board of Directors has established: (i) that the Chief Executive Officer reports to the entire organisational structure, with the exception of functions reporting directly to the Chairperson or the Deputy Chairperson; (ii) that the Chief Executive Officer, as the person in charge of managing the risks relating to his or her proxies, acts in conjunction with the Deputy Chairperson; (iii) that the Chief Executive Officer may grant and revoke proxies and mandates within the scope of the aforementioned powers, for individual acts or categories of acts, both to employees of the Company and to third parties, including legal persons; (iv) that the Chief Executive Officer shall avail of the corporate signature and all powers with reference to the powers granted above, including, *inter alia*, active and passive legal and procedural representation; (v) that all powers granted to the Chief Executive Officer, unless otherwise established, shall be exercised with single signature, with the right to sub-delegate.

The Chief Executive Officer is also granted a residual general proxy for all acts and activities relating to the administration of the Company not expressly reserved for the Board of Directors.

Moreover, during the aforementioned meeting, the Board of Directors attributed to Massimiliano Bianco, in relation to the powers and proxies conferred on him in his capacity as Chief Executive Officer of the Company, the role and functions of:

- a) Employer and Principal of Iren S.p.A. pursuant to current legislation on workplace safety and hygiene and, also, pursuant to and for the purposes of Article 2 of Italian Legislative Decree No. 81 of 9 April 2008 and subsequent additions and amendments, with the tasks provided for therein, with the power to take all measures deemed necessary and unavoidable in terms of safety at work and with the power to delegate, to the extent permitted by law, the performance of any useful and/or necessary activities aimed at ensuring safety conditions at work and compliance with the law, with the exception of sectors and structures for which the role of employer is otherwise identified;
- b) Legal Representative and Manager of IREN S.p.A. with reference to current legislation on environmental protection and with the right to delegate, to the extent permitted by law;
- c) Subject to whom are attributed the exercise of the powers and functions, which are assigned to IREN S.p.A. as Data Controller pursuant to current legislation on the Protection of persons with regard to the processing of personal data, therefore attributing to the same, the competencies and responsibilities defined in accordance with EU Regulation 2016/679, of Italian Legislative Decree 196/2003 and subsequent amendments and additions, with the right to delegate to the extent permitted by law.

The Board of Directors has also established that the Chief Executive Officer is directly answerable to the Board of Directors for the roles and functions described in (a), (b) and (c).

With the constant reporting, transmission and delivery of the documentation at each of the Board of Directors' meetings held during 2019 and during other meetings - the Chief Executive Officer, Massimiliano Bianco, also pursuant to Article 2381 of the Italian Civil Code, proceeded to comply with the disclosure obligations, reporting to the Board of Directors and the Board of Statutory Auditors on the general performance of operations and foreseeable developments, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiaries, taking into account the powers granted to him by the Board of Directors.

The situation described in Application Criterion 2.C.6. of the Code of Conduct is not applicable, from the moment that the Chief Executive Officer of IREN S.p.A. does not hold the position of Director of an issuer not belonging to the IREN Group, of which a Director of IREN S.p.A. is CEO.

Lastly, it should be noted that the Board of Directors, at its meeting of 2 July 2019, also with a view to rationalising the organisational structure, also appointed Massimiliano Bianco as General Manager of IREN S.p.A. at the same time, granting him consistent powers for the performance of his duties, in accordance with the advice and guidelines formulated by the Board of Directors, reshaping the powers already granted on 22 May 2019 to the Chief Executive Officer and, in any case, within the limits of the same, and granting him the corporate signature and all powers within the limits of the powers granted, including, *inter alia*, representation of the Company.

The General Manager operates on the basis of multi-annual plans and annual budgets approved by the Board of Directors and guarantees and verifies compliance with the resulting management guidelines.

In particular, the Board of Directors has granted powers and delegations to Massimiliano Bianco as General Manager to:

- (i) implement the decisions of the Board of Directors, as far as he is responsible;
- (ii) coordinate and verify the implementation of the Group's corporate strategies, within the framework of the directives established by the Board, and exercise the delegated powers, and in particular those listed herein, in accordance with such strategies and directives;
- (iii) exercise, on the basis of the guidelines of the Board of Directors, management, coordination and control functions within the scope of the delegated powers, to achieve the targets set out in the business plan and budget, participating in the definition; coordinate and manage the work of the Management Committees of Iren;
- (iv) provide the necessary fulfilments for the distribution and organisation of the Group's logistics, entering into the necessary contracts and taking care of the rational structure and planning of activities in the area;
- (v) coordinate the performance of the analysis and study of the macroeconomic market scenarios of the Group's businesses as well as the reference competitive context and the main trends that characterise it by interacting with all areas of the Group's corporate and business staff;
- (vi) represent the Company in relations relating to regulatory aspects with the Employers' Associations such as Utilitalia, Confservizi, Confindustria, identified by way of example, as well as with the other sectoral Associations to which the Group adheres, with the right to sign conventions or agreements and to enter into deeds or contracts, interacting where appropriate with the relevant investee companies or through them;
- (vii) ensure the operational requirements to open and close current accounts with banks and credit institutions, withdraw sums from accounts in the Company's name, for this purpose issuing the relevant cheques or equivalent, and arrange for transfers to be made both from actual availability and from current account credit facilities;
- (viii) carry out deposits into bank and postal accounts of the Company, and endorse the amounts credited on current accounts for the same cheques and money orders;
- (ix) draw a bill of exchange upon customers, also endorsing promissory note discounts, bills, drafts as well as cheques of any kind and carrying out consequential transactions;
- (x) assign receivables of the Company with and/or without recourse and operate with companies and factoring institutions by signing all the relative deeds and issuing the relative receipts; it being understood that the aforementioned transactions, if not indicated in the approved business and financial plan and/or the approved annual Group budget, are subject to an amount limit of 1,000,000.00 Euro per individual transaction;
- (xi) enter into centralised cash pooling contracts with directly and indirectly controlled companies;
- (xii) prepare the documentation to be submitted to the financial administration and commissions of all grades and levels, as well as to the Cassa Depositi e Prestiti, Banca d'Italia, customs, postal and telegraph offices, public administrations and private entities; by way of example:
 - D. tax and VAT returns and any other fulfilment of a fiscal nature, statements (annual and periodic), certificates, questionnaires, minutes and any other act necessary for the correct fulfilment of the Company's tax and currency obligations, issuing powers of attorney and mandates of any nature relating to the items listed above;

- E. complaints, petitions and appeals;
- F. transactions at the Cassa Depositi e Prestiti, Banca d'Italia, customs, postal and telegraph offices for shipments, storage, release and collection of goods, values, parcels, packets, registered and insured letters, issuing receipts and granting discharge;
- (xiii) within the limits set out in point (x) above, entering into, amending and terminating credit opening agreements, loans of any type and duration and related derivative contracts;
- (xiv) requesting the use of financing tranches;
- (xv) within the limits set out in point (x) above, providing guarantees and loans and taking out contracts relating to bank and insurance policies;
- (xvi) constituting, registering and renewing mortgages and privileges against third parties and for the company's benefit; permitting cancellations, reductions and liens registered in favour of the Company as well as subrogations in favour of third parties; renouncing mortgages and mortgage subrogations including legal ones and carrying out any other mortgage transaction, always against third parties and for the company's benefit, and therefore receivable, relieving the competent land registrars of any and all liabilities;
- (xvii) withdrawing securities and values owed to the Company, issuing the relevant receipts;
- (xviii) issuing and negotiating collection orders;
- (xix) signing forms for the receipt of accompanying letters for values and documents relating to invoices issued by the Company;
- (xx) preparing the tax, insurance, accident and social security obligations relating to personnel management;
- (xxi) within the limits set out in point (x) above, entering into currency contracts, including forward contracts;
- (xxii) within the limits referred to in the previous point (x), participating, as far as they are concerned, in any kind of public or private bid in Italy and abroad;
- (xxiii) within the limits set out in point (x) above, entering into, amending and terminating trade and service agreements of any kind with companies and entities;
- (xxiv) within the limits referred to in point (x) above, entering into, with all the appropriate clauses, assigning and terminating contracts and agreements in any case inherent to the corporate purpose - including those concerning intellectual property, trademarks, patents - also in consortium with other companies;
- (xxv) establishing, in the interest of the Company, consulting relationships with external experts and professionals, setting time frames and methods of payment with a spending limit of 250,000.00 Euro;
- (xxvi) within the limits set out in point (x) above, entering into securities and real estate lease agreements;
- (xxvii) providing, both as the parent company and as the principal company, the necessary fulfilments for the establishment of joint ventures, TACs, EEIGs, consortia and other bodies, giving and receiving the relevant mandates, in order to participate in tenders for the award of works, services and supplies;
- (xxviii) certifying that copies of the Company's documents and those in any case acquired in the Company's records conform to the original;
- (xxix) signing requests, also to public bodies, for news and information, certificates or attestations, permits, authorisations, concessions, licenses and any other clearance;
- (xxx) managing and developing integrated group systems (QAS);
- (xxxi) taking care of the drafting, management and signing of the Group's intercompany contracts;

The Board of Directors, at the above-mentioned meeting, decided: (i) that the General Manager may grant and revoke powers of attorney and mandates within the above powers, for individual acts or categories of acts, both to employees of the Company and to third parties, including legal persons; (ii) that the General Manager has the corporate signature and all powers with reference to the proxies granted above; (iii) that the General Manager has the corporate signature and all powers with reference to the proxies granted above; (iv) to revise, to the extent necessary, that resolved by the Board of Directors of the Company on 22 May 2019, always and in any case within the aforementioned limits.

4.8-Other executive directors

Except as reported above in **para. 4.7**, there are no other Directors on the Board of Directors of IREN S.p.A. who can be qualified as executive directors in accordance with Application Criterion 2.C.1. of the Governance Code.

4.9-Independent directors

Legal provisions, By-laws and recommendations of the Governance Code

Pursuant to Article 147-ter, paragraph 4, of the Consolidated Law on Finance, at least one of the members of the Board of Directors, or two if the body has more than seven members, must meet the independence requirements established

for Auditors in Article 148, paragraph 3 of the Consolidated Law on Finance, and, if the By-laws so provide, the additional requirements laid down in codes of conduct drawn up by companies managing regulated markets or trade associations. Pursuant to Article 18.2 of the current By-laws, at least two directors meet the requirements of the laws in force at the time.

Article 3 of the current Corporate Governance Code provides that "(...) an adequate number of non-executive directors (...)", to also be evaluated "(...) in relation to the size of the Board and the activity carried out by the issuer" and in such a way "(...) as to allow the establishment of Committees within the Board (...)", according to the indications contained in the same Code.

The assessment of the Board of Directors of IREN S.p.A. and control of the Board of Statutory Auditors

The assessment of the existence of the requirements for independence by Directors is carried out by the Board of Directors of the Company after appointment and annually thereafter. This concerns both the criteria defined by the Consolidated Law on Finance and the assumptions set out in the Application Criterion 3.C.1. of the Governance Code (indicated, neither exhaustively nor limited, as "*signs of non-independence*", without prejudice to any more detailed verification, taking into account the substance rather than the form), and is carried out on the basis of the information provided by those concerned (by filling in and signing periodic self-assessment questionnaires, kept on file, or by declarations made by those concerned and recorded in the minutes) or in any case available to IREN S.p.A. Evaluation is also made when circumstances regarding independence arise.

Pursuant to the Application Criterion 3.C.5. of the Governance Code, the Board of Statutory Auditors, within the scope of the tasks assigned to it by law, checks the correct application of the verification criteria and procedures adopted by the Board to assess the independence of its members and discloses the outcome of the audit to the market in the Corporate Governance Report or in the Auditors' Report to the Shareholders' Meeting.

Solutions adopted by the Board of Directors of IREN S.p.A. to further specify the Code's recommendations

With a resolution passed on 22 May 2019, subsequently confirmed, the Board of Directors provided clarifications regarding some of the circumstances of non-independence identified by Application Criterion 3.C.1. of the Code, reported below:

- with reference to the requirement under letter b), in light of the indications also contained in the Commentary of Article 3 of the Code itself, it has been specified that the role of non-executive Chairperson, if any, held in subsidiaries of IREN S.p.A. with strategic importance (including the current holding companies of the Energy, Market, Grids and Environment Business Units), since it is exclusively aimed at carrying out functions of guarantee in relation to the correct functioning of the company profiles in an entity in which the Company has a total shareholding, in which the functions of director are exercised, in an independent manner, does not result in the loss of the same requirements of independence pursuant to the Company's Code of Conduct;
- again with reference to the requirement set out under letter b), it was agreed that the person who holds the office of Chairperson of the Board of Directors with executive powers, legal representation, executive director, executive with strategic responsibilities of the Company or of another company or entity indicated in point b) should be considered as a key officer - in this sense, the Board of Directors has decided to include the role of General Manager of AMIU Genova S.p.A. in this case, a company controlled by the Municipality of Genoa;
- with reference to the requirement set out in letter c) above, it was agreed that "significant" commercial, financial or professional relationships should be "limited" to those that exceed, where considered as a whole, an amount equal to 90,000.00 Euro, without prejudice to any more detailed verification regarding (a) the impact of the relationships on the economic-financial situation of the interested party; (b) their importance for the prestige of the same and (c) their possible relevance to important IREN S.p.A. transactions;
- with reference to the requirement under letter d), it was agreed to establish that a significant additional remuneration in addition to the "fixed" emolument as non-executive director of the issuer constitutes a total remuneration in excess of 67,000 Euro;
- with reference to the requirement referred to under letter h), it was agreed to include among the so-called "close family members" spouses, relatives or relatives-in-law within the second degree, as well as other subjects mentioned in Article 3.3 of the current IREN S.p.A. procedure in relation to transactions with related parties.

Checks carried out from 22 May 2019 to the date of approval of this Report.

Specifically:

- at the meeting held on **22 May 2019**, held following the appointment of the administrative body for the three-year period 2019-2021, the Board of Directors, on the basis of the declarations made by the Directors when accepting the candidature and the information available to the Company and provided during the meeting, has ascertained that the Directors Sonia Maria Margherita Cantoni, Pietro Paolo Giampellegrini, Enrica Maria Ghia, Alessandro Giglio,

Francesca Grasselli, Ginevra Virginia Lombardi, Giacomo Malmesi, Gianluca Micconi and Licia Soncini meet the independence requirements pursuant to the aforementioned provisions of the Consolidated Law on Finance and the Corporate Governance Code; after the verification, a press release containing the results of the self-assessment was disclosed to the market;

- at its meeting held on 19 June 2019, at the same time that certain Directors of IREN S.p.A. were designated as members of Group Companies' First-Level administrative bodies (assessed as being "potentially" relevant for the independence requirement), the Board of Directors confirmed its assessments made in the past regarding members that had been designated to the aforementioned roles in companies controlled directly by the Parent Company; following on from the appointments, the market was notified, *inter alia*, of the outcome of the self-evaluation;
- during the meeting held on 27 February 2020, for the purposes of the annual update and also for the preparation of this Report, having taken into account the self-assessment questionnaires completed by the Directors of IREN S.p.A. and the statements made by them, the Board of Directors confirmed the assessments previously made.

Finally, it should be noted that, as reported above (see **para. 4.7**), Massimiliano Bianco, considering his appointment as Chief Executive Officer and General Manager of the Company and the attribution to him of operational proxies, cannot be considered independent either under the Consolidated Law on Finance or under the Governance Code. For the same reasons, by virtue of the powers granted, the above independence requirements do not apply to the Chairperson and Deputy Chairperson.

On 6 February 2020, the Board of Statutory Auditors took note of the information provided from time to time by the individuals concerned and of the information reported by them at the aforementioned meeting, both for the purposes of the verifications, for which the Board of Directors and the Board of Statutory Auditors are responsible in accordance with the provisions of the Governance Code, concerning the existence of the independence requirements of the Directors and the application of the assessment procedures adopted by the Board, based on the declarations of the individuals concerned as well as the information available to the Company.

For a detailed illustration of the existence of the independence requirements pursuant to Articles 147-*ter*, paragraph 4, and 148, paragraph 3 of the Consolidated Law on Finance and/or the Governance Code for Directors of the Company, please refer to **Table 2** below.

Meetings held in 2019

On 19 December 2019, in the absence of the executive directors, the Directors meeting was held with the independence requirements pursuant to Articles 147-*ter*, paragraph 4, and 148, paragraph 3 of the Consolidated Law on Finance/ Article 3 of the Governance Code, mainly to examine issues of interest which, in this case and in summary, related to (i) a focus on the role assigned to the independent directors in the upcoming revision of the Governance Code, (ii) a focus on the activities carried out by the independent directors in the previous mandate and (iii) the initiation of the work of the independent directors in the current mandate.

The meetings were coordinated by Pietro Paolo Giampellegrini and Licia Soncini.

Lead independent director

It should be noted that IREN S.p.A. is not currently subject to the circumstances referred to in articles 2.C.4 and 2.C.5 of the Corporate Governance Code, in the presence of which the appointment of a lead independent director is recommended; this taking into account the fact that in IREN S.p.A. the Chairperson of the Board of Directors does not hold the role of principal responsible for the management of the Company, nor are they the controlling shareholder of the same.

4.10 - Maximum number of positions held in other companies

According to the Governance Code (2018 edition), the directors accept the position when they believe they can devote the necessary time to diligent performance of their tasks, also taking into account the number of positions of director or auditor held by them in other companies listed in regulated markets (including abroad), in financial, banking and insurance companies or in large companies.

The previous Board, moreover, in formulating its guidelines to the Shareholders on the qualitative-quantitative composition of the Board of Directors for the three-year period 2019-2021, based on the commitment required of the Directors for the performance of their duties in IREN, had highlighted, for the shareholders, the availability of time that candidates for the position of Director of the Company could devote to the diligent performance of their duties, taking into account both the number and quality of the positions held on the boards of directors and auditors of other

companies, and the commitment required of them by the further work and professional activities carried out for offices they hold in associations.

The previous Board of Directors had also decided to refer to the Board of Directors appointed for the three-year period 2019-2021, any appropriate assessment regarding the definition of further indications/criteria regarding the maximum number of positions that the Company's Directors may hold. In the previous term of office, the then Remuneration and Appointments Committee and the Company's Board of Directors had decided not to implement the provision, judging that the number of appointments currently held by the board members in other companies is compatible with performance of the duties of Director of IREN S.p.A.

The Board of Directors of the Company in office has reserved the right to take all appropriate measures with regard to the possible expression of its guidelines in this regard.

At the moment, as already mentioned above in **para. 4.7**, it should be noted, however, that there are no situations of so-called "cross-directorship" (crossed roles involving two issuers not belonging to the same group between Chief Executive Officer and other directors of IREN).

Table 4 attached to this report provides further details on the positions of Director or Auditor held in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies, as well as any other positions.

5-INTERNAL MANAGEMENT AND EXTERNAL DISCLOSURE OF CORPORATE INFORMATION

The correct management of corporate information is a key element in protecting shareholder and market interests. In this regard, IREN has adopted and continually keeps a specific procedure updated to ensure that legislative and regulatory provisions on Market Abuse are applied appropriately.

More specifically, EU Regulation No. 596/2014 (*Market Abuse Regulation*) and the relative European Commission Implementation Regulations amended EU legislation on inside information and market abuses. These changes, combined with the main directives provided by the Consob Guidelines "Management of Inside Information" of October 2017, were most recently incorporated in the updated version of the "Procedure for the internal management and external communication of relevant information and/or Inside Information and the retention of the Insider Register", approved by the Board of Directors on 13 May 2019.

The update to the procedure referred, *inter alia*, to the introduction of a stage in Relevant Information is identified and mapped, intended as a preliminary and preparatory process to promptly identifying information, which given its insider nature, needed to be communicated to the public "as soon as possible". In this regard, the Company has also adopted a "Relevant Information List" ("RIL"), which lists people that have access to Relevant Information. This list is added to the existing "Insider List" Register, which on the other hand, lists people with access to Inside Information.

The current procedure requires that when Relevant Information becomes Inside Information, the people included in the RIL are cancelled from the RIL Register and added to the Insider List, with **immediate notification provided to the Market** or the delayed disclosure procedure initiated.

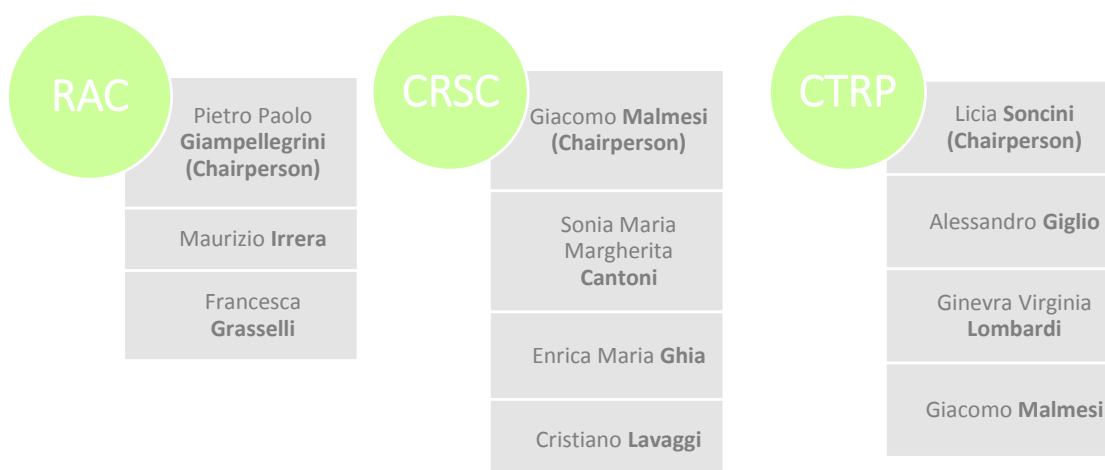
The procedure published on the Company's website (www.gruppoiren.it) in the section "*Investors – Corporate Governance – Corporate Documents*", mainly serves to:

- a) identify the organisational functions designated to manage and process relevant and inside information;
- b) identify and map Relevant Information Flows;
- c) qualify and manage Inside Information;
- d) define the procedures for communicating Inside Information to the market, and set out the ensuing requirements;
- e) assess whether the conditions exist to delay disclosure to the market and set out the ensuing requirements;
- f) define the criteria for retaining the Register of People with access to Inside Information (Insider List) and the Register of People with access to Relevant Information (RIL);
- g) stipulate the confidentiality obligations referring to Relevant and Inside Information.

Furthermore, pursuant to applicable legislation on the subject, Relevant Persons and Persons closely associated with Relevant Persons, namely the people identified on the basis of the criteria stipulated under Article 152-*sexies* of the Issuers Regulation, must notify Consob and the public within 3 business days, of transactions to purchase, sell, underwrite or trade shares issued by the issuer or financial instruments related to these, which have been undertaken by the latter or by persons closely associated with them, where the amount exceeds the cumulative threshold of 20,000 Euro by the end of the year. The procedure detailing the disclosure obligation on operations on IREN Group securities carried out by people with access to inside information (the Internal Dealing Procedure, approved by the IREN S.p.A. Board of Directors on 10 December 2010 and most recently amended on 13 May 2019) and the list of Relevant Persons, are available on the Company website (www.gruppofiren.it) in the section "Investors – Corporate Governance – Internal Dealing – Attachments".

In accordance with the provisions in the aforementioned procedure, Relevant Persons may not carry out transactions on Company shares or the related Financial Instruments in the 30 days (black-out period) prior to the date scheduled for the disclosure of the annual or interim results to the market, which IREN is obligated to disclose.

6-INTERNAL BOARD OF DIRECTORS' COMMITTEES



To ensure its corporate governance model complies with the recommendations in the Italian Corporate Governance Code, the IREN S.p.A. Board of Directors in office established the following committees on the basis of the resolutions taken at the sessions held on 22 and 30 May 2019:

- a "Comitato per la Remunerazione e le Nomine" - "CRN" (**Remuneration and Appointments Committee**, hereinafter "**RAC**"), to exercise the functions envisaged by Principle 6.P.4. and Application Criterion 6.C.5 of the Code with regard to remunerations, and Application Criteria 5.C.1. and 5.C.2 of the Code with regard to appointments (for a complete listing, reference is made to the Regulation approved by the Company's Board of Directors on 1 August 2018, which will be discussed hereunder **para. 8**), comprising three non-executive directors, with the majority having the independence requirement. The Chairperson was chosen from among the independent members. In line with the flexibility principle characterising Article 4 of the Code, since 2014, the Company's Board of Directors made the decision to combine the remuneration and appointment functions into a single Committee for organisational purposes, due to the specific nature of the Board. This decision was undertaken in accordance with the rules on the composition of both Committees.
- a "Comitato Controllo, Rischi e Sostenibilità" - "CCRS" (**Control, Risk and Sustainability Committee**, hereinafter "**CRSC**") providing general support, through appropriate preliminary work, to the assessments and decisions of the Board of Directors relative to the internal control and risk management system, and those relative to the approval of the (annual and interim) financial reports. More specifically, the Control, Risk and Sustainability Committee exercises the functions pursuant to Application Criterion 7.C.1 of the Code (referring to issuing preliminary opinions on Board of Directors' resolutions on a series of subjects, including the appointment/revocation and remuneration of the Internal Audit Manager), and the functions relative to Application Criterion 7.C.2. (reference is made to **para. 9** hereunder),

additional functions to provide consultation and make proposals on sustainability, and additional functions in terms of the respective Regulation approved by the Company's Board of Directors on 5 April 2019.

After the board renewal by the Shareholders' Meeting of 22 May 2019, from 30 May 2019, the Committee comprises four non-executive directors, with the majority holding the independence requirement. The Chairperson was chosen from among the independent members.

In addition to the Committees recommended by the Italian Corporate Governance Code, on the basis of resolutions taken by the Board of Directors on 22 and 30 May 2019, in compliance with the Procedure on Transactions with Related Parties ("Operazioni con Parti Correlate" - OPC), hereinafter the "**TRP Procedure**", the Board established the specific ("Comitato per le Operazioni con Parti Correlate" - COPC) Committee for Transactions with Related Parties, hereinafter "**CTRP**".

From 30 May 2019, the Committee comprises four Directors holding the independence requirements contemplated by Articles 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Law on Finance and the additional requirements set by Article 3 of the Italian Corporate Governance Code.

The Transactions with Related Parties Committee provides its opinion on the performance of transactions of lower and greater importance with Related Parties and, in general, performs all the other functions assigned to it regarding transactions with Related Parties, pursuant to the Consob Regulation on transactions with related parties, adopted on the basis of Resolution No. 17221 of 12 March 2010, most recently amended by Resolution No. 19974 of 27 April 2017 (hereinafter "**CONSOB TRP Regulation**").

The functioning of the Remuneration and Appointments Committee and the Control, Risk and Sustainability Committee are governed by specific Regulations (adopted by the Board of Directors in office at the time on 1 August 2018 and 5 April 2019 respectively, and which the current Board of Directors has adopted as its own).

These Regulations set out clear and standardised rules on (i) the appointment procedures and subjective requirements for Committee members; (ii) operating procedures, including the deadlines for convening meetings and making available support documentation, focusing on the information flows in respect of administrative and control bodies; (iii) powers and means at the disposal of the Committees, including the option of using consultants; (iv) the functions assigned to the Committees, without prejudice that as stipulated in the Italian Corporate Governance Code, these can be supplemented or amended on the basis of a Board of Directors' resolution.

More detailed information on the individual Committees and their activities during 2019 follows below. **Table 2** attached to this Report provides further details on the composition of these Committees.

7-REMUNERATION AND APPOINTMENTS COMMITTEE

Composition and requirements

In accordance with Principles 5.P.1 and 6.P.3 of the Italian Corporate Governance Code, on the basis of the resolutions taken on 22 and 30 May 2019, the Board of Directors established a Remuneration and Appointments Committee, with the following members:

- Pietro Paolo Giampellegrini (Chairperson);
- Francesca Grasselli;
- Maurizio Irrera⁴.

In its meeting on 30 May 2019, the Board of Directors appointed Mr Pietro Paolo Giampellegrini as Chairperson of the Remuneration and Appointments Committee.

Based on their professional *curricula*, the Board of Directors ascertained that (i) Mr Pietro Paolo Giampellegrini and Prof Maurizio Irrera had appropriate knowledge and experience on remuneration policies; (ii) Ms Francesca Grasselli had appropriate knowledge and experience on financial matters and remuneration policies.

A prior assessment was made regarding the independence requirements pursuant to Article 147-ter and 148, paragraph 3 of the CFA, and in terms of Article 3 of the Italian Corporate Governance Code, and the following members met the aforementioned requirements:

- Pietro Paolo Giampellegrini (Chairperson)

⁴ The following non-executive Directors were part of the Committee until 22 May 2019, with the majority holding the independence requirement: Ms Marta Rocco (independent) covering the role of Chairperson, Mr Moris Ferretti (independent) and Ms Isabella Tagliavini. From 22 May until 30 May 2019 (when the Company's Board of Directors adjusted the composition of the Committees, including the RAC so as to ensure compliance with the Italian Corporate Governance Code recommendations, and to strike an optimal balance between professionalism and skills within the committees), the following non-executive Directors were part of the Committee: Mr Pietro Paolo Giampellegrini (independent), Prof Maurizio Irrera and Mr Cristiano Lavaggi.

- Francesca Grasselli.

Prof Maurizio Irrera did not qualify for the independence requirement pursuant to Article 147-ter and 148, paragraph 3 of the CFA, nor in terms of Article 3 of the Italian Corporate Governance Code.

Based on the above, the composition of the Committee at 30 May 2019 is compliant with the aforementioned specifications in the Italian Corporate Governance Code (see Article 6 thereof).

Functions and activities conducted during the year (reference)

The Remuneration and Appointments Committee is a body providing consultation and draws up proposals, which the Board of Directors has assigned the duties referring to remunerations, pursuant to Principle 6.P.4 and Application Criterion 6.C.5 of the Italian Corporate Governance Code; these are detailed in the Regulation approved by the Board of Directors on 1 August 2018, and referenced below:

- attends to the preliminary work for the preparation of the remuneration policy for the Group's executive directors and Group Senior Executives with Strategic Responsibilities, needed for the Company's Board of Directors to adopt the measures it is responsible for; the Committee liaises beforehand with the Company's Control, Risk and Sustainability Committee with regard to the risk profile;
- presents proposals or express opinions to the Company's Board of Directors on the remuneration of executive Directors and other Directors who hold specific positions and establishes performance targets relating to a short and medium/long-term variable component connected with this remuneration;
- monitors the application of the decisions adopted by the BoD by verifying, in particular, the actual fulfilment of short and medium/long-term performance objectives, referred to in the point above;
- formulates proposals concerning the remuneration of the members of the Company's Board Committees;
- periodically assesses the adequacy, overall consistency and actual application of the policy on remuneration of directors with delegated powers and Senior Executives with strategic responsibilities, utilising the information provided by the relevant delegated bodies in the case of the latter, and formulates proposals to the Board of Directors in this respect.

The Remuneration and Appointments Committee also has the task of conducting a preliminary examination – with respect to the decisions the Board of Directors is responsible for – of the annual Report on the Remuneration Policy and Compensation Paid pursuant to Article 123-ter of the CFA, to be made available to the public in view of the annual shareholders' meeting convened to approve the separate financial statements (see **para. 8** and relative reference).

Providing this Committee with the remuneration functions referred to above, serves to ensure the broadest transparency and information on the fees paid to IREN S.p.A. executive directors and to Group Senior Executives with strategic responsibilities, including the relevant methods used to determine the remuneration.

The Remuneration and Appointments Committee acts only in a consulting and proposal-making capacity, whereas the power to determine the remuneration of executive directors and Directors covering specific appointments is vested with the Board of Directors, pursuant to Article 2389, paragraph three of the Italian Civil Code. The Board of Directors retains responsibility for this in terms of Article 21 of the current by-laws, after having consulted with the Remuneration and Appointments Committee and the Board of Statutory Auditors.

In terms of Article 7.2 of the **TRP Procedure**, during 2019, the Committee has also performed the duties regarding related-party transactions in the case of transactions referring to the remuneration of Company Directors and Senior Executives with Strategic Responsibilities, given that its members meet the minimum requirements of independence and non-relation stipulated by the Consob Regulation.

More detailed information on the Committee's role and activities carried out during the year are available in the Report on the 2020 Remuneration Policy and Compensation Paid in 2019, to which reference is made.

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As mentioned above, in terms of the current Board mandate, the Remuneration and Appointments Committee is also assigned duties relating to appointments as per Application Criteria 5.C.1. and 5.C.2. of the Italian Corporate Governance Code, adapted to the Company's specific governance structure. This is detailed further in the Regulation approved by the Board of Directors on 1 August 2018 and set out below:

- formulates opinions to the Board of Directors on the subject of the dimensions and composition of the same and of its Committees (including the requirements of professionalism, integrity and independence of the related members) and proposes recommendations on the professional and managerial figures whose presence on the Board of Directors is considered opportune, also on the basis of the diversity recommendations under Article 2 of the Italian Corporate Governance Code;
- provides recommendations to the Board of Directors as regards the maximum number of appointments as Director or Statutory Auditor in other listed companies in regulated markets (including abroad), in financial, banking and insurance companies or in large companies, compatible with effectively fulfilling the appointment as Director of IREN, taking into consideration the participation of Directors in the Board's Committees, and as regards the exceptions to the prohibition on competition provided for in Article 2390 of the Italian Civil Code;
- compatibly with the current with statutory provisions, proposes candidates to the Board of Directors for the position of Director in the cases of co-option pursuant to Article 2386 paragraph 1 of the Italian Civil Code, if it is necessary to replace Independent Directors, ensuring observance of the prescriptions on the minimum number of independent directors and on the quotas reserved for the less represented gender;
- carries out the preliminary work on preparation of the plan for the succession of the Executive Directors, if adopted by the Company.

The Remuneration and Appointments Committee has also been given the task of instituting the annual self-evaluation process regarding the Board and its Committees, also in terms of their size and composition, pursuant to Application Criterion 1.C.1 letter g) of the Italian Corporate Governance Code. Specifically, after coordinating with the Chairperson of the Board of Directors, the Committee identifies the subjects for the evaluation and, having regard to best practices, also avails itself of the assistance of a consultant with expertise in the sector.

The combined functions of remuneration and appointments vested with the Remuneration and Appointments Committee meets the composition requirements under Article 5 of the Italian Corporate Governance Code.

More detailed information on the appointments made by the Committee during the year is available in specific paragraphs in this Report, to which reference is made.

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Meetings, operating procedures, information flows and resources

During 2019, the Remuneration and Appointments Committee held 19 (nineteen) meetings with the full participation of all its members. One of these was held jointly with the IREN S.p.A. Control, Risk and Sustainability Committee (for further details see **Table 2**). 8 of these meetings were held after the renewal of the Board's mandate, which was approved at the Shareholders' Meeting on 22 May 2019. Meetings lasted on average 1 (one) hour and 30 (thirty) minutes.

The Committee's work is coordinated by the *pro tempore* Chairperson, and minutes are drawn up on the meeting by the Secretary, who is not a Committee member.

As recommended by the Comment under Article 6 of the Italian Corporate Governance Code, a Company Standing Auditor attended all Committee meetings held during the year, as designated by the Chairperson of the Board of Statutory Auditors.

In carrying out its preparatory duties, the Remuneration and Appointments Committee makes use of the relevant Company structures. By invitation of the Committee, Directors with specific mandates and Company Managers attended certain meetings of the Remuneration and Appointments Committee, so as to provide input on individual agenda items pertaining to their areas of responsibility. In any case, the Remuneration and Appointments Committee discusses and adopts resolutions related to the remuneration of Directors, Directors with delegated powers and Senior Executives with Strategic Responsibilities without the attendance of those directly involved, unless this refers to proposals regarding general members of the Board's Committees.

An information flow to the Board of Directors is required. More specifically, the Committee Chairperson regularly reports to the Board of Directors at the first meeting thereafter, on the activities performed by the Committee, giving a separate account of the activities performed regarding remunerations and appointments as required by the Italian Corporate Governance Committee.

The Committee in office until 22 May 2019 reported to shareholders on the procedures whereby it conducts its duties; in this regard, all Committee members were in attendance at the Shareholders' Meeting held on 22 May 2019.

A specific Regulation disciplines (i) the appointment procedures and subjective requirements for members; (ii) operating procedures, including the deadlines for convening meetings and making available support documentation, focusing on the information flows in respect of administrative and control bodies; (iii) powers and means at the disposal of the Committee, including the option of using consultants; (iv) the functions assigned to the Committee, without prejudice that as stipulated in the Italian Corporate Governance Code, these can be supplemented or amended on the basis of a Board of Directors' resolution. On 1 August 2018 the Board of Directors in office at the time approved the specific Regulation, which the Board of Directors that took office on 22 May 2019 adopted at its own.

As detailed above (see also **para. 4.5**), during 2019, the Committee in office used third party and independent consultants to conduct the duties it was assigned. In particular, the Committee in office: (i) with regard to its "appointments" duties, continued to use a third party and independent consulting firm to carry out the annual self-evaluation of the Board of Directors and its internal Committees; (ii) with regard to its "remuneration" duties, appointed two third party and independent consultants to assist respectively, with the assessment and restructuring of the short-term performance objectives for the Chief Executive Officer and General Manager of IREN and the Senior Executives with Strategic Responsibilities of the IREN Group, and in the preliminary work and preparation of the Report on the 2020 Remuneration Policy and Compensation Paid in 2019, including the definition of Guidelines on the remuneration policy for 2020, and providing a benchmark in relation to company peers that are comparable to the fees paid to non-executive directors and members of the Board's Committees.

The Remuneration and Appointments Committee has a budget of 50,000.00 Euro gross annually for 2020, allocated by the Company's Board of Directors.

In the current year, at 7 April 2020, the Remuneration and Appointments Committee had held 5 meetings, one of which, jointly with the Control, Risk and Sustainability Committee. In line with the work scheduled during previous years, the Committee is expected to hold another 4 meetings over the course of the year.

8-REMUNERATION OF DIRECTORS

For information concerning the above, reference is made to the Report on the 2020 Remuneration Policy and Compensation Paid in 2019, drafted in terms of Article 123-ter of the CFA, which is published according to the time limits stipulated by law.

9-CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Composition and requirements

In accordance with Principle 7.P.3 of the applicable Italian Corporate Governance Code, on the basis of the resolutions taken on 22 and 30 May 2019, the Board of Directors with responsibility for steering and assessing system adequacy, established a Control and Risk Committee as per Principle 7.P.4 of the Italian Corporate Governance Code, with the following members:

- Giacomo Malmesi;
- Sonia Maria Margherita Cantoni;
- Enrica Maria Ghia;
- Cristiano Lavaggi⁵.

In its meeting on 30 May 2019, the Board of Directors appointed Mr Giacomo Malmesi as Chairperson of the Control, Risk and Sustainability Committee.

⁵ Until 22 May 2019, the following non-executive and independent Directors were part of the Committee: Mr Paolo Pietrogrande – with the role of Chairperson, Mr Alessandro Ghibellini and Prof. Marco Mezzalama. From 22 May until 30 May 2019 (when the Company's Board of Directors adjusted the composition of the Committees, including the CRSC so as to ensure compliance with the Italian Corporate Governance Code recommendations, and to strike an optimal balance between professionalism and skills within the committees), the following non-executive Directors were part of the Committee: Mr Giovanni Malmesi, Ms Sonia Maria Margherita Cantoni and Ms Enrica Maria Ghia.

At the time of their appointment and taking into consideration the Committee Regulation approved on 5 April 2019, based on their respective professional curricula, the Board of Directors ascertained that all designated members had experience in corporate responsibility.

In addition, the following was ascertained: (i) Mr Giacomo Malmesi, has adequate experience in strategic planning processes; (ii) Ms Sonia Maria Margherita Cantoni and Ms Enrica Maria Ghia, have adequate experience in the assessment processes regarding the operation of complex organisations, strategic planning processes, strategic risk management and guidelines and assessment of environmental aspects; (iii) Mr Cristiano Lavaggi has adequate experience in the analysis of accounting and financial information.

A prior assessment was made regarding the independence requirements pursuant to Article 147-ter and 148, paragraph 3 of the CFA, and in terms of Article 3 of the Italian Corporate Governance Code, and the following members met the aforementioned requirements:

- Giacomo Malmesi (Chairperson)
- Sonia Maria Margherita Cantoni;
- Enrica Maria Ghia.

Mr Cristiano Lavaggi did qualify for the independence requirement pursuant to Article 147-ter and 148, paragraph 3 of the CFA, but not in terms of Article 3 of the Italian Corporate Governance Code.

During the year, the composition of the Committee complied with the requirements of Principle 7.P.4 of the applicable Italian Corporate Governance Code.

Functions and activities conducted during the year

Through appropriate preliminary activities, the Control, Risk and Sustainability Committee performs the general task of supporting the assessments and decisions of the Board of Directors relating to the internal control and risk management system, as well as those concerning approval of the periodic financial and non-financial related reports.

In terms of Application Criterion 7.C.1 of the Code, and Article 8 of the relative Regulation, the Committee provides a preliminary opinion to enable the Board of Directors to make the decisions it is responsible for:

- the definition of guidelines for the internal control and risk management system so that the main risks relevant to IREN and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining how compatible this level of risk is with the management of the business, in line with the strategic objectives identified; more specifically, the Committee reviews the risk analysis conducted: (a) with reference to the IREN Group multiple-year Business Plan, prior to its approval by the IREN Board of Directors; (b) with reference to strategic initiatives, including the merger and acquisition transactions put in place by the Company and/or its subsidiaries, where these fall within the scope of the IREN Board of Directors' competencies;
- with regard to the assessment at least on an annual basis, on the adequacy of the internal control and risk management system in relation to the business characteristics and risk profile undertaken, as well as the system's effectiveness; in this respect, the Committee reports to the Board of Directors at least every six months, when the annual and interim financial statements are due for approval, on the activities carried out, and on the adequacy of the internal control and risk management system;
- at least on an annual basis, on the approval of the Audit Plan prepared by the Internal Audit Unit Manager, on the description in the Corporate Governance and Ownership Structure Report, of the main characteristics of the Company's internal control and risk management system and the coordination procedures between the various parties involved, providing an assessment on the adequacy of this system;
- with regard to the findings of the Independent Auditors in the letter of recommendations and in the report on the crucial issues arising during the legal audit;
- on the appointment and revocation of the Internal Audit Manager, on the provision of adequate resources for the latter to discharge the relative responsibilities, and on the remuneration, defined in accordance with company policies.

The Committee also performs the functions pursuant to Application Criterion 7.C.2, which include:

- in conjunction with the Executive in Charge of preparing the company's financial reports (now, the Financial Reporting Manager: see **para. 11.6** and **Annex 3**) and having consulted with the Independent Auditors, assesses the correct application of accounting standards and their uniformity for the purpose of preparing IREN's consolidated financial statements;
- on an annual basis, reviews the outcomes of the asset impairment testing;

- conducts a prior review of the six-monthly reporting to the Board of Directors prepared by the Financial Reporting Manager, relating to the activities performed at Group level, any critical issues emerging and the measures undertaken to overcome these, and regarding the outcomes of the assessment done on the internal control system on the accounting and financial information, necessary for the certifications required by legislation to the Delegated Administrative Body and the Financial Reporting Manager;
- provides opinions on specific aspects related to identifying the main business risks; in particular, the Committee provides an opinion on specific aspects related to the Risk Policies, identifying the main business risks and the Audit Plan, and on guidelines for the internal control and risk management system;
- examines the periodic reports prepared by the relevant functions, concerning the evaluation of the internal control and risk management system, and those of particular significance drafted by the Internal Audit Unit;
- monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Unit;
- asks the Internal Audit Unit to perform checks on specific areas of operations, providing simultaneous communication to the Chairperson of the Board of Statutory Auditors;
- reports to the Board, at least every six months, on the occasion of approving the annual and interim financial report, on its activity and on the adequacy of the internal control and risk management system;
- based on appropriate preliminary work, supports the assessments and decisions of the Board of Directors in relation to the management of risks deriving from prejudicial events, which the Board of Directors has become aware of.

In accordance with the Committee Regulation approved on 5 April 2019, the Company's Board of Directors also assigned the Control, Risk and Sustainability Committee the following duties related to sustainable business management:

- provides the Board of Directors with opinions regarding: (a) the definition of "sustainability" policies and codes of conduct in order to ensure the creation of value over time for shareholders and all other stakeholders; (b) the definition of a sustainability plan (strategic priorities, commitments and objectives) for the development of the economic, environmental and social responsibility of the Group;
- monitors sustainability policies and compliance with the conduct principles adopted by the Company and its subsidiaries;
- reviews the issues in the preliminary work in terms of long-term sustainability of the underlying principles and guidelines of strategic planning, the business plan and short-term planning, monitoring the effective implementation thereof;
- in conjunction with the relevant Group function and having consulted the Independent Auditors, assesses the correct use of the standards adopted in order to draft the non-financial information required by the legislation in force;
- monitors the evaluation and improvement system for environmental, economic and social impacts that arose from business activities in the local areas;
- examines the periodic reports on the implementation of structured dialogue with stakeholders in the local areas where the Group operates, in particular through the Local Committees, and those on the consistency with the corporate social responsibility questions of the Group's cultural and image promotion activities.

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A summary is provided below of the main issues reviewed by the Committee during 2019 (in its composition prior and after the establishment of the Company's Board of Directors).

Specifically, in relation to the duties referring to monitoring the autonomy, adequacy, effectiveness and efficiency of the Company's Internal Audit Unit, the Committee reviewed: (i) the Group's 2019 Audit Plan, formulating an opinion in favour thereof to the Board; (ii) the periodic Reports (relating to the II half of 2018 and the I half of 2019) by the Internal Audit Manager, with an assessment on the suitability of the internal control and risk management system; (iii) monitoring outcomes on the implementation of the corrective measures planned in respect of findings (follow-up carried out at six-monthly intervals), focusing on the resolution of pending significant matters after the follow-up done by the structure, as well as the audit results, required by the Committee or by the control and supervisory bodies; (iv) on a preliminary basis with regard to the Company's Board of Directors' decisions, the proposed mandate for the Company's Internal Audit Unit.

During the year, the Committee reviewed the audits conducted by the Internal Audit Unit regarding events or circumstances requiring the Committee's intervention.

The Committee also formulated an opinion in favour of confirming the Manager of the Internal Audit and Compliance Unit of IREN S.p.A., pursuant to Application Criterion 7.C.1. of the Italian Corporate Governance Code.

With regard to the duties assigned by the Italian Corporate Governance Code relating to the internal control system on financial disclosure, the Committee met with the Manager in charge, the relevant Company structures and the

Independent Auditors, and also reviewed: (i) the periodic Reports (relating to the II half of 2018 and the I half of 2019) by the Manager in charge; (ii) the Impairment Procedure and relevant outcomes, asking for preliminary clarification from the Board of Directors; (iii) the accounting standards applied in the preparation of the separate financial statements of IREN S.p.A. and the consolidated financial statements for the IREN Group at 31 December 2018 and the Interim financial report at 30 June 2019, issuing a positive assessment on the use of the accounting standards and their uniformity for the purposes of preparing the interim financial reports and consolidated financial statements.

With regard to the sustainability duties entrusted to the Board of Directors, the Committee: (i) on the basis of what was reported by the Corporate Social Responsibility and Local Committees Department of IREN S.p.A. and having consulted with Independent Auditors, assessed the correct usage of the standards adopted in the preparation of the IREN Sustainability Report / Consolidated non-financial report pursuant to Italian Legislative Decree No. 254/2016 for 2018; (ii) reviewed the periodic report, relating to the I half of 2019, on the initiatives put in place by the aforementioned Department for structured dialogue with stakeholders in the local areas where the IREN Group operates, on the Local Committees' activities and respective projects being implemented, including the initiatives introduced by the Company.

During 2019, the Committee also conducted a preliminary review of: (i) the section relative to the internal control and risk management system in the Corporate Governance and Ownership Structure Report for 2018, formulating its opinion on this; (ii) the Guidelines for the remuneration policy of the Group's executive directors and Senior Executives with Strategic Responsibilities for 2019, in conjunction with the Remuneration and Appointments Committee, in the scope of their respective responsibilities, for the purposes of the resolutions to be taken by the IREN S.p.A. Board of Directors.

During the year, with specific reference to risk monitoring, the Committee further: (i) reviewed the periodic reports prepared by the Risk Management Unit, so as to correctly identify company risks and indicators based on which these are brought under control, in this regard, requesting more information on specific risks deemed especially significant; (ii) examined the issue of operating risk, in conjunction with Business Unit Managers and the IREN Risk Management Unit.

In terms of Application Criterion 7.C.2. of the Code, the Committee reported to the Board of Directors every six months (specifically, on 12 April and 31 July 2019) regarding the activities performed to constantly monitor the suitability of the IREN Group's Internal Control and Risk Management System.

Prior to approval by the Board of Directors (provided on 25 September 2019), and similarly to the preliminary work undertaken in previous years, the Committee supported the Board of Directors in the work relative to the Company's Draft Business Plan for 2019/2024, referred to under Application Criterion 7.C.1 letter a) of the Italian Corporate Governance Code, and specifically, (i) in correctly identifying the main significant risks pertinent to IREN and its subsidiaries; (ii) the level of compatibility of these risks with the strategic objectives identified with the help of the Company's Risk Management and Planning and Control Units.

The Committee also reviewed the outcomes of the risk assessments carried out by the aforementioned company units, with regard to strategic initiatives, namely the mergers and acquisitions transactions put in place over the year, in support of the Board of Directors' decisions (for example, regarding the transaction to purchase treasury shares submitted to the Shareholders' Meeting on 5 April 2019, and the disposal of the stake held in OLT Offshore LNG Toscana S.p.A., the acquisition of the company Ferrania Ecologia, the proposal by IREN Ambiente S.p.A. for project financing to construct and manage the TMB plant in Scarpino di Genova, the acquisition transaction for the shares in Sorgenia S.p.A., and the acquisition of an additional 17.36% stake in the share capital of TRM S.p.A.).

With regard to the decisions vested with the Board of Directors, the Committee also reviewed the Regulation on its operation.

Finally, after the renewal of the Board by the Shareholders' Meeting on 22 May 2019, the newly-appointed Committee met the Committee Chairperson in office over the three-year period 2016-2018, to exchange information on the start of the mandate for 2019-2021.

Meetings, operating procedures, information flows and resources

During 2019, the Control, Risk and Sustainability Committee held 20 (twenty) meetings with the average participation of 95% of its members. One of these was held jointly with the Remuneration and Appointments Committee, and three jointly with the Committee for Transactions with Related Parties (for further details see **Table 2**). 12 of these meetings were held

after the renewal of the Board's mandate (including the meetings held jointly with the CTRP). Meetings lasted on average 1 (one) hour and 40 (forty) minutes.

The Committee's work is coordinated by the *pro tempore* Chairperson, and minutes are drawn up on the meeting by the Secretary, who is not a Committee member.

In line with the recommendations of Application Criterion 7.C.3 of the Italian Corporate Governance Code, the Chairperson of the Company's Board of Statutory Auditors in office and/or another Statutory Auditor and/or the Standing Auditor attended the Committee meetings held during the year.

By invitation of the Committee via the Chairperson, and in terms of Application Criterion 4.C.1 of the Italian Corporate Governance Code, Company Managers and employees and Independent Auditors attended Committee meetings so as to provide input on individual agenda items pertaining to their areas of responsibility.

In performing its duties, the Committee has the right to access information and the corporate units necessary to carry out its tasks (referring primarily to the Internal Audit and Compliance Department, the Risk Management Department and Corporate Social Responsibility and Local Committees Department) and to avail itself of external consultants.

An information flow is required from the Committee to the Board of Directors. More specifically, during 2019, the Chairperson regularly reported to the Board of Directors at the first meeting thereafter, on the activities performed by the Committee.

A specific Regulation disciplines (i) the appointment procedures and subjective requirements for members; (ii) operating procedures, including the deadlines for convening meetings and making available support documentation, focusing on the information flows in respect of administrative and control bodies; (iii) powers and means at the disposal of the Committee, including the option of using consultants; (iv) the functions assigned to the Committee, without prejudice that as stipulated in the Italian Corporate Governance Code, these can be supplemented or amended on the basis of a Board of Directors' resolution. On 5 April 2019 the Board of Directors in office at the time approved the specific Regulation.

The Control, Risk and Sustainability Committee has a budget of 50,000.00 Euro gross annually for 2020, allocated by the Company's Board of Directors.

At 7 April 2020, the Control, Risk and Sustainability Committee had held 6 (six) meetings during the current year, one of which, jointly with the Remuneration and Appointments Committee, and one in preparation of the Board of Directors' approval of the financial statements at 31 December 2019 and this Report.

In line with the work scheduled during previous years, the Committee is expected to hold another 4 meetings, one of which will be the Board of Directors' meeting to approve the Interim Report.

10-COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

Composition and requirements

On the basis of the resolutions taken on 22 and 30 May 2019, the Board of Directors established a Committee for Transactions with Related Parties (hereinafter, "CTRTP").

In terms of the current TRP Procedure updated on 30 May 2019, the Committee in office comprises four Directors holding the independence requirements contemplated by Articles 147-ter, paragraph 4, and 148, paragraph 3 of the Consolidated Law on Finance and the additional requirements set by Article 3 of the Italian Corporate Governance Code. In applying the aforementioned provisions, from 30 May 2019, the Committee for Transactions with Related Parties comprises the following independent Directors:

- Ms Licia Soncini (Chairperson);
- Mr Alessandro Giglio;
- Prof. Ginevra Virginia Lombardi;

- Mr Giacomo Malmesi⁶.

In its meeting on 29 May 2019, with full participation, the Committee appointed Ms Licia Soncini as Chairperson (she was already a member under the previous mandate).

In order to ensure the dual requirement of independence and non-relation (i.e. unrelated in respect of the counterparty in a specific transaction and its related parties) in the individual transaction under review, prior to dealing with it, the CTRP needs to firstly check that both requirements are held by its members, on the basis of declarations on file and referred to in the minutes of the first available meeting.

If on the basis of this check, it is found that the independence and/or non-relation requirement does not exist in the transaction under review in respect of one or more CTRP members, an alternative person in charge of the preliminary work is identified as follows:

- if the IREN Board of Directors should have other independent Directors unrelated to the transaction in question, the composition of the CTRP will be supplemented by the appropriate replacements; the Board of Directors is responsible for identifying a Sub-Committee in order of seniority, and taking into account the duties already assigned in terms of the Procedure and/or Italian Corporate Governance Code, comprising at least three independent Directors not associated with the related parties in the individual transaction in question;
- if there is not even one member of the Committee or of the Board of Directors that has the aforementioned requisites of independence and non-relation to the transaction in question, the preliminary work will be assigned, as Alternative Overseers to (a) the Company's Board of Statutory Auditors or (b) an Independent Expert appointed by the Company's Board of Directors.

The resolution taken by the Board of Directors on 30 May 2019 also makes provision in the event of a Committee deadlock on decisions.

Functions and activities conducted during the year (reference)

The Committee for Transactions with Related Parties formulates its opinion on the performance of transactions of lower and greater importance with Related Parties and, in general, performs all the other functions assigned to it regarding transactions with Related Parties, pursuant to the Consob Regulation on transactions with related parties.

During 2019, the CTRP was entrusted with reviewing certain transactions with related parties qualified as being of lower importance in terms of the TRP Procedure and the Consob TRP Procedure. For more information, reference is made to the Annual Management Report.

After taking office, the Committee formulated a favourable opinion on the updating of the TRP Procedure, which was approved by the IREN Board of Directors on 30 May 2019.

In addition, the CTRP also examined the prospective changes arising from the incorporation of the European Parliament and Council Directive No. 2017/828 of 17 May 2017, which amends Directive No. 2007/36/EC, into Italian legislation, in so far as encouraging a long-term commitment from shareholders (the Shareholder Rights Directive 2), with specific reference to changes regarding transactions with Related Parties.

Meetings, operating procedures, information flows and resources

During 2019, the Committee for Transactions with Related Parties held 10 (ten) meetings with the average participation of 95% of its members (three of these were held jointly with the Control, Risk and Sustainability Committee) (for further details see **Table 2**). 8 of these meetings were held after the renewal of the Board's mandate (including the meetings held jointly with the CRSC). Meetings lasted on average 1 (one) hour and 20 (twenty) minutes.

All CTRP meetings were attended by the Chairperson of the Board of Statutory Auditors, and the other joint meetings, also had a Company Standing Auditor in attendance.

⁶ Until 22 May 2019, the following non-executive and independent Directors were part of the Committee: Ms Barbara Zanardi - as Chairperson, Ms Lorenza Franca Franzino and Ms Licia Soncini. From 22 May until 30 May 2019 (when the Company's Board of Directors adjusted the composition of the Committees, including the CTRP so as to strike an optimal balance between professionalism and skills within the committees), the following non-executive and independent Directors were part of the Committee: Ms Licia Soncini as Chairperson from 29 May 2019, Mr Alessandro Giglio and Ms Francesca Grasselli.

The Committee's work is coordinated by the *pro tempore* Chairperson, and minutes are drawn up on the meeting by the Secretary, who is not a Committee member.

By invitation of the Committee via the Chairperson, Company Managers and employees and directors of IREN and Group companies attended certain CTRP Committee meetings during 2019 so as to provide input on individual issues brought to the Committee's attention. Similarly by invitation of the Committee via the Chairperson, representatives of the advisers that the CTRP used, also attended to provide support in their specific areas of expertise.

In accordance with Article 7.6 of the TRP Procedure, the Committee's operations meet the criteria under Article 4 of the Italian Corporate Governance Code, in respect of every aspect not specifically regulated by the Procedure itself.

In particular, in accordance with Application Criterion 4.C.1, letter e) of the Italian Corporate Governance Code, in performing its duties, the Committee has the right to access information and the corporate units necessary to carry out its tasks and to avail itself of external consultants to formulate the opinions it has responsibility for in terms of the TRP Procedure..

The Committee for Transactions with Related Parties has a budget of 50,000.00 Euro gross annually for 2020, allocated by the Company's Board of Directors. This is without prejudice in any case to the provisions of the TRP Procedure.

An information flow is required in respect of the relevant Parent Company and subsidiary structures (when involved in transactions with related parties) as specified in the TRP Procedure.

At 7 April 2020, the CTRP had held 4 (four) meetings in the current year. Given the nature of the activities performed, it is not possible to plan the CTRP work for the remainder of the year.

11-INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

IREN has an internal control and risk management system made up by a set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of major risks. This system is implemented across the more general organisational and corporate governance structures and takes into account reference models and best practices.

An effective internal control and risk management system contributes to running the business in line with the company objectives defined by the Board of Directors, to ensure cognisant decisions are taken. It contributes to ensuring the safeguarding of the company's assets, the effectiveness and efficiency of company processes, the reliability of financial and non-financial information, compliance with the law, regulations, by-laws and internal procedures.

The internal control and risk management system involves, each within the scope of their own responsibility:

- a) the Board of Directors, with responsibility for steering and assessing system adequacy, defining the nature and the level of risk compatible with the issuer's strategic objectives, prior to including its assessments of all risks that could become significant from the perspective of the medium-long term sustainability of the IREN Group's activities; the Board of Directors identifies among its members:
 - (i) one or more directors, including among its delegated bodies, mandated with the establishment and maintenance of an effective internal control and risk management system (hereinafter the "**Director responsible for the internal control system and risk management**"), as well as
 - (ii) a Control, Risk and Sustainability Committee, on the basis of adequate preliminary activities, tasked with supporting the assessments and decisions of the Board of Directors relating to the internal control and risk management system, as well as those concerning approval of the periodic financial reports. The functions specified under Principle 7.P.3. letter (a.ii) and Application Criteria 7.C.1. and 7.C.2. of the Italian Corporate Governance Code are attributed to the Committee, including the preliminary work for overseeing the company social responsibility, passed by a Board of Directors resolution on 14 February 2017, and still currently in force, so as to implement the recommendation contained in the Code;
- b) the Internal Audit Unit Manager, appointed by the Board of Directors, and reporting directly to a mandated body specified by the Board of Directors. Responsible for checking that the internal control and risk management system is operational and adequate;
- c) the other company roles and units with specific duties relating to internal control and risk management, broken down according to the size, complexity and risk profile of the IREN Group;
- d) the Board of Statutory Auditors, in its role as the internal control and risk management committee, overseeing the effectiveness of the internal control and risk management system.

The IREN S.p.A. internal control and risk management system also involves the Supervisory Body appointed by the Board of Directors, pursuant and to all effects of Italian Legislative Decree No. 231/2001 (for the current composition see **para. 11.3**).

IREN has provided for coordination procedures between the various parties referred to above, so as to maximise efficiency in the internal control and risk management system and reduce any duplications in activities.

The Board of Directors, subject to the opinion of the Control, Risk and Sustainability Committee:

- a) defines the guidelines of the internal control and risk management system so that the main risks relevant to IREN and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining how compatible this level of risk is with the management of the business, in line with the strategic objectives identified;
- b) at least once a year, assesses the adequacy of the internal control and risk management system relevant to the characteristics of the business and the risk profile undertaken, as well as its efficacy;
- c) at least on an annual basis, approves the work plan prepared by the Internal Audit Unit Manager, after consultation with Board of Statutory Auditors and the Director in charge of the internal control and risk management system. The Board of Directors approved the 2019/2020 Audit Plan at its meeting on 5 April 2019.
- d) in the Corporate Governance Report, describes the main characteristics of the internal control and risk management system and the coordination methods between parties involved in the system, expressing its opinion on the adequacy of the same;
- e) assesses the results presented by the Independent Auditors, after consultation with the Board of Statutory Auditors, in the letter of recommendations and in the report of the crucial issues arising during the legal audit;

Without prejudice to the above, following the designation of corporate social responsibility duties to the IREN S.p.A. Control, Risk and Sustainability Committee, the Board of Directors after consultation with this Committee: (a) defines "sustainability" policies and codes of conduct in order to ensure the creation of value over time for shareholders and all other stakeholders; (b) defines a sustainability plan (strategic priorities, commitments and objectives) for the development of the economic, environmental and social responsibility of the Group.

On the basis of the measures undertaken by the relevant company structures, the underlying aspects of the IREN internal control and risk management system are as follows:

Control environment, comprising:

- ethical values set out in the Code of Ethics approved by the IREN Board of Directors and main subsidiaries;
- Parent Company Guidelines in respect of subsidiaries;
- Organisational structure, with the assignment of duties and responsibilities and the delegation of powers;
- Organisation, management and control model, pursuant to Italian Legislative Decree No. 231/2001;
- Procedure pursuant to Law 262/2005 (Financial Reporting Manager);
- Organisational structure, pursuant to European Regulation on the Protection of Personal Data (GDPR) 2016/679 and Italian Legislative Decree No. 196/2003 and subsequent amendments (Privacy Code);
- ISO certification system for quality, safety and the environment;
- human resources management policies;
- risk policy.

Risk assessment: is an aspect of the internal control and risk management system, based on an "Enterprise Risk Management" System. This System provides a methodology for the identification, assessment and integrated management of risks.

The person in charge of the integrated management of the "Enterprise Risk Management" system for the IREN Group (methodology layout, definition of System policies and monitoring) is a member of the Board of Directors, who has been conferred a mandate to steer and manage the risk management function. At the date of this Report, the Deputy Chairperson of IREN, Mr Moris Ferretti holds this mandate.

The Head of the Risk Management Department reports on a hierarchical and functional level to the mandate holder, and oversees:

- a) the planning and implementation of the Group's "Enterprise Risk Management" system;
- b) identifies the main corporate risks and indicators based on which these are monitored (risk map), taking into consideration the activities carried out by IREN and its subsidiaries; these are periodically submitted for review by the

Director in charge of the internal control and risk management system, the Board of Statutory Auditors and Control, Risk and Sustainability Committee, for their relative opinions, and for the approval of the Board of Directors;

c) risk assessments pertaining to the Business Plan and Strategic Initiatives.

For each of the following risk types:

- Financial (interest rate, exchange rate, spread);
- Credit;
- Energy, (risk factors associated with energy and/or financial markets, such as market variables or pricing options);
- IT
- Operational and reputation (risk factors associated with asset ownership, involvement in business activities, processes, procedures and information flows, the corporate image),

the System has specific Risk Policies, which outline the strategies to follow in relation to other risk factors, the management methodology and the Risk Model for risk sources, the types of risk managed, the organisational models, metrics and risk thresholds and reporting procedures.

Prior to consultation with the Board of Statutory Auditors, these Risk Policies are submitted by the Deputy Chairperson for review by the Control, Risk and Sustainability Committee, and thereafter the approval of the Board of Directors. Once approved, the Risk Policies are circulated within the Group.

It should be noted that the current Risk Policies were approved by the IREN S.p.A. Board of Directors on 29 July 2014. Since that date, significant changes have been made to the Energy Risk Policy (on 13 November 2017), and less substantial changes to the Credit Risk Policy and Financial Risk Policy. The Cyber Risk Policy was approved by the Iren S.p.A. Board of Directors on 23 January, after consultation with the Control, Risk and Sustainability Committee.

A summary outline of the main risks for the IREN Group is represented in the Risk Map, which details the more significant risks identified and managed for the IREN Group in terms of impact and magnitude, and the indicators used to monitor them.

The Risk Management Department is responsible for preparing the Group Risk Map, after the Risk Policies have been approved: following the approval process required for the Risk Policies.

In conjunction with the Corporate Social Responsibility Department, the Risk Management Department also prepares the Risk Map with the most significant reputation risks.

Control activities, guaranteed on the basis of:

- procedures defined by the holding and subsidiaries so as to regulate internal processes, oversee the risks pursuant to Italian Legislative Decree No. 231/2001 and formalise the controls aimed at ensuring that administrative-accounting information is reliable;
- management and reporting control system;
- segregation of roles with relative check-and-balance mechanisms;
- authorisations on the basis of delegation of powers system;
- validation via IT systems set up to segregate functions;
- an indicators' system.

Information and Communication: are ensured by methods and procedures aimed at ensuring internal information flows relating to objectives, values and company rules, and external disclosure that complies with applicable regulations and the principles of correctness and transparency.

Monitoring: is the series of activities aimed at verifying and assessing the adequacy, functioning and effectiveness of the internal control system, which can be carried out by:

- those in charge of organisational structures and Management, which carry out continuous supervision on a hierarchical and/or functional level, on the current management of activities and an assessment of the control system relating to the activities they have responsibility for, so as to check that the relative risks are adequately managed ("primary line controls");
- specialist company systems that carry out monitoring with regard to specific areas, such as, the Quality, Safety and Environment functions, referring to Certified Systems, the Financial Reporting Manager, the Supervisory Body pursuant to Italian Legislative Decree No. 231/2001 ("second-level controls");
- the Internal Audit Unit, which conducts periodic assessments of the System as a whole and the adequacy and effectiveness of the line and hierarchical controls ("third-level controls").

Taking into consideration the reports received from time-to-time from the Control, Risk and Sustainability Committee, which are based on the reports of the Internal Audit Manager and contributions from company managers, the Board of Directors has assessed the internal control system, and found that it is effectively functional, adequate and effective in relation to the aforementioned objectives.

Reference is made to **Annex 3** to this Report for a description of the main characteristics of the existing internal control and risk management system in relation to the financial disclosure process pursuant to Article 123–bis, paragraph 2, letter b) of the CFA.

11.1-Directors responsible for the Internal Control and Risk Management System

With reference to the Italian Corporate Governance Code, more specifically Principle 7.P.3 of the Code, in 2019, the IREN Board of Directors has identified one or more Directors in charge of establishing and maintaining an effective internal control and risk management system (hereinafter the "ICRMS Directors").

More specifically, up until 22 May 2019, in accordance with the delegation of powers assigned in his capacity as Deputy Chairperson of IREN S.p.A., the role of Director responsible for the internal control and risk management system was covered by Prof. Ettore Rocchi.

After taking office on the basis of the resolution taken on 4 June 2019 referring to the assignment of delegations held by the latter, the IREN S.p.A. Board of Directors in office designated the following as ICRMS Directors, Mr Renato Boero (Chairperson of the Board of Directors), Mr Massimiliano Bianco (Chief Executive Officer and General Manager) and Mr. Moris Ferretti (Deputy Chairperson), each within the scope of their respective roles and mandates.

Each of the Directors responsible for the internal control and risk management system, within the scope of their respective roles and mandates, are assigned the duties referred to in Application Criterion 7.C.4 of the Italian Corporate Governance Code.

During 2019, Prof. Rocchi (until 22 May 2019), and Mr Boero, Mr Bianco and Mr Ferretti (from 4 June 2019 and with regard to their areas of responsibility and in accordance with the mandates assigned), in their capacity as Directors responsible for the ICRMS:

- a) identified the main business risks, taking into account the characteristics of the activities performed by Iren S.p.A. and by its subsidiaries and checked that the same were submitted periodically for review by the Board of Directors; more specifically as from 4 June 2019, based on IREN's current governance system, the ICRMS Director responsible for Risk Management, in consultation with the other ICRMS Directors in the scope of their respective responsibilities, also submitted the Risk Policies and the Audit Plan for review by the Board of Directors;
- b) (i) put into practice the guidelines defined by the Board of Directors; (ii) ensuring that the relevant company structures attend to the planning, creation and management of the internal control and risk management system and checking constantly its adequacy and effectiveness;
- c) adapted this system to changes in the operating conditions and the legislative and regulatory framework.

Furthermore, pursuant to the Italian Corporate Governance Code, ICRMS Directors:

- d) may ask the Internal Audit Unit to perform audits on specific operating areas and on compliance with the internal rules and procedures in the execution of business operations, communicating this concurrently to the Chairperson of the Board of Directors, the Chairperson of the Control, Risk and Sustainability Committee and to the Chairperson of the Board of Statutory Auditors;
- e) report promptly to the Control, Risk and Sustainability Committee or to the Board of Directors on the problems and critical issues that have emerged in the performance of their work or which they have in any case been informed, so that the Committee (or the Board) may take the necessary initiatives.

In accordance with Application Criterion 7.C.1. of the Italian Corporate Governance Code, and on the basis of the current governance system, the ICRMS Director responsible for Risk Management (namely the Deputy Chairperson of IREN S.p.A.) – in consultation with the Chairperson (also an ICRMS Director) – also has the task of formulating a proposal for submission to the Board of Directors (prior to the vote in favour by the Control, Risk and Sustainability Committee and having consulted the Board of Statutory Auditors), regarding: (a) the appointment and revocation of the Internal Audit Manager; (b) the provision of adequate resources for the latter to discharge the relative responsibilities; (c) the relative remuneration, in accordance with company policies.

11.2-Internal Audit Unit Manager

In terms of Application Criterion 7.C.1. of the current Italian Corporate Governance Code, the Internal Audit Unit Manager, responsible for checking that the internal control and risk management system is operational and adequate, is appointed by the Company's Board of Directors, on the basis of the proposal from the relevant delegated body (also in the capacity of the Director responsible for the internal control and risk management system) and Chairperson (should

this not correspond with the latter), prior to a vote in favour by the Control and Risk Committee and after consulting the Board of Statutory Auditors.

The Internal Audit Unit Manager is not responsible for any operational area, and without prejudice to the competencies of the Board of Directors regarding the appointment, revocation, remuneration and adequacy of resources, reports for organisational purposes to the Deputy Chairperson as a member of the Board of Directors, who is designated as the Director responsible for the internal control and risk management system, and to whom the Internal Audit Unit reports.

Furthermore, as contemplated by Application Criterion 7.C.5 of the current Italian Corporate Governance Code, the Internal Audit Unit Manager:

- on a continuous basis and with regard to specific requirements and in relation to international standards, checks on the functioning and suitability of the internal control and risk management system, based on an audit plan, approved by the Board of Directors, on the basis of a structured analysis process and prioritising of the main risks;
- has direct access to all the information needed to discharge the appointment;
- draws up regular reports with adequate information on the activities carried out, the methods whereby risk is managed, and adherence to the plans formulated to contain said risks. These regular reports include an assessment on the suitability of the internal control and risk management system;
- promptly prepares reports on significant events;
- sends the reports mentioned in the two points above, concurrently to the Chairpersons of the Board of Statutory Auditors and the Control and Risk Committee, and Board of Directors, as well as the Director responsible for the internal control and risk management system (should this not be the same person as the Chairperson of the Board of Directors);
- within the scope of the Audit Plan, checks on the reliability of the information technology in the accounting recording systems.

The Italian Corporate Governance Code requires that the Internal Audit function as a whole, or individual operating segments, may be entrusted to an external party to the issuer, provided that they have the necessary professionalism, independence and organisation prerequisites and that the adoption of these organisational decisions, which are adequately justified, are communicated to shareholders and to the market in the Corporate Governance Report. IREN S.p.A. has opted to establish an Internal Audit function within its organisation.

In 2019, the role of Internal Audit Unit Manager was covered by Mr Roberto Cogorno, duly appointed by the IREN S.p.A. Board of Directors on 27 January 2015, as proposed by the Chairperson of the Board of Directors (who at the time, was designated the Internal Audit function); this was later confirmed with the resolution taken on 28 June 2016 and more recently, with the resolution of 19 June 2020 based on the proposal by the Deputy Chairperson, who is designated to the Internal Audit function, in agreement with the Chairperson and Chief Executive Officer, and prior to the vote in favour by the Control, Risk and Sustainability Committee and after consultation with the Board of Statutory Auditors. Prior to the vote in favour by the Control, Risk and Sustainability Committee and after consultation with the Board of Statutory Auditors, the Board of Directors ensures that the function is provided with adequate resources to discharge its responsibilities and defines the remuneration in line with the relevant company policies.

It should be noted that the Audit Plan referring to IREN S.p.A. and its subsidiaries, is submitted by the Internal Audit Unit Manager - after consultation with the relevant Delegated Body and the Director responsible for the internal control system and risk management (where this is not the same as the aforementioned Delegated Body) and the Board of Statutory Auditors - for review by the Control, Risk and Sustainability Committee, and then for the approval of the Board of Directors. The Audit Plan for the year also includes audits on the risk areas pursuant to Italian Legislative Decree No. 231/2001 and is therefore submitted to the IREN S.p.A. Supervisory Body.

With regard to 2019, the Internal Audit Unit Manager responsible for checking that the internal control and risk management system is functional and adequate, at the time of the approval of the Interim Financial Report and Budget, submitted a summary report on the activities carried out to the Control and Risk Committee, in order to verify that the internal control system was adequate and functional.

More specifically, the aforementioned reports dealt with the following:

- configuration of the current IREN internal control system with reference to its underlying aspects;
- information on the company risk management system (main activities performed by the Risk Man Department over the period);

- outcomes of the audits conducted by the Internal Audit and Tenders Audit function at the Group primary companies, with the aim of monitoring the internal control system pertinent to IREN's more significant processes and the main subsidiaries. A summary of the findings was presented for each audit, together with any recommendations made;
- a summary of the activities performed at IREN and First-Level Companies, both with regard to the implementation of the Organisation, Management and Control Models, pursuant to Italian Legislative Decree No. 231/01 approved by the respective Boards of Directors, and with regard to the implementation of the Project to comply with European Regulation 2016/679 (GDPR) and the activities carried out by DPO, and in respect of the activities put in place regarding the stipulations under Law 262/05;
- updates on the follow-ups (monitoring on the implementation of the recommendations made and agreed on by management in the audits conducted).

At the end of July 2019, in implementing the standards issued by the Institute of Internal Auditors, the Board of Directors approved the Internal Audit Unit Mandate, which identifies the function's mission, purpose, powers and responsibilities. The provisions in the Mandate were formulated in accordance with applicable legislation and corporate governance rules.

11.3-Organisation Model pursuant to Italian Legislative Decree No. 231/2001

IREN S.p.A. and the main Group companies have adopted organisation, management and control models under the terms of Italian Legislative Decree No. 231/2001 with the objective of creating a structured and organic system of procedures and control activities aimed at preventing, as far as possible, conduct that can entail committing the crimes contemplated by Italian Legislative Decree No. 231/2001 ("Administrative liability of Entities").

The ongoing commitment to strengthening the "system preventing the risk of 231 crimes", the continued legislative amendments extending administrative liability to new types of crimes and the organisational changes frequently undertaken by Iren Group companies, therefore make it necessary to constantly revise and update the Organisation, Management and Control Models of the different companies, in order to ensure they remain appropriate to preventing the crimes stipulated under the aforementioned Decree.

During 2019, updates were made specifically to the 231 Models of IRETI, IREN Smart Solution, AMIAT and TRM. These were submitted to the relative Supervisory Bodies, and subsequently approved by the respective Boards of Directors in the first seven months of the year.

From July, revisions and updates were also made to the 231 Models of IREN S.p.A., IREN Energia and IREN Ambiente.

The revisions entailed, *inter alia*, the following main changes and additions:

- revised mapping of processes, identifying the 231 crimes that are potentially applicable;
- review and implementation of specific control protocols specific already included in the Model;
- restructuring of the special sections;
- updates in respect of new legislation introduced, with specific reference to the new tax crimes.

The IREN S.p.A.231 Model was submitted to the Company's Supervisory Body pursuant to Italian Legislative Decree no 231/2001 and approved by the Board of Directors in February 2020; the 231 Models for IREN Energia and IREN Ambiente were submitted to their respective Supervisory Bodies at the beginning of 2020, and will be approved by the Boards of Directors during March 2020.

The General Section of the 231 Model includes:

- a description of the regulatory framework;
- a description of the business environment, governance model and company's general organisational structure;
- the method followed in formulating the Model;
- IREN S.p.A. sensitive activities;
- the composition, functioning and characteristics of the Supervisory Body;
- the disciplinary and sanctions system;
- the training and communications plan;
- the criteria for updating and rendering the Model compliant;

and the "Special Sections", which identify the Company's sensitive activities at risk of the unlawful deeds pursuant to Italian Legislative Decree No. 231/01 potentially being committed. These also define the general codes of conduct, general control protocols and specific control protocols that all Model Recipients must comply with to prevent the crimes contemplated in the Decree being committed.

The following categories of crimes have currently been identified:

- A. Crimes in relations with the Public Administration
- B. Corporate crimes
- C. Market abuse crimes
- D. Crimes involving manslaughter and serious or very serious injuries, committed by infringing regulations on the health and safety in the workplace
- E. The crimes of receiving stolen goods, money laundering, utilisation of money, good or benefits of unlawful origin, self-laundering
- F. Cyber crimes and the unlawful data processing
- G. Copyright infringement crimes
- H. Crimes of employing third country citizens staying illegally
- I. Organised crime and transnational crimes
- L. Inducing persons not to make statements or making false statements to the judicial authorities
- M. Crimes against individuals
- N. Environmental crimes
- O. Corruption between private entities
- P. Tax crimes
- Q. Crimes against industry and commerce

An essential part of the Organisation, Management and Control Model is the Code of Ethics. The most recently updated version was approved by the IREN Board of Directors on 20 December 2017.

IREN has opted for a collegial composition to its Supervisory Board, in that this decision establishes a body that as a whole can meet the requisites of autonomy, independence, professionalism and continuity in operations required by law.

On 19 June 2019, the Board of Directors appointed a new Supervisory Body for a three-year term. The members of the Body are Prof. Adalberto Alberici (Chairperson), Ms Letizia Davoli and Mr Giorgio Lamanna. In the scope of the Head of "231 System Compliance and Privacy" Unit, the Board of Directors also appointed an internal Contact Person within the SB in order to ensure the coordination and continuity in operations of the Committee itself and having a constant reference in the Company.

IREN's Supervisory Body, availing itself of the relevant corporate units, performs regular checks on areas of activity considered at risk under the terms of Italian Legislative Decree No. 231/2001, reporting twice a year to the Board of Directors on the activities carried and the emerging outcomes: if necessary, the Supervisory Board provides recommendations aimed at improving the system for controlling the activities and monitoring implementation.

Both the General Section of the Model and Code of Ethics are available on the Company's website (www.gruppoiren.it) in the section "Investors - "Corporate Governance" - "Corporate documents".

11.4 - GDPR 679/2016 on the protection of natural persons with regard to the processing of personal data

The European Union Regulation on the protection of natural persons with regard to the processing of personal data (GDPR) became applicable in Italy with effect from 25 May 2018.

In accordance with the aforementioned legislation, IREN S.p.A. and the main Group companies, in the person of the Chief Executive Officer (Controller), appointed a Data Protection Officer (DPO) in 2018 pursuant to Article 37 GDPR, in the person of the Parent Company's Head of the 231 System Compliance and Privacy Unit. On 22 May 2019, the IREN S.p.A. Board of Directors in office acknowledged the DPO appointment that had previously been made on 18 May 2018.

To ensure compliance with the GDPR provisions and nationally applicable legislation on the subject, an appropriate management system was promptly prepared to protect personal data in the Group's main companies, which then continued during 2019 with the implementation of the following:

- issue and/or preparation of the main Governance procedures aimed at guaranteeing Controller accountability;
- analysis and implementation of privacy measures relating to digital transformation projects and initiatives aimed at creating new products and services;
- support to Group companies with new initiatives involving the processing of personal data;
- annual revision of the main Group companies' processing registers, focusing specifically on a risk assessment of the different types of processing;
- preparation of assessment and balancing of interests document, for processing based on legitimate interests (balancing test);
- definition and issuing of training material to provide e-learning courses on the protection of personal data, intended for all company personnel;

- completion of the implementation phase for the privacy organisational chart, with the appointment of persons in charge of processing with roles of responsibility, and instructions for those in charge of processing.

In addition, following the cyber attack that occurred on 4 December, the necessary investigations were conducted regarding the possible involvement of personal data to determine whether the violation was only in the temporary non-availability of data, excluding infringements referring to the loss of confidentiality and integrity on the data, which was subsequently confirmed by the IT Systems Department. Due to the complex nature of the event and its extent, it was deemed necessary for IREN S.p.A. to send out a precautionary "preliminary notification", in its capacity as Parent Company, and on behalf of the other companies in the Iren Group. Full notification was then issued and additional information was provided to the Authorities on the basis of their request. The Data Protection Authority then advised that the event on 4 December 2019 had been closed.

11.5-Independent Auditors

On the basis of the justified proposal by the Board of Statutory Auditors in its capacity as ("Comitato per il controllo interno e la revisione contabile - CCIRC") Internal Audit and Independent Audit Committee (IAIAC), the Shareholders' Meeting on 14 May 2012, appointed PricewaterhouseCoopers S.p.A. for a nine-year term for the independent audit of the accounts of the IREN Group and more specifically: (i) the independent audit of the Company's separate financial statements and the Group's consolidated financial statements; (ii) the limited independent audit of the Group's condensed interim financial statements; (iv) the independent audit of the financial statements of the Company's subsidiaries (direct and indirect), with effect from the expiry of the last appointment. PricewaterhouseCoopers S.p.A. was also designated for the limited independent audit of the "Consolidated non-financial Statement" (Sustainability Report) of the IREN Group, prepared pursuant to Italian Legislative Decree No. 254 of 2016.

To retain the Independent Auditors' independence, the Group applies Guidelines that regulate the assignment by Group companies of appointments and activities to the company and its related network. Based on this procedure, the IAIAC issues a preliminary binding opinion should Group companies intend entrusting additional appointments, other than the primary audit function to the Group's principal Independent Auditor or network member firms, and when there is no incompatibility in terms of the law.

Subsequent to the selection procedure managed and coordinated by the IAIAC, and having reviewed the respective Recommendations, the Shareholders' Meeting on 22 May 2019 assigned KPMG S.p.A. for the independent audit of IREN S.p.A. accounts over the nine-year term 2021-2029, including the aforementioned activities, based on the terms and conditions in the offer submitted by KPMG S.p.A. Thereafter, the Shareholders' Meetings of each subsidiary (direct and indirect), included in the scope of the selection procedure, confirmed the appointment for the independent audit with KPMG S.p.A. over the three-year period 2021-2023 (with the option to renew for two additional three-year periods), in accordance with the terms and conditions in the specific Framework Agreement between IREN S.p.a. and KPMG S.p.A.

As mentioned in the Directors' Report to the Shareholders' Meeting on 22 May 2019, the option to confer the appointment earlier than the natural expiry of the PricewaterhouseCoopers S.p.A. mandate, was deemed opportune in order to:

- avoid that during 2020 (the year preceding the start of the audit period), the incoming sector operator provides the Parent Company and respective subsidiaries with the prohibited non-audit services, in which case EU legislation stipulates a cooling-in period;
- manage situations that have the potential to threaten the incoming sector operator's independence, including with regard to carrying out appointments referring to the services under Article 5 of the PIE [Public Interest Entity] Regulation (other than those where the mandatory cooling-in period applies), which could extend into 2021, and which consequently need to be adequately resolved prior to the start of the independent audit appointment;
- facilitate the handover between the incoming and outgoing auditors so that from a perspective of maintaining the best audit quality, more effectively deal with the issue of having less knowledge of the Company and its Group, which the incoming auditor would then inevitably have.

11.6-Financial Reporting Manager

In terms of Article 33 of the by-laws, prior to obtaining the mandatory and non-binding opinion of the control body, the Board of Directors appoints and revokes the Financial Reporting Manager (required pursuant to Article 154-bis of the CFA, as introduced by Italian Law No. 262/2005 and amended by Italian Legislative Decree No. 303/2006) and determines the relative fee.

The same article further stipulates that the Financial Reporting Manager must have the professionalism requirements and specific expertise in administration, control, accounting, budgets, as well as accounting and financial disclosures. The

Board of Directors verifies this expertise, which should have been acquired through work experience at an appropriate level of responsibility, over a period of time spent in the Company or in other comparable companies.

IREN's Board of Directors' meeting held on 22 May 2019 immediately after the Shareholders' Meeting that had appointed the Company's Board for the three-year period 2019-2021, with the vote in favour by the Board of Statutory Auditors, confirmed Mr Massimo Levrino the Administration, Finance and Control Director of IREN S.p.A. in this role on an open-ended basis, after establishing that he had the requisites stipulated in the by-laws.

Pursuant to Article 154-bis of the CFA, the Financial Reporting Manager, in conjunction with the relevant company functions, prepares the administrative/accounting procedures so as to compile the periodic accounting documentation and any other financial disclosure; together with the Chief Executive Officer, the Financial Reporting Manager certifies that this is effectively applied over the year that the accounting documents refer to.

The Board of Directors ensures that the Financial Reporting Manager has adequate powers and means to discharge the tasks assigned, and that administrative and accounting procedures are effectively complied with.

In its meeting on 26 August 2010, the Board of Directors had approved the "Regulation governing administrative and accounting procedures", and (i) had granted the Executive Committee in office at the time a mandate to make the amendments to the "Regulation" that were deemed necessary to ensure a more effective and timely application of the provisions that became applicable from time-to-time, duly reporting to the Board in in this regard; (ii) had granted the Executive Committee in office at the time a mandate to determine an expense budget for the Manager to be used in discharging the relevant functions in the best way possible; (iii) had determined remuneration for the Manager for the same amount recognised by the Shareholders' Meeting to individual members of the Board of Directors. Following the governance changes made during 2013, and the consequent elimination of the Executive Committee, the functions of the latter were then transferred to the Board of Directors.

In its meeting on 10 July 2017, the IREN Board of Directors (i) approved the update to the "Regulation governing Administrative and Accounting Procedures", assigning the Financial Reporting Manager the task of implementing this within the Iren S.p.A. and Group company structures, where the Regulation applied; (ii) authorised the Financial Reporting Manager to draw up company accounting documents and make the regulatory and organisational changes to the "Regulation", including any updates to the corporate perimeter, which were deemed necessary to ensure the more effective and timely application of the Regulation, and duly reporting to the Board in this regard.

Furthermore, to ensure the Financial Reporting Manager could fully discharge the tasks assigned, and for obvious reasons of uniform management at Group level, companies falling within the scope of application of Law 262/05 took the necessary measures to ensure the Regulation was effectively implemented in their respective areas.

To carry out the relevant activities, the Financial Reporting Manager may make use of the organisational structures of IREN's Administration, Finance and Control Department (reporting in hierarchical terms to the latter), and rely on the full cooperation of other Parent Company and subsidiaries' structures, which provide regular information flows and specific certifications for the interim and annual financial statements. This set-up ensures the relevant activities provided are more structured, coordinated and complete, making it possible to assess the adequacy of the system regulating the preparation of corporate accounting documents.

Additional information on the main characteristics of the existing Risk management and internal control system in relation to the financial information process is available in **Annex 3**.

11.7-Coordination between those involved in the Internal Control and Risk Management System

As outlined in the introduction to paragraph 11, IREN has an internal control and risk management system made up of a set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of major risks. This system is implemented across the more general organisational and corporate governance structures and takes into account reference models and best practices.

An effective internal control and risk management system contributes to running the business in line with the company objectives defined by the Board of Directors, to ensure cognisant decisions are taken. It contributes to ensuring the safeguarding of the company's assets, the effectiveness and efficiency of company processes, the reliability of financial and non-financial information, compliance with the law, regulations, by-laws and internal procedures.

The internal control and risk management system involves, each within the scope of their own responsibility:

- a) the Board of Directors, with responsibility for steering and assessing system adequacy and identifying among its members:
 - i. one or more directors, including among its delegated bodies, mandated with the establishment and maintenance of an effective internal control and risk management system (hereinafter the "Director responsible for the internal control system and risk management"), as well as

- ii. a Control, Risk and Sustainability Committee, on the basis of adequate preliminary activities, tasked with supporting the assessments and decisions of the Board of Directors relating to the internal control and risk management system, as well as those concerning approval of the periodic financial reports;
- b) an Internal Audit Manager, reporting to a mandated body specified by the Board of Directors, responsible for checking that the internal control and risk management system is operational and adequate;
- c) the other company roles and units with specific duties relating to internal control and risk management, broken down according to the size, complexity and risk profile of the business;
- d) the Board of Statutory Auditors, in its role as the internal control and risk management committee, overseeing the effectiveness of the internal control and risk management system.

Without prejudice to the above, following the designation of corporate social responsibility duties to the IREN S.p.A. Control, Risk and Sustainability Committee, the Board of Directors after consultation with this Committee: (a) defines "sustainability" policies and codes of conduct in order to ensure the creation of value over time for shareholders and all other stakeholders; (b) defines a sustainability plan (strategic priorities, commitments and objectives) for the development of the economic, environmental and social responsibility of the Group;

The IREN S.p.A. internal control and risk management system also involves the Supervisory Body appointed by the Board of Directors, pursuant and to all effects of Italian Legislative Decree No. 231/2001 (for the current composition see **para. 11.3**).

IREN has provided for coordination procedures between the various parties referred to above, so as to maximise efficiency in the internal control and risk management system and reduce any duplications in activities.

The Control, Risk and Sustainability Committee currently in office comprises four non-executive directors, the majority of which are independent, with the Chairperson chosen among the independent directors. At least one member of the committee has sufficient experience in accounting and financial matters or risk management, which was considered suitable by the Board of Directors at the time of appointment.

The Chairperson coordinates the work of the Control, Risk and Sustainability Committee. Minutes are prepared of meetings, and the Chairperson reports to the Board of Directors at the first meeting thereafter.

The Board of Directors, subject to the opinion of the Control, Risk and Sustainability Committee:

- a) defines the guidelines of the internal control and risk management system so that the main risks relevant to IREN S.p.A. and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining how compatible this level of risk is with the management of the business, in line with the strategic objectives identified;
- b) at least once a year, assesses the adequacy of the internal control and risk management system relevant to the characteristics of the business and the risk profile undertaken, as well as its efficacy;
- c) at least on an annual basis, approves the work plan prepared by the Internal Audit Unit Manager, after consultation with Board of Statutory Auditors and the Director in charge of the internal control and risk management system;
- d) describes the main characteristics of the Internal Control and Risk Management System and the coordination methods between parties involved in the system in the Corporate Governance Report, expressing its opinion on the system's adequacy;
- e) assesses the results presented by the Independent Auditors, after consultation with the Board of Statutory Auditors, in the letter of recommendations and in the report of the crucial issues arising during the legal audit.

The Board of Directors, on the basis of the proposal from the Director responsible for the internal control and risk management system and the Chairperson (should this not correspond with the latter), and after consultation with the Control, Risk and Sustainability Committee and the Board of Statutory Auditors:

- appoints and revokes the Internal Audit Unit Manager;
- ensures that the Manager has adequate resources to discharge the relevant responsibilities;
- defines the remuneration in line with company policies.

In assisting the Board of Directors, the Control, Risk and Sustainability Committee:

- a) assesses, together with the Financial Reporting Manager and having consulted with the Independent Auditor and the Board of Statutory Auditors, the proper use of the accounting principles and their consistency for the purpose of drafting the IREN Consolidated Financial Statements;

- b) on an annual basis, reviews the outcomes of the asset impairment testing;
- c) conducts a prior review of the six-monthly reporting to the Board of Directors prepared by the Financial Reporting Manager, relating to the activities performed at Group level, any critical issues emerging and the measures undertaken to overcome these, and regarding the outcomes of the assessment done on the internal control system on the accounting and financial information, necessary for the certifications required by legislation to the Delegated Administrative Body and the Financial Reporting Manager;
- d) reviews the risk analysis conducted with reference to (i) the IREN Group multiple-year Business Plan, prior to its approval by the IREN Board of Directors; (ii) the strategic initiatives, including the merger and acquisition transactions put in place by the Company and/or its subsidiaries, where these fall within the scope of the IREN Board of Directors' competencies;
- e) expresses opinions on specific aspects related to identifying the main business risks; in particular, it provides an opinion on specific aspects related to the Risk Policies, identifying the main business risks and the Audit Plan, and on guidelines for the internal control and risk management system;
- f) examines the periodic reports prepared by the relevant functions, concerning the evaluation of the internal control and risk management system, and those of particular significance drafted by the Internal Audit Unit;
- g) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit Unit;
- h) it can ask the Internal Audit Unit to perform checks on specific areas of operations, providing notification concurrently to the Chairperson of the Board of Statutory Auditors;
- i) reports to the Board, at least every six months, on the occasion of approval of the annual and interim financial report, on its activity and on the adequacy of the internal control and risk management system;
- j) based on appropriate preliminary work, supports the assessments and decisions of the Board of Directors in relation to the management of risks deriving from prejudicial events, which the Board of Directors has become aware of.
- k) supervises the "sustainability" policies and observance of any principles of conduct adopted on the subject by the Company and its subsidiaries;
- l) reviews the issues in the preliminary work in terms of long-term sustainability of the underlying principles and guidelines of strategic planning, the business plan and short-term planning, monitoring the effective implementation thereof;
- m) in conjunction with the relevant Group function and having consulted the Independent Auditors, assesses the correct use of the standards adopted in order to draft the non-financial information required by the legislation in force;
- n) supervises the system for assessing and improving the environmental, economic and social impacts deriving from the business activities in the local areas;
- o) examines the periodic reports on the implementation of structured dialogue with stakeholders in the local areas where the Group operates, in particular through the Local Committees, and those on the consistency with the Corporate Social Responsibility questions of the Group's cultural and image promotion activities.

The Chairperson of the Board of Statutory Auditors or another Statutory Auditor designated by the former may attend Committee meetings; in any case, other statutory auditors may also attend.

The Director responsible for the internal control system and risk management:

- a) identifies the main business risks, taking into account the characteristics of the activities performed by IREN and its subsidiaries, defines the Risk Policies and Audit Plan, and checks that these are regularly submitted for review to the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors;
- b) puts into practice the guidelines defined by the Board of Directors, dealing with the planning, implementation and management of the internal control and risk management system and checking constantly on its adequacy and effectiveness;
- c) adapts this system to changes in the operating conditions and the legislative and regulatory framework;
- d) may ask the Internal Audit Unit to perform audits on specific operating areas and on compliance with the internal rules and procedures in the execution of business operations, communicating this concurrently to the Chairperson of the Board of Directors, the Chairperson of the Control, Risk and Sustainability Committee and to the Chairperson of the Board of Statutory Auditors;
- e) reports promptly to the Control, Risk and Sustainability Committee or to the Board of Directors on the problems and critical issues that have emerged in the performance of their work or which they have in any case been informed, so that the Committee (or the Board) may take the necessary initiatives.

The role of the Director responsible for the internal control and risk management system in the Board of Directors in office until 22 May 2019, was covered by the Board of Directors' Deputy Chairperson. The current Board of Directors resolved to assign the office of "Directors responsible for the internal control and risk management system" to the Chairperson, Deputy Chairperson and Chief Executive Officer", each within the scope of their respective areas of

responsibility, with the duties pursuant to Article 7 – Application Criterion 7.C.4. of the Italian Corporate Governance Code (without prejudice to their relevant duties and mandates). The Chairperson and Chief Executive Officer tasked with risk management in relation to their respective mandates, act in conjunction with the Deputy Chairperson.

The Internal Audit Unit Manager:

- a) on a continuous basis and with regard to specific requirements and in relation to international standards, checks on the functioning and suitability of the internal control and risk management system, based on an audit plan, approved by the Board of Directors, on the basis of a structured analysis process and prioritising of the main risks;
- b) has direct access to all the information needed to discharge the appointment;
- c) draws up regular reports with adequate information on the activities carried out, the methods whereby risk is managed, and adherence to the plans formulated to contain said risks. These regular reports include an assessment on the suitability of the internal control and risk management system;
- d) promptly prepares reports on significant events;
- e) sends the reports mentioned in points c) and d) above, concurrently to the Chairpersons of the Board of Statutory Auditors and the Control and Risk Committee, and Board of Directors, as well as the Director responsible for the internal control and risk management system;
- f) within the scope of the Audit Plan. checks on the reliability of the information technology in the accounting recording systems.

The Internal Audit function as a whole, or individual operating segments, may be entrusted to an external party to the issuer, provided that they have the necessary professionalism, independence and organisation prerequisites. The adoption of these organisational decisions, which are adequately justified, are communicated to shareholders and to the market in the Corporate Governance Report. IREN S.p.A. has established an Internal Audit function within its organisation.

The Head of Risk Management reports on a hierarchical and functional level to the Deputy Chairperson, and oversees:

- a) the planning and implementation of the Group's "Enterprise Risk Management" system, including providing coordination for the preparation and updating of the risk policy. and risk map;
- b) identifies the main corporate risks and indicators based on which these are monitored, taking into consideration the activities carried out by IREN and its subsidiaries; these are periodically submitted for review by the Director in charge of the internal control and risk management system, the Board of Statutory Auditors and Control, Risk and Sustainability Committee, for their relative opinions, and for the approval of the Board of Directors;
- c) risk assessments pertaining to the Business Plan and Strategic Initiatives.

12-DIRECTORS' INTEREST AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors adopts appropriate operating solutions to facilitate the identification and adequate management of situations where a Director may be vested with personal interests or interests on behalf of third parties.

As provided for in Article 2391 of the Italian Civil Code, Directors that have (personally or on behalf of third parties) an interest in a particular transaction must provide advance notice to the other Directors and the Board of Statutory Auditors, specifying the nature, terms, origin and scope thereof; in the case of executive Directors, the latter must also refrain from executing the transaction, designating the Board of Directors to do so. Resolutions taken by the Company's Board of Directors in the cases referred to above, must justify the reasons and feasibility for the Company to carry out the transaction.

Pursuant to Article 2391-*bis* of the Italian Civil Code, the Board of Directors adopts rules to ensure the transparency and substantial and procedural correctness in transactions with related parties and discloses them in the Management Report. To this end, it may consider seeking the assistance of an independent expert, depending on the nature, value or characteristics of the transaction. The Board of Statutory Auditors oversees compliance with the adopted rules and refers to them in its report to the Shareholders' Meeting.

IREN S.p.A. related-party transactions' procedure

In implementing the mandate under Article 2391-*bis* of the Italian Civil Code, on 12 March 2010, in terms of Resolution No. 17221 of 12 March 2010, Consob approved a Regulation stipulating that listed companies must adopt procedures by 1 December 2010 that would ensure transparency and substantial and procedural correctness in transactions with related parties. In this regard, also taking into consideration the recommendations in the Stock Exchange Code applicable at the time, on 30 November 2010, the IREN S.p.A. Board of Directors unanimously approved an internal Regulation for related-party transactions (hereinafter the "**IREN Regulation**"), which came into force from 1 January 2011, and was subsequently amended in February and December 2013, and more recently in March 2015.

On 15 March 2016, the Company's Board of Directors adopted an Operating Procedure to manage Related-party Transactions, which supplemented and detailed the provisions of the aforementioned IREN Regulation.

In implementing the provisions under Article 14.1 of the IREN Regulation, on 12 April 2018, the Company's Board of Directors approved with the deferred effective date of 1 July 2018, a new Procedure for related-party transactions (hereinafter the "**Applicable Procedure**"). From the above date, this is the only reference document in the Group, and is available on the IREN Group website (www.gruppofiren.it), in the Section "*Investors – Corporate Governance – Related Parties*".

With a view to simplifying and rationalising, from 1 July 2018, the new Procedure replaced any company documentation applicable up to then on transactions with related parties.

On 2 July 2018, the Company's Board of Directors approved certain revisions in the Procedure on related-party transactions, relating to para. 8.5 in the document.

Finally, on 30 May 2019, the Board of Directors approved an update to the applicable Procedure, after amending Article 7.1, on the quantitative composition of the Committee for Transactions with Related Parties.

The Independent Directors Committee voted in favour with regard to the decisions vested with the Company's Board of Directors (as from December 2014, this referred to the IREN S.p.A. Committee for Transactions with Related Parties) referring to the IREN Regulation, including the relative intervening updates, and the Operating Procedure for managing Transactions with Related Parties, including its updates.

Prior approval was also obtained from the Company's Committee for Transactions with Related Parties regarding the content of the IREN S.p.A. Procedure for Transactions with Related Parties, which was last updated on 30 May 2019.

The Applicable Procedure, similarly to prior documents, refer to the definitions and provisions in the Consob Regulation from the perspective of improving protection and operations.

The main changes introduced in the adoption of the IREN S.p.A. Transactions with Related Parties' Procedure merged previously applicable documents and rationalised the relevant provisions. These refer in summary to: (i) a more detailed definition of the concepts relevant to the application of the Procedure, and identification of the parties that qualify as Related Parties of the IREN Group; (ii) the inclusion of a TRP Assessment Committee, established to permanently monitor the assessment process on transactions and act as a filter between management and those responsible for the preliminary work on transactions (generally, the Committee for Transactions with Related Parties); (iii) the rules on information flows, with a view to improving quality and in terms of the relevant deadlines; (iv) the change to the qualitative composition of the Committee for Transactions with Related Parties.

The procedure was prepared implementing the provisions on transactions with related parties pursuant to Article 2391-*bis* of the Italian Civil Code, as most recently amended by Italian Legislative Decree No. 49 of 10 May 2019 referring to

the "Implementation of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 " amending Directive 2007/36/EC as regards the encouragement of the long-term commitment of shareholders"; (ii) the Consob Regulation with rules on transactions with related parties, adopted on the basis of Resolution No. 17221 of 12 March 2010, and subsequent amendments, taking into consideration the directives in Consob Communication No. DEM/10078683 of 24 September 2010; (iii) the provisions pursuant to Article 114 of Italian Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Law on Finance"); (iv) the Regulation with rules on the transactions with related parties, most recently with resolution adopted by Consob No. 19974 of 27 April 2017, for the implementation of Regulation (EU) No. 596/2014 on market abuses.

As referred to in para. 10, the Committee for Transactions with Related Parties also examined the prospective changes arising from the incorporation of the European Parliament and Council Directive No. 2017/828 of 17 May 2017, which amends Directive No. 2007/36/EC, into Italian legislation, in so far as encouraging a long-term commitment from shareholders (the Shareholder Rights Directive 2), with specific reference to changes regarding transactions with Related Parties.

The type of transactions

In accordance with the provisions of the Consob Regulation, transactions with related parties were divided into transactions of greater importance, transactions of lower importance and transactions for small amounts and transactions excluded from the Procedure's scope of application, with the provision of procedural arrangements and transparency differentiated according to the type and importance of the transaction.

Persons responsible for preliminary work and nature of the opinion

Duties and responsibilities for transactions with Related Parties, including the relevant opinion on Transactions, where applicable in terms of the Applicable Procedures, are entrusted to the Committee for Transactions with Related Parties (hereinafter the "TRP Committee"), comprising four independent Directors.

In the case of transactions involving the remuneration of Directors with Specific Duties and Senior Executives with strategic responsibilities, the Remuneration and Appointments Committee is responsible for the preliminary work, where this duty has not been specifically assigned to the TRP Committee, and in any case is limited to cases where the Remuneration Committee meets the minimum requirements of independence and non-relation of its members as required by the Consob Regulation.

To ensure the Independence and/or Non-Relation requirement in the Transactions to be examined, the Committee firstly verifies that its members have both these requirements, on the basis of the declarations included in the minutes of the first available meeting.

If it is found that the Independence and/or Non-Relation requirement does not exist in the transaction under review in respect of one or more Committee members, an alternative person in charge of the preliminary work is identified as follows: (i) if the Company's Board of Directors should have other independent Directors unrelated to the transaction in question, the composition of the Committee will be supplemented by the appropriate replacements; the Board of Directors is responsible for identifying a Sub-Committee in order of seniority, and taking into account the duties already assigned in terms of this Procedure and/or Italian Corporate Governance Code of Listed Companies, a Sub-Committee composed of three Independent and Unrelated Directors to the Transaction with Related Parties under review; (ii) if there is not even one member of the Committee or of the Board of Directors that has the aforementioned requisites of Independence and Non-Relation to the Transaction, the preliminary work will be assigned, as Alternative Overseers to: (a) the Company's Board of Statutory Auditors or (b) an Independent Expert appointed by the Company's Board of Directors.

For information on the composition and functioning of the Company's Remuneration and Appointments Committee and Committee for Transactions with Related Parties reference is made to **paragraphs 7 and 10** above, and to **Table 2**.

Specifically, the CTRP or body or the person/s responsible for the preliminary work:

- (i) with regard to transactions of lower importance, expresses/express a preliminary justified non-binding opinion on the Company's interest in carrying out the transaction and the feasibility and substantial correctness of the relative conditions;
- (ii) with regard to transactions of greater importance, without prejudice to the Board of Directors' right to make decisions, is/are involved in the preliminary work stage and expresses/express a binding justified opinion in advance in favour on the Company's interests in carrying out the transaction, and on the feasibility and substantial correctness of the relative conditions.

Internal and public disclosure

With regard to public disclosure, the provisions in the Consob Regulation on the subject are fully referenced herein.

In terms of the Applicable Procedure, the CTRP (possibly supplemented by the Designated Members) is continually kept updated, even after the transaction is concluded, in respect of all the executive actions put in place by the parties involved, receiving a copy of all the relevant documentation, which should also highlight any critical aspects or anomalies that arose.

The Board of Statutory Auditors' supervisory role

The Board of Statutory Auditors monitors that the Applicable Procedure complies with the principles in the Consob Regulation, and that it is adhered to.

The Company and its subsidiaries apply the principles of transparency and correctness to relations with related parties, made known in the Management Report (in accordance with Article 2391-*bis* of the Italian Civil Code). These transactions mainly concern services provided to customers in general (gas, water, electricity, heat, etc.) or following concessions and the awarding of services, in particular for the waste management segment, and are governed by the contracts applied in these situations.

Where this does not refer to the provision of the aforementioned services, transactions are governed by specific agreements, the terms of which are established, where possible, in accordance with normal market conditions. If these references are not available or significant, the contract conditions are also defined in consultation with independent experts and/or professionals.

13-BOARD OF STATUTORY AUDITORS

13.1 - Appointment and replacement.

Without prejudice to shareholder agreement provisions on the subject, under **para. 2.6**, similarly to the by-laws referring to the appointment of Board members, Statutory Auditors (Standing and Alternative) are also appointed using the "voting list" mechanism, to ensure that an appropriate number of designations for these positions is held by non-controlling interests, and that there is gender balance within the Board in line with best practices, and in any case, in accordance with the minimum proportions stipulated by *pro tempore* applicable legislation. Articles 28 and 29 of the by-laws govern the deadlines and procedures for filing and publishing lists, and the relevant documentation, in accordance with applicable regulations.

More specifically, Article 29, paragraph 2 of the current by-laws requires that candidate lists are filed at the company's registered office, together with the relative support documentation, within the twenty-fifth day preceding the date of the Shareholders' Meeting in first or single call, with the relevant publication by the Company at least twenty one days prior to the date of the Shareholders' Meeting, again in first or single call, based on the procedures contemplated by applicable legislation. The deadlines and procedures for filing lists are specified by the Company in the respective call notice.

Eligibility to present lists.

Each shareholders may submit or vote for one single list, even via a third party or trust company. More specifically, lists may only be presented by shareholders who, either autonomously or with other Shareholders, hold a share equal to at least 1% of the share capital with voting rights in the Shareholders' Meeting, or to the lesser extent contemplated by law or regulations, where applicable. In this respect, it is noted that the shareholding required to present candidate lists for election to IREN's control body, was identified by Consob (with Resolution No. 20273 of 24 January 2018) as being 1%, the same as the percentage specified under Article 29, paragraph 1 of the current by-laws.

On the other hand, Shareholders belonging to the same Group and those who enter into a Shareholder Agreement concerning Company shares may not deliver or vote for more than one list, even via a third party or trust company.

Composition of lists.

The lists for the appointment of the current Board of Statutory Auditors was collated in accordance with the details in the relevant paragraph in the 2017 Report, to which reference is made. A summary is provided of the procedures for compiling the lists to appoint the Board of Statutory Auditors, with reference to the by-laws applicable at the date this Report is approved, which had already being amended/added to by the resolutions of the Shareholders' Meeting held on 5 April 2019 and the Board of Directors' meeting on 25 March 2020: these provide for increase the number of Standing Auditors from three to five, and adjusting the percentage of Auditors (Standing and Alternative) restricted to the less represented gender to the minimum stipulated by Law No. 160 of 27 December 2019 (Budget Law 2020, in force from 24 January 2020), which will be applied from the first renewal of the Board of Statutory Auditors (and therefore in respect of the 2021-2023 mandate).

Candidates in each list are listed using sequential numbering, with the list divided into two sections: one for candidates for the office of Standing Auditor, and the other for Alternate Auditor. Subsequent to the increase in Standing Auditors mentioned above, in accordance with Article 28, paragraph 1 of the current by-laws, and in compliance with gender balance regulations applicable under applicable *pro tempore* legislative and regulatory provisions, the lists for both sections must list male and female candidates alternately.

With the deadline set by law, each list be filed, together with: (i) information on the identity of the Shareholders who have submitted the lists, indicating the total percentage of the shares held; (ii) a declaration by Shareholders other than those who hold, also as a group, a controlling interest or relative majority, indicating the absence of association relationships with the latter; (iii) the personal and professional curricula of each candidate; (iv) each candidate's declaration, certifying that they hold the requisites of professionalism, integrity and independence, as prescribed by applicable *pro tempore* legislation; (v) the declaration accepting the candidature; (vi) the list of roles held in other companies.

Appointment mechanisms.

With the introduction of the option to benefit from extra votes under Article 127-*quinquies* of the CFA, to the extent permitted by law (double vote, referred to under **para. 2.6**), in terms of Article 28, paragraphs 2 and 3 of the current by-laws, members of the Board of Statutory Auditors will be appointed as follows:

- *If the list obtaining the highest number of votes was submitted and voted by shareholders holding at least 40% of the voting rights in the Shareholders' Meeting resolutions requiring a majority vote:* (i) three Standing Auditors and one Alternate Auditor will be taken from this list, in the sequential order in which they are listed in the respective sections of the list; (ii) the fourth and fifth Standing Auditor and other Alternate Auditor (of a different gender from the candidate taken from the list with the highest number of votes) will be taken, in the sequential order in which they are listed in the respective sections of the list (and based on which, the chairmanship will vest with the Standing Auditor listed under number 1), from the list which has received the second highest number of votes among the lists presented and voted by the shareholders not associated – according to the *pro-tempore* current legislation – with the shareholders that have presented or voted the list that has obtained the highest number of votes.

- *If the list obtaining the highest number of votes was submitted by shareholders holding voting rights in the Shareholders' Meeting resolutions requiring a majority vote of less than 40%:* (i) three Standing Auditors and one Alternate Auditor will be taken from this list, in the sequential order in which they are listed in the respective sections of the list; (ii) the Standing Auditor will be taken from the list with the second highest number of votes, following the order in which candidates are placed, of a different gender to the majority of candidates taken from the list in point (i) above; (iii) one Standing Auditor (who will become Chairperson of the Board of Statutory Auditors) and one Alternate Auditor of a different gender from the candidate taken from the list under point (i) above are taken from the list with the third highest number of votes, in the sequential order in which they are listed in the respective sections of the list.

In the event of an equal number of votes between two or more lists, the most senior candidate in age is elected as Statutory Auditor, without prejudice to the gender balance requirements, and the most senior candidate in age is elected as Chairperson.

In the event of a single list being presented, the Shareholders' Meeting decides on the basis of the majorities stipulated by law, without prejudice to complying with the gender balance requirement.

For the appointment of Statutory Auditors that for whatever reason are not appointed on the basis of voting lists, the Shareholders' Meeting decides on the basis of the majorities stipulated by law. Therefore, in the event of no list being presented, the candidates proposed during the Shareholders' Meeting and voted by the Shareholders' Meeting are elected, without prejudice to compliance with the gender balance requirement. Similarly, the Shareholders' Meeting elects the Standing and Alternate Auditors required to make up the composition of the Board of Statutory Auditors, and ensure that members are replaced, should the total number of candidates in the voted list be insufficient to achieve this result. In the cases above, candidates for the position of Standing Auditor submitted to the Shareholders' Meeting must be included in one or more lists, where the composition in terms of gender must comply with the principles of proportionality referred to above.

Replacement of Standing Auditors.

The voting list procedure only applies to the replacement of the entire Board of Statutory Auditors.

Otherwise, in the event of replacing a Standing Auditor, the Alternate Auditor on the same list as the Standing Auditor to be replaced, takes over; where this is not possible, the most senior Alternate Auditor takes over, or if this does not meet the gender balance requirements, the first Alternate Auditor following the sequential order in which the Alternate Auditors were classified in the list, so as to meet the gender requirement.

Pursuant to Article 2401 of the Italian Civil Code, the appointment of Statutory Auditors to complete the composition of the Board of Statutory Auditors is made by the Shareholders' Meeting, with the majorities stipulated by law, selecting from the names in the list that the resigned Standing Auditor was listed in, without prejudice to gender balance; where this is not possible, the Shareholders' Meeting will make the replacement on the basis of the majorities stipulated by law.

13.2 - Composition.

In accordance with the by-laws applicable at the time, and without prejudice to shareholder agreement provisions on the subject under **para. 2.6**, the Board of Statutory Auditors in office at the date this Report is approved, comprising three Standing Auditors and two Alternate Auditors (who may be re-elected at the end of their mandate), was appointed by the Shareholders' Meeting held on 19 April 2018 for the three-year period 2018 - 2020.

The Board's mandate therefore expires with the approval of the 2020 financial statements.

In this regard, the Extraordinary Shareholders' Meeting held on 5 April 2019, approving the changes to the by-laws referred to above, which included Article 28 setting the Standing Auditors at 5 - also resolved to "*acknowledge that the*

amendments to the by-laws referring to the appointment and composition of the Board of Directors and Board of Statutory Auditors shall apply to the appointments to these bodies after the expiry of the current mandate of the Board of Directors and Board of Statutory Auditors in office". In the case of IREN's Board of Statutory Auditors, these new provisions shall therefore be applied with the appointment of the new IREN S.p.A. Board of Statutory Auditors, which will take place during the ordinary Shareholders' Meeting convened to approve the financial statements at 31.12.2020.

Three lists of candidates were submitted during the aforementioned Shareholders' Meeting, transcribed hereunder with details of the relevant proposer and respective number of votes allocated:

CANDIDATE LIST NO. 1, SUBMITTED BY FSU (FINANZIARIA SVILUPPO UTILITIES S.R.L.) AND THE MUNICIPALITY OF REGGIO EMILIA (ACTING AS THE AGENT OF IREN SHAREHOLDERS LOCATED IN THE PROVINCES OF REGGIO EMILIA, PARMA AND PIACENZA, SIGNATORIES OF THE SHAREHOLDERS' AGREEMENT SIGNED ON 9 MAY 2016), HOLDING A TOTAL OF 50.91% OF THE SHARES WITH VOTING RIGHTS; THIS LIST OBTAINED 64.63 % OF VOTES IN RELATION TO THE SHARE CAPITAL PRESENT:

STANDING AUDITOR CANDIDATES

- 1) Cristina Chiantia
- 2) Simone Caprari
- 3) Paolo Ravà

ALTERNATE AUDITOR CANDIDATES

- 1) Marco Rossi
- 2) Francesca Fasce

CANDIDATE LIST NO. 2, SUBMITTED BY AMUNDI ASSET MANAGEMENT SGRPA (MANAGING THE FUNDS: AMUNDI SVILUPPO ITALIA AND AMUNDI RISPARMIO ITALIA), ALETTI GESTIELLE SGR (MANAGING THE FUNDS GESTIELLE PRO ITALIA), ANIMA SGR S.P.A. (MANAGING THE FUNDS: ANIMA CRESCITA ITALIA, ANIMA GEO ITALIA, ANIMA ITALIA AND ANIMA INIZIATIVA ITALIA), ARCA FONDI SGR S.P.A. (FUND MANAGER: ARCA ECONOMIA REALE BILANCIATO ITALIA 30 AND ARCA AZIONI ITALIA), ERSEL ASSET MANAGEMENT SGR S.P.A. (MANAGING THE FUNDS: FONDERSEL PMI), EURIZON CAPITAL SGR S.P.A. (MANAGING THE FUNDS: EURIZON PROGETTO ITALIA 40, EURIZON PROGETTO ITALIA 70, EURIZON PIR ITALIA 30, EURIZON PROGETTO ITALIA 20, EURIZON AZIONI ITALIA, EURIZON PIR ITALIA AZIONI AND EURIZON AZIONI PMI ITALIA), EURIZON CAPITAL SA (MANAGING THE FUNDS: EURIZON FUND – EQUITY ITALY AND EURIZON FUND – EQUITY SMALL MID CAP ITALY), FIDEURAM INVESTIMENTI SGR S.P.A. (MANAGING THE FUNDS: FIDEURAM ITALIA, PIANO BILANCIATO ITALIA 30, PIANO BILANCIATO ITALIA 50 AND PIANO AZIONI ITALIA), FIDEURAM ASSET MANAGEMENT (IRELAND) LIMITED (MANAGING THE FUNDS: FIDEURAM FUND EQUITY ITALY AND FONDITALIA EQUITY ITALY), INTERFUND SICAV (MANAGING THE FUNDS: INTERFUND EQUITY ITALY), LEGAL & GENERAL ASSURANCE (PENSIONS MANAGEMENT) LIMITED, MEDIOLANUM GESTIONE FONDI SGRPA (FUND MANAGER OF MEDIOLANUM FLESSIBILE SVILUPPO ITALIA), MEDIOLANUM INTERNATIONAL FUNDS LIMITED – CHALLENGE FUNDS - CHALLENGE ITALIAN EQUITY, PLANETARIUM FUND ANTHILIA SILVER, UBI SICAV ITALIAN EQUITY SECTION AND UBI PRAMERICA SGR (MANAGING THE FUNDS: UBI PRAMERICA MITO25 AND MITO 50), HOLDING A TOTAL OF 3.06% OF THE SHARES WITH VOTING RIGHTS; THIS LIST OBTAINED 32.92% OF VOTES IN RELATION TO THE SHARE CAPITAL PRESENT:

STANDING AUDITOR CANDIDATES

- 1) Michele Rutigliano

ALTERNATE AUDITOR CANDIDATES

- 1) Donatella Busso

following voting by the Shareholders' Meeting held on 19 April 2018, the Board of Statutory Auditors is made up as follows:

- Michele Rutigliano – Chairperson;
- Simone Caprari – Standing Auditor;
- Cristina Chiantia – Standing Auditor;
- Donatella Busso – Alternate Auditor;
- Marco Rossi – Alternate Auditor.

There have been no changes in the composition of the Board of Statutory Auditors from the date of their appointment until the date of this Report.

Information on the personal and professional characteristics of each Statutory Auditor (Standing and Alternate) is available in **Annex 2** at the end of this Report

13.3 – Diversity criteria and policies within the auditing body: professionalism requirements and compliance with gender quotas in accordance with law.

With particular reference to the provisions of Law No. 120 of 2011 and the Regulation implementing Italian Presidential Decree No. 251 of 2012, aimed at promoting gender balance in the corporate bodies of listed companies, there has been

a progressive increase in female representation, as the less represented gender in the composition of the Board of Statutory Auditors, bearing in mind that: (i) at the first renewal of the regulation after its entry into force, in relation to the 2015-2017 term, the legally binding quota of one-fifth (in the person of one Standing Auditor) of the total number of appointable members was reached; (ii) at the next renewal, in relation to the current 2019-2021 term, the minimum legally binding quota of one-third of the appointable members was exceeded, with the appointment of one female Standing Auditor and one female Supplementary Auditor, currently in office. As from the next renewal of the Board of Statutory Auditors for the 2021-2023 triennium (and for six consecutive terms), the composition of said body will ensure that the less represented gender constitutes at least a minimum of two-fifths of the total members (the proportion already achieved during the current term), in line with the amendments to the by-laws referred to in **para. 13.1** above and pursuant with the provisions of articles 147-*ter* and 148 of the Consolidated Law on Finance, as amended by Italian Law No. 160 of 27 December 2019 (2020 Budget Law).

To date, the corporate bodies have not adopted and implemented any policy for possible additional diversity profiles regarding the qualitative and quantitative composition of the Board of Statutory Auditors, considering that the professionalism requirements for membership of the auditing body, pursuant to articles 2397 of the Italian Civil Code and 148 of the Consolidated Law on Finance and related implementation provisions, on penalty of nullity, together with the representativeness goals envisaged by the voting list mechanism, were deemed suitable for implementation of the ratio referred to in Article 123-*bis*, paragraph 2, letter d-*bis*) of the Consolidated Law on Finance. In any case, it should be noted that the appointment of the same individual from the previous term as Chairperson of the Board has enhanced the continuity of auditing body management activities and, therefore, the continuation of additional competence as accrued; this evidence becomes all the more important when one considers that the authority of the Chairperson of the Board is essential for the creation of a spirit of cohesion and cooperation within the auditing body, in order that its complex duties be discharged constructively and even-handedly, especially as regards interaction with other corporate bodies and with company members in general, particularly those responsible for the internal control and risk management system.

Shareholders are required to file the lists accompanied by each candidate's CV containing full information on the professional skills and competences they have acquired. On the other hand, the competence of the auditing body members extends beyond their professional profile to the study of and constantly updated knowledge of developments in the very broad framework of company activities, not only in business terms, but also with regard to changes in the relevant legislative, regulatory and corporate governance provisions. Please refer to **para. 4.5** above for information about the induction programme in accordance with Application Criterion 2.C.2 of the Italian Corporate Governance Code, which gives the Chairperson of the Board significant responsibility for ensuring that the Standing Auditors receive adequate information, not only when newly appointed but also throughout their term of office, calling particularly for sufficient risk management information sessions to help facilitate the alignment of skills with the specific needs of the Group and, consequently, a deeper understanding of the tasks and responsibilities of the office.

13.4 - Independence requirements, causes of ineligibility, incompatibility and dismissal, remuneration.

In accordance with the Consolidated Law on Finance, the Standing Auditors must meet specific independence requirements, as well as the experience and integrity requirements established by regulations of the Minister of Justice together with the Ministry of the Economy and Finance. In addition, the Italian Corporate Governance Code recommends that the Auditors be chosen from among people who could be qualified as independents based on the criteria of the Code. The Board of Statutory Auditors has responsibility for verification of the Auditors' compliance with these criteria.

The Board of Statutory Auditors:

- verified the independence of its members at the first opportunity after their appointment and, more specifically, during the session of 17 May 2018;
 - during the session of 23 January 2020, verified the independence requirements of its members during the year 2019.
- in making the above evaluations, the corporate bodies have applied the criteria envisaged by the Consolidated Law on Finance with reference to the independence of the Directors. In any case, it should be noted that Application Criterion 3.C.1, letter d) of the Italian Corporate Governance Code is not applicable to the Board of Statutory Auditors, since the Auditors' compensation is fixed for the three-year term of office, as provided by law.

The Auditors in office must also be enrolled in the Register Of Chartered Accountants.

Under current legislation, it should also be noted that the position of member of an issuer's auditing body cannot be held by persons who hold the same office in five issuers. Unless they hold the position of member of the auditing body in a single issuer, they may hold other positions as directors or auditors in Italian corporations within the limits set by Consob in this regard, with their own regulations. The Auditors must, using the procedures and conditions provided by applicable regulations, to report the positions taken or terminated to Consob, who shall publish the acquired information on its website.

Application Criterion 8.C.4 of the Italian Corporate Governance Code provides that a Standing Auditor who, on their own behalf or that of third parties, has any interest in a specific transaction of the Issuer, must fully and promptly inform the other Auditors and the Chairperson of the Board of Directors regarding the nature, terms, origin and scope of their interest. During 2019, no situations occurred in which the members of the Board of Statutory Auditors were required to make such a statement.

With regard to the operating recommendation for determining the Auditors' remuneration under Application Criterion 8.C.4 of the Italian Corporate Governance Code, note that, pursuant to Article 30 of the current by-laws, the shareholders formulate the remuneration of the Board, taking into account the commitment asked of its members, the importance of their role and the size and sectoral characteristics of IREN. The decision is also taken on the basis of an investigation into benchmarks regarding the peer panels.

13.5 – The role of the Board of Statutory Auditors.

Under the traditional model of governance adopted by IREN, the Board of Statutory Auditors, acting in complete freedom and independence within the Company and for its elector Shareholders, in accordance with the Consolidated Law on Finance and the recommendations of the Italian Corporate Governance Code, supervises the following:

- compliance with the law and by-laws, in force *pro tempore* (including, *inter alia*, fulfilment of the requirement to prepare and publish the Non-Financial Declaration pursuant to Italian Legislative Decree No. 254 of 30 December 2016);
- compliance of procedures adopted by IREN with the principles indicated by Consob regarding related parties, as well as respective compliance;
- compliance with the principles of proper management;
- the adequacy of the Company's organisational structure for relevant issues, the internal control system and administrative and accounting system and the latter's reliability in correctly representing management operations;
- the procedures for the practical implementation of the corporate governance rules of the Italian Corporate Governance Code;
- the adequacy of the Company's instructions to its subsidiaries to ensure proper compliance with the disclosure obligations provided by law.

Furthermore, pursuant to Article 19 of Italian Legislative Decree No. 39 of 27 January 2010 and articles 5, 6 and 16 of European Regulation 537/2014 concerning statutory audits, the Board of Statutory Auditors, in its capacity as "Internal Audit and Independent Audit Committee" (hereinafter also "IAIAC"), must undertake the following:

- inform the Board of Directors of the outcome of the statutory audit and provide it with the independent auditors' report (so-called additional report) together with any observations;
- monitor the financial reporting process and present recommendations or proposals to ensure its integrity;
- monitor the effectiveness of the internal quality control and risk management systems of the company and of the internal audit, as regards the financial reporting of IREN, without breaching its independence;
- monitor the statutory audit of the separate financial statements and consolidated financial statements, also taking into account any findings and conclusions of the quality controls carried out by Consob;
- review and monitor the autonomy of the independent auditors, especially concerning the adequacy of the provision of non-audit services, and, more specifically: (i) contemplate the adoption of appropriate procedures for the prior authorisation of eligible non-audit services; (ii) evaluate in advance each request to refer to independent auditors for eligible non-audit services;
- undertake the selection procedure for the statutory auditor of the Group's accounts (also tasked with issuing the certificate of conformity of the non-financial declaration); following the selection procedure, it shall recommend to the shareholders' meeting the industry operators identified for the position.

The outcome of the supervisory activities of the Board of Statutory Auditors is shown in the report to the Shareholders' Meeting prepared pursuant to Article 153 of the Consolidated Law on Finance and annexed to the documentation of the financial statements. In this report, the Board also divulges the supervisory activities performed on compliance of the procedures adopted by IREN with the principles indicated by Consob concerning related parties, as well as on their compliance on the basis of the received information.

13.6 - Meetings and functioning.

During 2019, 21 meetings of the Board of Statutory Auditors were held, including through the use of audio and/or video links. The average duration of meetings was about 2 hours and 25 minutes, not counting the individual preliminary activity of each Auditor relating to their supervision of the auditing body.

These meetings had an average attendance of 100% of the Statutory Auditors.

During the current year 2020, as of the date of approval of this Report, the Board of Statutory Auditors held four meetings.

In order to monitor the effective operation of the internal control system and risk management of the Group, in addition to ensuring the clear scheduling of the flow of information with the relevant company functions, the Board of Statutory Auditors urges the participation of at least one of its members in the numerous meetings of the Board of Directors and, above all, of the Board committees, in order to thoroughly examine, from the preliminary stage onwards, the themes and decisions outlined to the board by the delegated bodies. The presence of at least one Statutory Auditor in these meetings ensures a constant and timely exchange of information relevant to the performance of the respective duties of the corporate and examining bodies, having regard to the Company's business and the most important economic, financial and transactions performed by it and its subsidiaries, as well as to operations in which the Directors have an interest on behalf of third parties.

In this context, it should be pointed out that all explanatory documentation prepared for the abovementioned meetings is also made available to the members of the Board of Statutory Auditors, subject to the same times and procedures for electronic access provided for Directors. In the event that none of the Standing Auditors is present at board meetings, or where the procedures described above do not ensure that information is provided at least once per quarter, each delegated body shall report in writing on their competent activities to the Chairperson of the Board within a maximum period of three months.

In carrying out its supervisory activities, the Board of Statutory Auditors has worked proactively and purposefully with the Internal Audit function, periodically acquiring information from the relevant contact persons about the progress of the Audit Plan prepared for 2019, and the results of the controls carried out, as well as requesting the execution of extraordinary audits subject to positive feedback in that regard by the competent delegated body.

As already mentioned, the Board of Statutory Auditors also coordinates its work with the Control, Risk and Sustainability Committee (CRSC) through participation, in the meetings of the mentioned Committee, by the Chairperson of the Board of Auditors or another Standing Auditor, in order to acquire information related to the internal control and risk management system adopted by the Company, and all information and/or clarification deemed useful for the conduct of its supervisory activities.

For further information on the role of the Board of Statutory Auditors and its coordination with other organs and functions under the internal control and risk management system, please refer to **para. 11.7** of this Report.

For more details on the composition and functioning of the Board of Statutory Auditors, please refer to **Table 3** at the end of this Report.

14- RELATIONS WITH SHAREHOLDERS

The company greatly values communication with shareholders, institutional investors and financial market intermediaries, in order to ensure the broad and timely dissemination of information on the company, in compliance with the provisions issued by the competent authorities.

IREN has established within its organisational structure a dedicated Investor Relations department, with Mr Domma appointed to the position of Manager. The department is responsible for managing relationships with shareholders and the financial market in general, and publishes in accordance with rules of objectivity and transparency, the information collected by the IREN Group.

The Corporate Affairs Department oversees institutional relations with Consob and Borsa Italiana and, where necessary, may rely on the support of the Investor Relations Department.

During 2019, the Investor Relations Department developed relations with Italian and foreign institutional investors and financial analysts, particularly by organising or taking part in about 17 events that have involved the major financial centres of Europe (London, Geneva, Paris, Brussels, Luxembourg, Frankfurt and Milan) and Australia (Sydney), creating relations with a total of about 123 investment funds.

For relations with shareholders and the financial market, IREN also makes use of the Investors section of the Company's website (www.gruppoiren.it), where information about the IREN Group that is relevant to its shareholders is provided, in order to enable them to consciously exercise their rights.

15-SHAREHOLDERS' MEETINGS

The Shareholders' Meeting of 6 May 2011 approved the alignment of the by-laws then in force with the rules provided by Italian Legislative Decree No. 10 of 27 January 2010 (the so-called "Record date"), Article 2391-*bis* of the Italian Civil Code and Consob Resolution No. 17221 of 12 March 2010 as amended and supplemented (Related party transactions). In addition, the Board of Directors on 14 November 2012 approved the adaptation of the by-laws to the provisions of Italian Law No. 120 of 12 July 2011 in terms of equal access to the management and control bodies of listed companies, and to Italian Legislative Decree No. 91 of 18 June 2012 concerning shareholders' rights.

The Shareholders' Meeting of 5 April 2019 resolved to amend the by-laws. The text currently in force is due to an amendment approved by the Board of Directors on 25 March 2020 by virtue of the specifications provided by Article 25.5 (viii) of the same, as mentioned above.

According to the by-laws, both ordinary and extraordinary meetings are convened pursuant to law with publication on the Company's website (www.gruppoiren.it), and pursuant also to any other provisions of law.

The meeting is held at least once a year no more than 180 (one hundred eighty) days from closure of the financial year for approval of the financial statements, since the Company is required to prepare consolidated financial statements. Ordinary and extraordinary meetings are called under the circumstances and procedures according to law; they are held at the registered offices or elsewhere, provided it is in Italy.

The meeting can also be called under other circumstances according to law within the legally established term. The Directors must call a shareholders' meeting without delays when requested by the number of shareholders representing at least one-third of the share capital. Shareholders may not call a meeting to discuss agenda items on which the ordinary shareholders' meeting resolves, in accordance with the law, on the proposal of the Directors or on the basis of a plan or report they have prepared. Shareholders requesting a meeting must prepare a report on proposals relating to agenda items; the Board of Directors shall make the report publicly available, together with their evaluations if any, at the same time as the publication of the meeting call, at the registered offices, on the Company's website (www.gruppoiren.it) and by other means provided by Consob regulations.

The meeting is called under terms of law, with the publication of the announcement performed pursuant to the provisions of the law on the Company's website (www.gruppoiren.it), and any other procedures provided by legislation.

Shareholders who jointly represent at least one fortieth of the share capital may request, under the terms and procedures and within the limits prescribed by current law, the extension of the list of items to be discussed, indicating in the request the additional items proposed or submitting new resolution proposals for items already on the agenda.

Ordinary and extraordinary Shareholders' Meetings are held in a single call, subject to the constitutive and deliberative quorums provided by law for Ordinary Meetings on second call and Extraordinary Meetings after the second call. If deemed appropriate by the Board of Directors, the call notice may also provide for the day for the second call, and for the Extraordinary Meeting only, for a subsequent call.

The call notice must contain an indication of the day, time, and place of the meeting, as well as the list of matters to be discussed and other information required by current laws and regulations.

The right to attend shareholders' meetings and to exercise voting rights is certified by notification to the Company, in accordance with current legislation, by an authorised intermediary, in accordance with its accounting records, supporting the person entitled to vote. The notification is effected on the basis of evidence at the end of the accounting day of the seventh trading day before the date set for the meeting in first or single call. Credit and debit registrations made on accounts after that deadline do not count for the purposes of legitimising the exercise of the right to vote in the Shareholders' Meeting.

Each shareholder entitled to attend the Meeting may be represented by proxy pursuant to law. Electronic notification of the proxy may be made by using the appropriate section of the Company's website (www.gruppoiren.it) or by message sent to the certified electronic mail address as specified in the call notice.

The Company may designate for each meeting, for the first and the subsequent calls, a person to whom shareholders may confer a proxy with voting instructions on all or some of the items on the agenda. This authorisation shall be granted according to the procedure indicated in the call notice, by the end of the second trading day before the date set for the meeting, also for calls subsequent to the first. The proxy is not valid for proposals for which no voting instructions have been given.

The meeting is chaired by the Chairperson of the Board of Directors or, in their absence, by the Vice Chair, or in the absence of the Vice Chair, the Chief Executive Officer or, in the absence all the above, by a person elected by the meeting, with the majority vote of those present.

The Chairperson of the meeting shall appoint a secretary, who may be a non-shareholder and, if appropriate, chooses two scrutineers.

The Chairperson of the shareholders' meeting verifies that the meeting is properly constituted, ascertains the identity and legitimacy of those present, moderates the conduct of the meeting, in compliance with the Shareholders' Meeting regulations (where applicable) and ascertains the voting results.

Pursuant to article 16 of the current by-laws, the resolutions of the Shareholders' Meetings, except as indicated below with reference to increased voting rights, are passed with the constitutive and deliberative majorities established by law. For the appointment of directors and the members of the Board of Statutory Auditors, the meeting shall resolve by relative majority and the provisions of articles 19 and 28 of the current by-laws shall in any case apply.

In particular, pursuant to Article 6-bis of the by-laws, each share gives entitlement to two votes in shareholder resolutions relating to the following matters (i) the amendment of articles 6-bis, 6-ter, 6-quater and 9 of the by-laws, (ii) the appointment and/or dismissal of members of the Board of Directors pursuant to Article 19 of the by-laws, as well as the undertaking of liability action towards them, and (iii) the appointment and/or dismissal of members of the Board of Statutory Auditors pursuant to Article 28 of the by-laws, as well as the undertaking of liability action against them, if both the following conditions are met:

- a) the voting rights are held by the same person by virtue of a valid right in rem (full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least 24 (twenty four) months from the date of effective registration of the person in the special list referred to in Article 6-ter ("**Special List**"); is
- b) the occurrence of the circumstances under (a) results also from an appropriate communication from the intermediary pursuant to the applicable rules or by ongoing inclusion in the Special List

The resolutions of the Shareholders' Meetings, except as provided by Article 6.1-bis (increased voting rights), are validly passed with the constitutive and deliberative majorities established by law. For the appointment of directors and the members of the Board of Statutory Auditors, the meeting shall resolve by relative majority and the provisions of articles 19 and 28 of the current by-laws shall in any case apply.

The Shareholders' Meeting resolutions, passed in compliance with the provisions of law and these by-laws, are binding for all shareholders, including those absent or dissenting.

The Board of Directors may use other methods to allow votes to be cast electronically.

With reference to the regulation referred to in Application Criterion 9.C.3. of the Italian Corporate Governance Code, the Board of Directors did not make a proposal to the Shareholders' Meeting in that regard, as the business of the meeting is ordered by the Chairperson at the start of each meeting.

The Shareholders' Meetings are normally attended by all the Directors.

The Meetings are an occasion for informing Shareholders about the Company, in compliance with regulations on inside information. In particular, The Board of Directors has reported to the Shareholders' Meeting on the activities performed and planned, and of Directors has made efforts to provide shareholders with proper and essential information for them to be able to take informed decisions on the competent matters of the shareholders' meeting.

On 5 April 2019, a shareholders' meeting of IREN SpA was held to resolve on (i), in extraordinary session, the proposal to amend the by-laws and (ii) in ordinary session, the proposal to authorise the Board of Directors to purchase and dispose of treasury shares. This meeting was attended by eight members of the Board of Directors.

More specifically, with regard to the amendment of the by-laws, the Extraordinary Shareholders meeting was called at the request of the Municipality of Reggio Emilia shareholder in accordance with Article 2367 of the Italian Civil Code.

The Shareholders Meeting of 22 May 2019, called for renewal of the Board, among other things, was attended by seven directors in office at that date.

During 2019, the FTSE Italia All-Share (the main Borsa Italiana index) reported an increase of 27.2% supported by the relaxing of trade tensions between China and the USA and the favourable monetary policy that contributed to the reduction of the BTP - Bund spread recorded in 2019, which also points to lower risk for Italy.

As regards positive financial markets, multi-utilities with a significant proportion of regulated activities have been particularly favoured by the market due to the stability of their cash flows. In a scenario in where bond yields are close to zero, such flows make multi-utilities more attractive to investors seeking a steady return. IREN stock has outperformed the index, despite exposure to the energy markets, recording its highest-ever price from the merger of the Iride and Enia companies on 12 December.

At 30 December 2019, the last trading day in the year, the price of IREN stock stood at 2.762 euro per share, up by 31.8% compared to the price at the beginning of the year, with average trading volumes exchanged during the period amounting to approximately 2.124 million units.

The average price in 2019 was 2.396 euro per share. The maximum of the period was recorded on 12 December 2019, at 2.834 euro per share; the minimum of the period, 2.054 euro per share, was instead recorded on 9 May.

16 - ADDITIONAL COMPANY GOVERNANCE PRACTICES

Unless already reported above in the sections of this Report, the Company does not adopt additional corporate governance practices.

17 - CHANGES SINCE THE END OF THE FINANCIAL YEAR 2019

Any eventual changes in the corporate governance structure of the Company between the end of 2019 and the date of approval of this Report, it is acknowledged in the respective sections.

On 23 January 2020 the Board of Directors approved the company event calendar for 2020. This calendar was published on the Company's website (www.gruppoiren.it).

18 - CONSIDERATIONS ON THE LETTER OF 19 DECEMBER 2019 FROM THE CHAIRPERSON OF THE COMMITTEE FOR CORPORATE GOVERNANCE

In a letter of 19 December 2019 to the Chairpersons, Managing Directors and to the Chairpersons of the auditing bodies of listed Italian companies (to which the VII Report on the application of the Italian Corporate Governance Code is annexed), the Italian Corporate Governance Committee identified four main areas in which it called on issuers to comply more consciously with the recommendations of the Code and to improve the associated disclosure to the market ("**Corporate Governance Recommendations 2020**"), largely relating to:

- **more effective integration of sustainability issues in remuneration strategies and policy**, based also on an analysis of the relevance of the factors that may affect the generation of value in the long term;
- **improvement of the management of pre-board information flows**, through the adoption of a regulation that harmonises the need for confidentiality with the completeness, usability and timeliness of information;
- **improvement in the Board of Directors' effective application of the independence criteria** recommended by the Italian Corporate Governance Code, with particular regard to an evaluation of the "significance" of any relationship examined under quali-quantitative criteria defined ex ante, reiterating, in any case, the exceptional features and the individual justification for deviating from the recommended criteria;
- **verification of the adequacy of the fees paid to non-executive directors and to members of the auditing body** in relation to the competence, professionalism and commitment required by the position in question, through benchmarking with the remuneration practices common in the reference sectors and in companies of similar size.

Pursuant to its recommendations, the letter and its annex were made available to the IREN SpA Board of Directors in its meeting of 23 January 2020, to the committees created therein (first operative meetings held in January and February 2020) and to the Board of Statutory Auditors, at its meeting of 23 January 2020.

More specifically, the Company's executive body, at the Chairperson's suggestion in the aforementioned session, carefully examined the text of the letter and the salient points highlighted therein, observing that, overall and notwithstanding the need for continuous monitoring to achieve further improvements, the IREN SpA system of governance is substantially aligned with the recommendations in the letter. In particular:

- the Company seeks to integrate sustainability issues in the definition of remuneration strategies and policy. With regard specifically to the last profile, and the initiatives adopted for the current year, please refer to the Report on the 2020 Remuneration Policy and Compensation paid in 2019, drawn up pursuant to Article 123-ter of the Consolidated Law on Finance;
- the Company's Board of Directors considered, for the purpose of the board evaluation for the financial year 2019, as reported in the relevant paragraph, the specific issues of the adequacy and completeness of the pre-meeting information, governed in any case since 2014 by special rules, which the serving Board of Directors acknowledged, following its entry into office.

- also for the current term of office and in continuity with the past, the Company's Board of Directors, availing of quantitative parameters, "detailed" the significance of any commercial, financial and professional relationships existing with the Company Directors, as well as any remuneration beyond their Board Director fixed compensation that may compromise their independence.

With specific reference to remuneration, the Remuneration and Appointments Committee of the Company was instructed by the Board to carry out a study, and did so assisted by an independent advisor, on the remuneration position of non-executive Directors of the Company and of the members of the Board committees. The outcome of this study – reported separately to the Board of Directors on 25 March 2020 – showed that the fees of non-executive directors and of members of the Board committees are set at below the first market quartile (i.e. the average where quartile distribution is not available).

TABLE 1. INFORMATION ON OWNERSHIP STRUCTURES

As of 31 December 2019, the share capital subscribed and paid is equal to 1,300,931,377.00 Euro, and consists solely of ordinary shares, each with a nominal value of 1 Euro.

SHARE CAPITAL STRUCTURE					
	<i>No. Shares</i>	<i>Nominal value</i>	<i>% in relation to share capital</i>	<i>Listed/ Not listed</i>	<i>Rights and obligations</i>
Ordinary shares	1,300,931,377	1.00 Euro	100.000	Listed on Borsa Italiana	
Total	1,300,931,377		100.000		

SIGNIFICANT INVESTMENTS IN THE SHARE CAPITAL (AT 31 DECEMBER 2019)		
Declarant	% share of capital	% voting rights of total of voting rights **
FSU srl	18.851	23.748
FCT Holding SpA	13.803	18.632
Municipality of Reggio Emilia	6.423	8.670
Municipality of Parma *	3.163	4.271

*The Municipality of Parma invests directly with 0.43% of the share capital with voting rights, and indirectly through its STT subsidiaries with 1.179% of the voting share capital and Parma Infrastrutture SpA with 1.554 % of the voting share capital.

**Voting rights with reference to shareholder resolutions with increased votes under Article 6-bis of the by-laws.

TABLE 2. STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES.

Board of Directors (as at 31 December 2019)													Control, Risk and Sustainability Committee		Remuneration and Appointments Committee		Committee for Transactions with Related Parties	
Office	Members	Year established	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Executive	Non-executive	Independ. under Code	Independ. under CFA	(***)	No. of other positions (****)	(*****)	(***)	(*****)	(***)	(*****)	(***)
CHAIR	Renato Boero *	09/03/1962	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	YES	-	-	-	13/13	-	-	-	-	-	-	-
DEP CHAIR	Moris Ferretti *	28/05/1972	4/6/2015 ⁽¹⁾	22/05/2019	Approval Fin. Stat. 2021A	M	YES	-	-	-	22/22	2	-	-	M	11/11	-	-
CEO and GM	Massimiliano Bianco *	30/08/1971	01/12/2014 ⁽²⁾	22/05/2019	Approval Fin. Stat. 2021	M	YES	-	-	-	22/22	-	-	-	-	-	-	-
Director	Sonia Maria Margherita Cantoni	16/02/1958	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	13/13	-	M	12/12	-	-	-	-
Director	Enrica Maria Ghia	26/11/1969	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	m	-	YES	YES	YES	12/13	1	M	11/12	-	-	-	-
Director	Pietro Paolo Giampellegrini	14/11/1968	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	11/13	-	-	-	P	8/8	-	-
Director	Alessandro Giglio	30/7/19652	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	13/13	2	-	-	-	-	M	8/8
Director	Francesca Grasselli	13/06/1979	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	13/13	2	-	-	M	8/8	-	1/1 ⁽⁴⁾
Director	Maurizio Irrera	17/09/1958	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	-	-	12/13	3	-	-	M	8/8	-	-
Director	Cristiano Lavaggi	08/08/1975	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	-	YES	13/13	1	M	12/12	-	-	-	-
Director	Ginevra Virginia Lombardi	04/07/1966	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	13/13	1	-	-	-	-	M	5/7
Director	Giacomo Malmesi	29/10/1971	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	13/13	3	P	12/12	-	-	M	7/7
Director	Tiziana Merlino	08/06/1974	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	-	YES	13/13	-	-	-	-	-	-	-
Director	Gianluca Micconi	19/03/1956	22/05/2019	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	13/13	-	-	-	-	-	-	-
Director	Licia Soncini	24/04/1961	09/05/2016 ⁽³⁾	22/05/2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	19/22	2	-	-	-	-	P	10/10
Directors who left office in 2019																		
CHAIR	Paolo Peveraro	05/07/1956	09/05/2016	09/05/2016	Approval Fin. Stat. 2018	M	YES	-	-	-	9/9	-	-	-	-	-	-	-
DEP CHAIR	Ettore Rocchi *	20/11/1964	27/08/2010	09/05/2016	Approval Fin. Stat. 2018	M	YES	-	-	-	7/9	-	-	-	-	-	-	-
Director	Lorenza Franca Franzino	05/04/1955	09/05/2016	09/05/2016	Approval Fin. Stat. 2018	M	-	YES	YES	YES	9/9	-	-	-	-	-	M	2/2
Director	Alessandro Ghibellini	15/10/1947	27/06/2013	09/05/2016	Approval Fin. Stat. 2018	M	-	YES	YES	YES	9/9	-	M	5/8	-	-	-	-
Director	Fabiola Mascardi	04/12/1962	27/06/2013	09/05/2016	Approval Fin. Stat. 2018	M	-	YES	YES	YES	9/9	-	-	-	-	-	-	-
Director	Marco Mezzalama	17/09/1948	09/05/2016	09/05/2016	Approval Fin. Stat. 2018	M	-	YES	YES	YES	9/9	-	M	8/8	-	-	-	-

Director	Paolo Pietrogrande	19/06/1957	09/05/2016	09/05/2016	Approval Fin. Stat. 2018	m	-	YES	YES	YES	9/9	-	P	8/8	-	-	-	-
Director	Marta Rocco	03/11/1969	09/05/2016	09/05/2016	Approval Fin. Stat. 2018	M	-	YES	YES	YES	8/9	-	-	-	P	11/11	-	-
Director	Isabella Tagliavini	20/10/1958	09/05/2016	09/05/2016	Approval Fin. Stat. 2018	M	-	YES	-	-	9/9	-	-	-	M	11/11	-	-
Director	Barbara Zanardi	03/03/1977	27/06/2013	09/05/2016	Approval Fin. Stat. 2018	M	-	YES	YES	YES	9/9	-	-	-	-	-	P	2/2

Quorum required for the submission of lists at the time of the latest appointment: 1%

Number of meetings held in 2019:

BoD: 22

CRSC: 20

RAC: 19

CTRP: 10

NOTES

- Up to 22 May 2019, in relation to his appointment as Deputy Chairperson of IREN and also having regard to the powers attributed thereto, the role of director in charge of the Internal control and risk management system (ICRMS) was covered by Ettore Rocchi. In the resolution of 4 June 2019, the IREN Board of Directors appointed the directors Renato Boero, Massimiliano Bianco and Moris Ferretti to head the ICRMS, each with competence for the functions and authorisations they hold in their own right during the current term of office.
- (*) Date of first appointment means the date on which each director was appointed for the first time (ever) to the Board of Directors of IREN, a name the Issuer assumed with effect from 1 July 2010, the effective date of the merger of Enia SpA and Iride SpA.
- (**) This column indicates the list voted by the majority (M) or by a minority (m) from which each Director was taken.
- (***) This column indicates the number of meetings (of the Board of Directors and possibly the Board committees) that each director participated in during the year, compared to the total number of meetings that could have been attended (No. of meetings attended/No. of meetings held during the effective term of office of the director).
- (****) This column indicates the number of director or auditor positions held by each director in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies, as well as any further positions (excluding those in which IREN directly or indirectly holds an interest), disclosed by the person through completion of the appropriate self-declaration. For a list of positions of each director, as well as those that may be held in other Group companies, see **Table 4** below.
- (*****) This column indicates a Director's possible membership of a Board committee and specifies the role of Chairperson ("P") and member ("M"), in accordance with the composition of Board committees identified by IREN Board of Directors resolution of 30 May 2019, in order to ensure an optimal balance of professionalism and expertise within the committees and to safeguard compliance with Italian Corporate Governance Code recommendations. For the sake of completeness, note that from 22 May to 30 May 2019, the Board committees were made up as follows: (i) Control, Risk and Sustainability Committee, in the persons of Giacomo Malmesi, Enrica Maria Ghia and Sonia Maria Margherita Cantoni; (ii) Remuneration and Appointments Committee, in the persons of Pietro Paolo Giampellegrini, Maurizio Irrera and Cristiano Lavaggi; (iii) Committee for Transactions with Related Parties, in the persons of Licia Soncini, Alessandro Giglio and Francesca Grasselli.
- (1) Formerly a Director and member of the Remuneration and Appointments Committee with effect from June 4, 2015, Mr Ferretti was appointed Deputy Chairperson (with assignment of powers) by the IREN Board of Directors on 22 May 2019, immediately after his appointment as Director for the 2019-2021 triennium by the Shareholders' Meeting.
- (2) Formerly Chief Executive Officer as from 1 December 2014, Mr Bianco was appointed to this position (with assignment of powers) by the IREN Board of Director on 22 May 2019, immediately after his appointment as Director for the 2019-2021 triennium by the Shareholders' Meeting. With a resolution of 2 July 2019, Mr Bianco was also appointed to the position of General Manager by the IREN Board of Directors.
- (3) Formerly a Director and member of the Committee for Transactions with Related Parties in the previous term of office as from 9 May 2016, Ms Licia Soncini was appointed to the position of Director for the 2019-2021 triennium by the Shareholders' Meeting held on 22 May 2019, while a resolution of 29 May 2019 appointed her Chairperson of the Committee for Transactions with Related Parties.
- (4) From 22 May to 30 May 2019 (the date on which the Company's Board of Directors adjusted the composition of the committees - including the CTRP (Committee for Transaction with Related Parties) - with the aim of ensuring an optimal balance of professionalism and expertise), the following non-executive and independent directors were members of the Committee: Dr. Licia Soncini - in the position of Chairperson since 29 May 2019; Alessandro Giglio and Francesca Grasselli.

TABLE 3. STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors (at 31 December 2019)									
Office	Members	Year established	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Independence under Code	Participation at Board meetings (***)	Number of other positions (****)
Chairperson	Michele Rutigliano	06/10/1953	28/04/2015 ⁽¹⁾	19/04/2018	Approval of 2020 Financial Statements	M	YES	21/21	6
Standing Auditor	Simone Caprari	10/01/1975	19/04/2018	19/04/2018	Approval of 2020 Financial Statements	M	YES	21/21	9
Standing Auditor	Cristina Chiantia	07/05/1975	19/04/2018	19/04/2018	Approval of 2020 Financial Statements	M	YES	21/21	1
Supplementary Auditor	Donatella Busso	30/06/1973	19/04/2018	19/04/2018	Approval of 2020 Financial Statements	M	YES	-	4
Supplementary Auditor	Marco Rossi	05/01/1978	19/04/2018	19/04/2018	Approval of 2020 Financial Statements	M	YES	-	-
Quorum required for the submission of lists at the time of the latest appointment: 1%.									
Number of meetings held in 2019: 21									

NOTES

(*) The date of first appointment of each auditor (standing or supplementary) means the date when the auditor was appointed for the first time ever to the Board of Statutory Auditors of the Issuer.

(**) This column indicates the list voted by the majority (M) or by a minority (m) from which each auditor (standing or supplementary) was picked.

(***) This column indicates the number of meetings that each Standing Auditor participated in during the year, compared to the total number of meetings that could have been attended (No. of meetings attended/No. of meetings held during the effective term of office of the party concerned).

(****) This column indicates the number of positions of director or auditor held by each Auditor (standing or supplementary) pursuant to Article 148-bis of the Consolidated Law on Finance and the related implementing provisions of the Issuer Regulations, indicated by the party concerned via completion of a specific self-declaration. The full list of positions is published by Consob on its website (www.consob.it) pursuant to Article 144-quinquiesdecies of the Issuers' Regulation.

(1) Former Chairperson of the Board of Statutory Auditors in the previous term of office as from 28 April 2015, he was confirmed in this position for the 2018 to 2020 triennium by the Shareholders' Meeting of 19 April 2018.

TABLE 4. OFFICES HELD BY DIRECTORS IN OTHER COMPANIES

The following table shows, for each Director of IREN SpA in office at the date of this Report, the positions of director or auditor held – also at the date of this Report – in other companies listed on regulated markets including abroad, in financial, banking, insurance or large companies, as well as any positions in companies without these characteristics: The Board considered that the positions mentioned above may be considered compatible with the effective performance of the role of Director of IREN SpA

Renato BOERO (Chairperson)	Moris Ferretti (Deputy Chairperson)	Massimiliano BIANCO (Chief Executive Officer and General Manager)
-	Chairperson of IREN Energia S.p.A. (*)	-
	Director of CCPL S.p.A.	
	Director of CCPL 2 S.p.A.	

Sonia Maria Margherita CANTONI	Enrica Maria GHIA	Pietro Paolo GIAMPELLEGRINI
Director of IRETI S.p.A. (*)	Director of ISAGRO S.p.A.	Chairperson of IREN Mercato S.p.A. (*)

Alessandro GIGLIO	Francesca GRASELLI	Maurizio IRRERA
Director of IREN Energia S.p.A. (*)	Deputy Chairperson and Director of GHG Holding S.p.A.	Director of IREN Mercato S.p.A. (*)
Chairperson and Chief Executive Officer of Giglio Group SpA	Director of Grasselli S.p.A.	Deputy Chairperson and Director of REAM SGR S.p.A.
Director of Vertice 360		Director of PerMicro S.p.A.
		Chairperson of the Board of Statutory Auditors of AGFA Finance Italy SpA

Cristiano LAVAGGI	Ginevra Virginia LOMBARDI	Giacomo MALMESI
Sole Director of Liguria Patrimonio S.r.l.	Chairperson of the Supervisory Board of ASA S.p.A.	Director of IREN Ambiente S.p.A. (*)
		Director of Azienda Agricola Bocchi S.p.A.
		Vice Chairperson and Director of Parma Calcio Srl
		Director of SICEM Saga S.p.A.

Tiziana MERLINO	Gianluca MICCONI	Licia SONCINI
-	-	Chairperson of Centro Studi Parlamentari s.r.l.
		Director of Atlantia S.p.A. (since 18 April 2019)

(*) Companies in which IREN SpA holds an interest directly or indirectly.

ANNEX 1. PERSONAL AND PROFESSIONAL PROFILE OF EACH DIRECTOR

RENATO BOERO – CHAIRPERSON OF THE BOARD OF DIRECTORS



Company director in the field of environment, waste treatment and energy production.
Currently Chairperson of the Board of Directors of IREN SpA
Chairperson of the BoD of IREN Energia SpA (*from 12/2016 to 5/2019*)
Chairperson of the BoD of TRM SpA (*from 10/2016 to 10/2019*)
Member of the Executive Committee of Utilitalia (since November 2016)
Member of the Environment Steering Committee of Utilitalia (November 2016)
Chairperson of the of Waste Treatment Plants and Waste to Energy Commission of Utilitalia (from March 2017)
Substantial experience accrued in ENEL SpA, A2A SpA, AMSA SpA in managing complex systems for energy production from traditional gas and fossil sources in Italy and abroad, design and construction of waste treatment/recycling plants for conversion into products.

Optimisation and streamlining of organisational resources.

Plant management, environmental compliance and changes of plants for the creation of value.

Utilitalia is an Italian federation that brings together public service Companies operating in the water, environment, electricity and gas sectors, acting as their representative in European and national Institutions. It was created from the merger between Federutility (water and energy services) and Federambiente (environmental services).

LANGUAGE SKILLS:

English: professional

TRAINING

1987 Degree in Electronic Engineering from Politecnico di Torino

MORIS FERRETTI – DEPUTY CHAIRPERSON



Moris Ferretti was born in Reggio Emilia on 28 May 1972.

He graduated in Marketing (University of Modena and Reggio Emilia) and completed his education with various courses in business organisation and management at SDA, Cegos and Ifoa.

He gained his professional experience in complex medium-sized enterprises in various sectors ranging from industry to services to distribution, where, over the years, he held various positions, such as Personnel Manager, Operations Manager, General Manager and Chief Executive Officer.

In those roles he gained significant experience in more strategic areas such as organisational integration projects, streamlining of business costs and company restructuring.

Work experience

After some experience in seasonal work, the completion of his military service and a spell as a municipal councillor in Reggio Emilia, he began his career in 1996 as an assistant in the Personnel Department of

Unicarni. In 2000 he became Director of Personnel and Labour Relations and then, after a few years, Operations Manager and then Industrial Director, a post he held from 2008 to 2013 after the company's transformation into Unipeg, overseeing the coordination of major organisational integration projects and the subsequent streamlining of personnel and business costs.

In 2014 he took on the position of General Manager of Assofood Spa, where in 2015 he was assigned to the working group tasked with managing the corporate streamlining project and subsequent sale of industrial and commercial branches of the Group. The project concluded with the sale of these assets to leading European firms in the industry. In 2016 he was made Chairperson of the Coopbox Group (a company ex Article67) to coordinate the streamlining of the European plants and cost savings in the Italian plants. In 2017, he was appointed Chairperson and CEO of the industrial group CCPL Spa and took on the task of guiding the company's restructuring plan (Adr ex Article182 bis).

Appointments as Director

He has had directorships in companies of various types: listed companies, cooperatives and private firms, including:

Director and Vice Chairperson of Boorea Sc (Lega Coop Emilia Ovest).

Managing Director of Assofood Spa, Chairperson and BoD member of Quanta Distribution.

BoD member and remuneration and appointments committee member of IREN Spa

BoD member of IRETI S.p.A.

Chairperson of the IREN Mercato SpA Board of Directors, a first-level IREN Group company operating in electricity, gas and heat distribution and customer management with revenues of 2.5 billion euro.

He is currently Chairperson of the Board of Directors of IREN Energia Spa, a first-level IREN Group company operating in electrical and thermal energy production and the management of district heating, public lighting, traffic light systems and technology services.

MASSIMILIANO BIANCO – CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER



CEO of the IREN Group since December 2014, Massimiliano Bianco has established an impressive career in the utility sector. Bianco comes from Federutility (now Utilitalia) – the Federation representing and protecting local public service companies active in the electricity, gas, water and environmental sectors – where, as General Manager, and based on his expertise acquired in the sector, he also served as the liaison between local industrial public services, firstly for Spending Review Commissioner Carlo Cottarelli and then the government for the drafting of article 43 of the 2015 Stability Law regarding to "Streamlining of local investee companies".

Born in Gioia del Colle (province of Bari) in 1971, obtaining a degree with honours from Bocconi University in Milan, Bianco was General Manager of Acquedotto Pugliese (the largest public services company in southern Italy) from 2005 to 2013. Under his management, the company increased its annual profits from

1 to about 40 million euro (2013) and almost tripled its EBITDA (nearly 170 million euro in 2013); at the same time, despite an almost tenfold increase in the company's annual investment capacity (on average about 160 million euro per year), the net financial position remained substantially unchanged.

Massimiliano Bianco was given the award "Utility Manager of the Year 2016" by the journal "Management delle Utilities e delle infrastrutture" (Management of Utilities and Infrastructures) Italy's leading publication in the public utility services sector. The decision for and the Award was based on "the structured plan for the relaunch of IREN with a view to sustainable development attentive to the needs of local areas".

Under Bianco's leadership the IREN Group has redefined and focused its business model, pursuing continuous rationalisation and streamlining of internal processes, investment selectivity for profitability and attention to the new needs of customers.

Bianco also accrued significant experience in the utilities and infrastructure sector, serving as a top-level advisor at Gallo & C. (part of the Meliorbanca Group, an independent investment bank that was listed at the time), assisting, among others, companies and local entities in numerous M&A operations, disposals and finance projects, etc.

SONIA CANTONI



Sonia Cantoni was born in Milan in 1958. A graduate in Agricultural Sciences, specialising in agricultural engineering and economics, she has many years' experience in the environmental sector and in public administration, both as employee and consultant. She started her career as a Project Manager and was then Environmental Director of Lombardia Risorse, a public company of the Lombardy Regional Government. From 1999 to the end of 2001 she was a department director in the National Environment Agency. She then served as Councillor for environmental policies and equal opportunities in Sesto San Giovanni, a town of about 80,000 inhabitants. From September 2005 to March 2011 she was General Manager of the Environmental Protection Agency of the Tuscany Regional Government. In June 2011 Sonia Cantoni was appointed Chairperson of AMSA, an A2A Group concern and historic environmental services company in the city of Milan. She held the position until April 2013. From May 2013 to May 2019 she was a Director with environmental responsibility on the Board of Directors of the Cariplo Foundation. Since

February 2017 she has been a Director of the Giordano dell'Amore Social Venture Foundation, which promotes and supports the third sector, companies that generate social and environmental impact and social innovation. Since April 2018 she has been Chairperson of the Supervisory Board pursuant to Italian Legislative Decree no 231/2001 of the Fondazione Milano, an organisation set up and supported by the Municipality of Milan and active in the field of Higher Education. She has been a Director of IRETI SpA, a first-level Company of the IREN Group, since 1 July 2019.

ENRICA MARIA GHIA



She was admitted to the Bar of Milan and the Special Register of Supreme Court Barristers in 1998, the same year she began as a lawyer at the Ghia Law Firm. Since January 2002, she has been a managing partner in the firm, with offices in Milan and Rome and a roster of 15 lawyers, 10 paralegals and 20 employees.

Her areas of specialisation are corporate law, commercial law, business crisis law and banking law. She has been involved in corporate restructuring since 2008.

She is a lawyer and consultant of major Italian banks and assists numerous domestic and foreign companies operating in the industry and services sectors. Her work takes place both in and out of court, and is consistently focused on providing her customers with a practical approach to the problems they face.

In November 2017, she set up JurisNet Srl, a law firm with 10 partners and over 100 affiliates nationwide.

In April 2018 the firm won the 2018 Professionista Digitale award, organised by the Digital Observatory of

the Politecnico di Milano.

In December 2017, she worked with the National Fashion Chamber in the setting up of the CNMI Fashion Trust, whose aim is to support emerging designers with funding and mentorship. The CNMI Fashion Trust is part of a larger project launched by the British Fashion Council to develop social projects even in the Industry Luxury, in line with the new principals of corporate social responsibility. She currently serves as a Guardian.

In 2018, she founded JurisTech Srl, an innovative start-up in the legal tech industry that went on to develop the JurisPlatform collaboration suite.

PIETRO PAOLO GIAMPELLEGRINI



Pietro Paolo Giampellegrini was born in Massa on 14/11/1968

He graduated in Law in 1994 at the University of Parma, Italy. In 1997 he was admitted to Bar of Massa Carrara, subsequently qualifying to practice in the High Court and the Supreme Court of Cassation.

After working for a time as a freelancer lawyer, in December 2016 he was appointed General Secretary of the Liguria Regional Government, a position that involved, among other things, the coordination of the regional council's departments and sectors. He is currently still in the post.

Pietro Paolo Giampellegrini has been a Special Commissioner of the regional tourism promotion agency 'in Liguria' since April 2018.

In March this year he became a consultant in ICT for the public administration at the University of Genoa.

He has served as member of the Board of Directors of the Carige Foundation and has been a member of

the Board of Directors of Cornigliano SpA

One of many other positions held until 2015 was membership of the Supervisory Board pursuant to Italian Legislative Decree 231/01 of the Cassa di Risparmio di Carrara.

He has been Chairperson of the Board of Directors of IREN Mercato SpA, a first-level company of the IREN Group, since 28 June 2019.

ALESSANDRO GIGLIO



Born in Genoa in 1965, he obtained a master's degree in Performing Arts and Multimedia Production at the National Academy of Dramatic Arts and also completed a master's degree in Management at LUISS University in Rome. During his career he has held various positions including: National Vice Chairperson of UNAT-AGIS, member of the Technical Committee of the Ministry of Tourism and Entertainment, Europe General Manager for MGE, Arbitrator in the Governing Council of Confindustria Radio Televisione.

Prior to founding the Giglio Group, Alessandro Giglio devoted many years of his life to the design and production of major events and theatrical and TV shows. For television he has produced programs such as Carramba che Sorpresa (Rai 1), Segreti e Bugie (Rai 1), Navigator (Rai 1), and winner of the "Most Innovative European Programme of the Year" award at Cannes Mipcom in 2000).

In 2004 he organised the inaugural event of the first Formula 1 Grand Prix in Shanghai on behalf of the Presidency of the Council of Ministers and the Ministries of Foreign Affairs, Productive Activities and Labour, creating a virtual travelogue in discovery of Italy, broadcast live on CCTV to over 500 million Chinese and Asian viewers. Television publisher of channels Music Box, Live!, Acqua, Yacht & Sail, Nautical Channel and Play.me – the latter in 2010 becoming the world's first television channel streamed on Facebook.

In 2003 he founded the Giglio Group, now publicly listed on the MTA-Star segment of Borsa Italiana. The group has offices in Milan, New York, Hong Kong, Shanghai, Rome and Genoa and sets itself the goal of bringing the best of Made in Italy to the world. Having begun as a TV broadcaster, the Giglio Group has evolved to become a latest-generation e-commerce leader, developing cutting-edge digital solutions for fashion, food and design online.

Alessandro Giglio lives in Genoa, where he resides in the historic Palazzo Grimaldi. An aircraft pilot and boating enthusiast, he speaks fluent English and Mandarin and has two Italo-Chinese children aged five and ten years.

In addition to holding the position of Chairperson and CEO of the Giglio Group, he is currently Chairperson of Meridian Holding, a member of the IREN Group Board of Directors, IREN Energia, Vertice 360 (a Spanish company listed on the Madrid Stock Exchange) and Chairperson of the National Theatre of Genoa.

FRANCESCA GRASSELLI



Francesca Grasselli was born in Reggio Emilia in 1979.

She graduated with honours in Business Economics at the University of Modena and Reggio Emilia and gained a PhD in Financial Markets and Intermediaries at the Catholic University of the Sacred Heart (MI). Her specialisation was the evaluation of creditworthiness and the study of insolvency forecasting models in the light of Basle Agreements on the minimum capital requirements of banks.

From 2005 to 2009, she worked at the financial consulting firm K Finance, gaining experience in M&A and extraordinary finance with industrial counterparts and with private equity funds. She also developed the company's rating division, a path she has followed since 2010 in the company KF Economics, as a member of the Scientific Committee.

Since 2010 she has been CFO of Grasselli, a company that produces machinery for the food industry. In addition to finance-oriented activities, she is involved in strategic planning and streamlining of business

processes.

MAURIZIO IRRERA



Maurizio Irrera was born in Turin on 17 September 1958.

He graduated in law at the University of Turin in 1982 and in the following years developed significant experience as head of internal legal affairs of a major listed company. In 1989 he obtained a PhD in commercial law at the "L. Bocconi" University in Milan.

He is Professor of commercial law at the Department of Economics and Social Sciences and Mathematics and Statistics at the University of Turin. He has taught corporate governance law, bankruptcy and crisis law and corporate law for economics.

He was admitted to the Bar in 1985 and in 1997 qualified to practice in the High Courts. A founding partner of Studio Irrera - Avvocati Associati, he directs and coordinates all the firm's activities and provides, among other things, consulting and assistance in corporate, financial and company restructuring matters to industrial and commercial enterprises, banks and public companies.

Since 2013 he has been a Director of Fondazione CRT and Coordinator of the Foundation's Budget and Investment Commission.

He holds positions in the governing bodies of companies in the asset management, credit disbursement and leasing sectors: he is Deputy Chairperson of the Board of Directors of REAM SGR SpA; a member of the PerMicro SpA Board of Directors; Chairperson of the Board of Statutory Auditors of Agfa Finance SpA

He is a member of the Board of Directors of IREN Mercato S.p.A. and

Chairperson of the supervisory bodies of public companies and a member of the supervisory bodies in the health sector.

He has been a Director on the Board of a credit institute.

He is Chairperson of the Centro CRISI - Interdepartmental Research Centre on Enterprise, Over-indebtedness and Insolvency at the University of Turin.

He is the founder and chairperson of the RES Enterprise Studies Centre for the promotion and study of the culture of company and business law.

He has spoken at conferences, conventions and study meetings in corporate, commercial and business crisis fields.

He has authored over 120 scientific papers including monographs, essays, textbooks, encyclopaedia entries, articles and case notes on commercial, corporate and bankruptcy proceedings.

Among them are the following:

"Diritto del Governo delle Imprese", 2nd edition, edited by Maurizio Irrera, Giappichelli, 2020;

"Lineamenti di diritto assicurativo", edited by Maurizio Irrera, Zanichelli, 2019;

"Assetti e modelli organizzativi nella corporate governance delle società di capitali", a collective work edited by M. Irrera, Zanichelli, 2016;

"Le acquisizioni societarie", a collective work edited by M. Irrera, Zanichelli, 2011;

"L'assicurazione: l'impresa e il contratto", 2nd edition, In "Trattato di diritto commerciale", edited by G. Cottino, Cedam, 2011;

"Profili di corporate governance della società per azioni tra responsabilità, controlli e bilancio", Giuffrè, 2009;

"Il fallimento della società" (with O. Cagnasso), IPSOA, 2007;

"Assetti organizzativi adeguati e governo delle società di capitali", Giuffrè, 2005;

"Le delibere del consiglio di amministrazione: vizi e strumenti di tutela", Giuffrè, 2000;

"I 'prestiti' dei soci alla società", Cedam, 1992.

CRISTIANO LAVAGGI



Cristiano Lavaggi gained a diploma from the School of Accounting in 1994. In 2002 he gained a degree in Labour Consulting at the University of Siena and in 2005 completed a Masters in Labour Law and Personnel Management in Reggio Emilia. From 2008 to 2012 he undertook other Masters courses, specialising in Payroll and Personnel Management and in Bankruptcy Law.

In 1998 he began to practice as a labour consultant at the Manuela Demontis Accounting School.

In 2000 he was hired as a part-time employee at the Sandro Mazzi Studio, where he heads the accounting and tax declaration department. In 2004 he was worker as a external contractor for Studio Petacchi & C. srl, where he dealt with tax returns and 730, 770 and Unico forms.

Since 2009 he enrolled in ANCOT (Association of Laour Consultants) as a Tax Consulting Professional and has a studio in Castelnuovo Magra (SP), Via Aurelia 190. In 2010 he became a member of Studio Petacchi & Partners srl as a tax and labour adviser. He was a member of the Board of Directors of I.S.I. SpA until 2016.

In 2013 he gained a diploma as a corporate mediation professional, accredited by the Ministry of Justice.

Since 2005 he has been CEO of Società Liguria Patrimonio srl, a company wholly owned by Filse spa, Liguria Region (GE).

He also served as Chairperson of various local organisations until 2017 such as the Cassa Edile, Scuola Edile and CPT (Spezia Joint Committee).

VIRGINIA GINEVRA LOMBARDI



Ginevra Virginia Lombardi was born in Viareggio (LU) in 1966.

She is a lecturer at the Department of Economics and Business Science at the University of Florence and is the author of numerous scientific articles in national and international journals. She has been a visiting researcher at the University of Arizona (USA) and a visiting professor at BNU Beijing Normal University in Beijing. She has been an invited speaker at national and international conferences, has acted as rapporteur and co-rapporteur for several degree and PhD theses and is a winner of national awards for research. She has taught and continues to teach courses on subjects such as Principles of Economics, Economics and Enterprise Management, Economics, Land and Environment and Tourism Economics. She has coordinated scientific research projects, nationally and internationally. She has held administrative positions in local authorities and scientific coordination roles in industry and inter-university research centres. She is the

scientific leader of a circular economy research centre. She is the Europe representative for an international research network on Advances in Cleaner Production and is the editor of an international science journal.

GIACOMO MALMESI



Giacomo Malmesi was born in Parma (Pr) on 29 October 1971. He graduated in Law at the University of Parma, and is a lawyer admitted to the Court of Cassation. He is a legal consultant in the commercial and corporate sectors, dealing with commercial contracts, directors' liability, independent auditors and boards of statutory auditors, as well as banks' liability from aggravating financial collapse, abusive lending practices and in bankruptcy procedures. He is a consultant to the company and member of the Board of Directors. After the local football company declared insolvency in 2015, together with a group of entrepreneurs in the Parma region, he established Parma 1913. He holds the office of Deputy Chairperson and has contributed to the city's club been promoted from serie D to serie A.

TIZIANA MERLINO



Born in Finale Ligure (SV) 8 June 1974

she is a manager with extensive experience in innovation processes and organisational change, with particular expertise in the public sector.

In 1998 she graduated with honours in politics and economics at the University of Genoa and in 1999 obtained an "Innovator of the Public Administration" Masters degree.

She began her career in January 2000 with the Lattanzio Group SpA and worked there until 2011 as a consultant expert in innovation processes in the public administration.

From April 2011 to January 2016 she was Sales Operations Manager for Italy, Greece and Eastern Europe with a leading multinational manufacturer and supplier of dental and medical imaging systems and IT solutions.

In 2016 she began her career in the environmental sector as General Manager of Finale Ambiente SpA, a multi-service company operating in urban hygiene, pay parking areas, tourism marina and cemetery services in the municipalities of Finale Ligure and Orco Feglino.

Since October 2017 she has been General Manager of Amiu Genova SpA, a company that offers comprehensive services for waste cycle and environmental management in the Municipality of Genoa and works on public contracts in various municipalities of the Genoa metropolitan area.

GIANLUCA MICCONI



Gianluca Micconi was born in Ponte dell'Olio (PC) on 19 March 1956.

With a training background in sciences, he was Sole Director of Tempi Agenzia srl in Piacenza from March 2012 to April 2018, PDL municipal coordinator in the Municipality of Ponte dell'Olio from January 2010 to December 2014 and was a Director of the Consorzio Bonifica Cisterne of Piacenza from January 2014 to December 2003.

He has also been a member of Executive of Alleanza Nazionale of Piacenza and was a Provincial Councillor for the party from January 1998 to December 1999

He has had directorships in companies of various types including:

CRC srl., Centro Revisioni Diagnosi e Collaudi, Director.

PCM srl, Piacenza Collaudi e Manutenzioni, Director.

LICIA SONCINI



Born in Rome in 1961, Licia Soncini graduated with honours in Cultural Anthropology at the "La Sapienza" University of Rome (1986) and received a legislative consulting diploma from the Higher Institute of Legislative Studies (1990), under the patronage of the President of the Republic.

Since 1998 she has been founding partner and Chairperson of Nomos Parliamentary Studies Centre, which specialises in consulting for institutional relations and lobbying.

In Nomos she has worked with and supported customers in the energy sector since the time of the privatisation of State-owned companies (Edison, Unione Petrolifera, Total, Electricity Market Operator, Assogas) and since then has gone to work with pharmaceutical industry customers, for whom she provides policy and legislative advice.

At the end of 2013 she founded the Nomos Health Policy Laboratory, a company specialising in research and institutional communications in the healthcare sector, with a special focus on sustainable development

projects.

She has worked as a lecturer in "Information and publicising of parliamentary works", for the Masters course in Lobbying and Institutional Relations organised by the Luiss Management specialisation school and a lecturer in lobbying and institutional relations at the "Eidos" training school. After gaining experience in a Parliamentary Group (1985-1989), she then served as head of relations with Parliament for the Ferruzzi-Montedison Group (1989-1994), where her tasks included teaching energy sector denationalisation law.

From 2004 to 2007 he was sole director of Stratinvest-Ru, a consulting company for Italian companies seeking to operate in Russia.

From 2014 to 2017 she was Chairperson of the Nomos Health Policy Laboratory.

In May 2016 she was elected to the Board of Directors of IREN Spa.

In April 2019 he was elected to the board of directors of Atlantia Spa

In May 2019 was re-elected to the Board of Directors of IREN Spa

She has attended the following courses organised by Assogestioni and Assonime:

"Induction Session for independent directors and statutory auditors in the light of the new Italian Corporate Governance Code" (2013)

"Induction Session – Follow up. The responsibilities of directors and auditors in listed companies (2016)

"Induction Session – Follow up. The responsibilities of members of corporate bodies (26 May 2017)"

"Induction Session – Follow up. Sustainability and corporate governance" (11 May 2018)

"Induction Session - Follow up: the responsibilities of members of corporate bodies" (5 October 2018)

In 2019 she was selected for the course "In the boardroom", organised by Valore D. The one-year course began in October 2019.

ANNEX 2. PERSONAL AND PROFESSIONAL PROFILE OF EACH AUDITOR

MICHELE RUTIGLIANO – CHAIRPERSON



Michele Rutigliano was born in Milan on 6 October 1953. He is a Senior Lecturer in the School of Business Management at Bocconi University. Formerly, he was a Professor in Economics of Financial Intermediaries and a lecturer in Finance and Corporate Valuation at the University of Verona. Other lecturing work includes teaching at the Bocconi University and the University of Brescia and Udine. He specialised in Finance at the Wharton School, University of Pennsylvania. He is a Chartered Accountant and Statutory Auditor (Italian Ministerial Decree 15/11/1999, OJ No. 100 of 17/12/1999, No. 102591). Most of his professional activity is in arbitration and technical consulting (official and party-appointed) in banking and finance, damage assessment for infringement of intellectual property rights, corporate and intangible assets valuation. He provides consulting services

to the Court of Milan.

He is the author of numerous publications on business management, banking and finance, budgets, industrial property and corporate valuation. He is Chairperson of the Board of Statutory Auditors or Standing Auditor in industrial and financial companies. He has held numerous positions in corporate bodies of listed and non-listed companies in the industrial and financial sectors

SIMONE CAPRARI – STANDING AUDITOR



Born in Reggio Emilia, Simone is 45 years old and is an associate of Baldi & Partners Avvocati e Commercialisti (Reggio Emilia);

He is a former Chairperson of the Union of Young Chartered Accountants of Reggio Emilia and the Regional Coordinator for Emilia Romagna.

TRAINING

- 2012 - Completion of specialisation course "Financial Market Experts" organised by Borsa Italiana Spa and the National Council of Certified Public Accountants

- 2006 – Qualification to practice as a Chartered Accountant and Statutory Auditor

- 2000 - Degree in Business Administration at the University of Parma

SPECIFIC SKILLS ACCRUED

- Corporate and tax consulting

- Preparation of financial statements, budgets and business plans
- M&A and financial advisory activities
- Accounting and business due diligence
- Statutory Auditing in listed and non-listed industrial companies
- Statutory auditing
- Consulting for management and reorganisation of business processes

CRISTINA CHIANTIA – STANDING AUDITOR



Economics graduate, Chartered Accountant enrolled in the Register of Chartered Accountants and Accounting Experts of Turin, member of the Register of Chartered Accountants and the Register of Statutory Auditors of Local Authorities; Rapporteur at the School of Advanced Training of the Register of Chartered Accountants of Turin - Course practitioners special module "The business crisis"; Secretary of the National Commission of Statutory Auditors - UNGDCEC (National Union of Young Chartered Accountants). She is a Standing Auditor in companies operating in the energy, additive manufacturing, consulting and investment industries.

DONATELLA BUSSO - SUPPLEMENTARY AUDITOR

Donatella Busso was born in Savigliano (CN) on 30 June 1973.

She is a Professor of Business Economics at the University of Turin. Member of the Register of Chartered Accountants and Accounting Experts of Turin since 2017.

She is a member of AIDEA - Italian Academy of Business Economics and SIDREA - Italian Society of Accounting and Business Economics.

Scientific and professional activities:

Since 2010 she has been Chairperson of the Masters in Business Administration and Control at the University of Turin, where she is lecturer in International Accounting Standards, Consolidated Financial Statements and International GAAP.

From October 2008 to June 2012 she was Deputy President (then Deputy Director) of teaching at the Faculty of Economics (later Department of Management) at the University of Turin.

She is an Affiliate Professor at ESCP Europe.

She has written numerous publications on national and international accounting standards and corporate governance.

Since July 2017 she has been part of the Working Group for the National Accounting Standards established within the Italian Accounting Body

She provides professional consulting and training in financial reporting (national and international accounting standards) and other business topics

She has been a Supplementary Auditor of IREN S.p.A. since May 2018.

She is currently also an independent Director in Prima Industrie S.p.A., DeA Capital S.p.A., Banca 5 S.p.A. and UmbraGroup S.p.A She has previously held and currently holds the position of Statutory Auditor in other smaller companies

MARCO ROSSI – SUPPLEMENTARY AUDITOR

Marco Rossi was born in Piacenza on 5 January 1978

He has been a chartered accountant at Profis Studio from November 2016 and a partner since January 2017, performing statutory auditing and business consulting tasks.

He was a Senior Manager at Deloitte (formerly Arthur Andersen), where his career took the following progression: assistant in 2001, senior in 2003, manager in 2007, executive in 2008, senior manager in 2010 and senior associate manager in November 2016.

He performs statutory auditing and business, corporate and tax consulting services, offering high quality services to companies of different sizes. Thanks to a specific skill set, he offers integrated consulting services and support in the areas of auditing, mergers & acquisitions, preparation of consolidated financial statements, consulting and support in economic and financial analysis, consulting and support in business plan formulation, consulting on extraordinary operations and due diligence, consulting and support in preparing the calculation of production costs and profitability analysis, the drafting of company valuation appraisals, consulting in the identification and subsequent improvement of business processes.

In addition to his work in business he also teaches: he is adjunct professor on the course "Consolidated Financial Statements and International Accounting Standards" at the University of Parma and a teaching fellow in "Quantitative business methodologies and determinations" at the Catholic University of the Sacred Heart in Milan. He is also an IPSOA lecturer on statutory auditing and annual separate financial statements and contributes to Il Sole 24 Ore.

He is Chairperson of the Board of Statutory Auditors and a Standing Auditor in industrial companies. A chartered Accountant, he has been a member of the Register of Piacenza since 2009 and, as an auditor, member of the Register of Statutory Auditors since 2009.

ANNEX 3. MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The IREN Group has established an internal control and risk management system applicable to the financial reporting process and based on key national and international best practices. The model for control and monitoring of administrative and accounting processes is an integral part of the system.

The system as a whole is defined as the set of rules, procedures and organisational structures which – through a process of identification, measurement, management and monitoring of the main risks that could partly or wholly compromise its purpose – pursues the objectives of soundness, accuracy, reliability and timeliness of financial reporting.

The rules, procedures and organisational structures mentioned above are described in the model of governance, management and monitoring of the administrative and accounting system (the "**Model**"), designed to monitor sensitive processes for the purposes of economic, equity, accounting and financial reporting, and are distributed to all stakeholders. The "Model" describes the methods used and the responsibilities relevant to the definition, maintenance and monitoring of the system of administration procedures and accounting, and the evaluation of its effectiveness and appropriateness.

The "Model" was adopted by the IREN Group for the application of the provisions of Law 262/2005, "*Provisions for the protection of savings and regulation of financial markets*".

Responsibilities in the risk management and internal control system in relation to the financial reporting process

The manager in charge of financial reporting (hereinafter also "**Financial Reporting Manager**") is responsible for the "Model" and to this end shall, in collaboration with the competent corporate functions, prepare the administrative/accounting procedures for the drafting of the periodic financial reports and all other financial disclosures, certifying jointly with the Chief Executive Officer (Massimiliano Bianco), their adequacy and effective implementation during the period covered by the accounts.

The Board of Directors ensures, in accordance with Article 154-*bis* of the Consolidated Law on Finance, that the FRP has adequate powers and means to carry out the assigned tasks and to verify compliance with the above procedures.

The meeting of the IREN Board of Directors, held on 22 May 2019 immediately after the shareholders' meeting that appointed the Company's governing body for the 2019-2021 triennium, with the favourable opinion of the Board of Statutory Auditors, confirmed the appointment of Massimo Levrino, Administration, Finance and Control Manager of IREN SpA, to the aforementioned office for an indefinite term, having verified his possession of the requirements of the by-laws. The IREN Board of Directors, at its meeting of 26 August 2010, had approved the "Regulations for the governance of administrative and accounting procedures", and (i) had instructed the Executive Committee to make appropriate changes to the "Regulations" to ensure the effective and timely implementation of the provisions coming into force and had informed the Board at the time of providing it with the periodic reports; (ii) had instructed the Executive Committee to determine the spending budget that the Financial Reporting Manager would draw on to best perform his specific functions; (iii) had determined the remuneration provided by Article 36 of the by-laws to the Financial Reporting Manager at an amount equal to the payment awarded that the Shareholders' Meeting awarded to the individual members of the Board of Directors.

The Executive Committee was abolished as a result of the governance changes of 2013; its functions were therefore transferred to the Board of Directors (if not delegated to the executive directors).

The IREN Board of Directors, in its meeting of 10 July 2017 (i) approved the updating of the "Regulations for the governance of administrative and accounting procedures" and invited the Financial Reporting Manager to implement the IREN SpA structures and the Group Companies to which the regulations would apply; (ii) authorised the Financial Reporting Manager to make appropriate changes to the "Regulations" to ensure the effective and timely implementation of the provisions coming into force, including any updating of the corporate perimeter, also keeping the Board informed. The "Model" identified within the IREN Group is made up of the "Regulations for the governance of administrative and accounting procedures", the perimeter Companies and stakeholders, the information flows, the control and process oversight system, the methods of management and updating of the model, and identifies the perimeter Companies it addresses and the stakeholders.

The risk management and internal control system in relation to the financial reporting process

The design and structure of governance for the implementation of the "Model" involves the performance of a series of activities using an operational approach aimed at the documentation and verification of the internal control system relating to Financial Reporting (ICFR). The core implementation activities are:

- Planning and definition of the perimeter - the identification and assessment of the main risks (risk assessment) arising from the achievement of objectives inherent to the financial reporting process is a means of identifying the accounting areas/entries and companies/processes considered relevant in terms of potential impact on the process itself. The risk assessment, incorporating a set of quantitative and qualitative parameters, is developed both for the Group and the process.
- Documentation Process - the risk assessment is followed by the activity of identifying, through the documentation (risk and controls matrix and procedures) of the relevant processes, the specific controls aimed at acceptably reducing the risk related to failure to achieve the goals of soundness, accuracy, reliability and timeliness of financial reporting, at both Company and process levels.

The Model provides the macro-system of internal controls at company level; they include assigning responsibilities, powers and duties, the application of General Computer Controls on IT systems, the segregation of incompatible tasks and the definition of controls for each of the individual processes at risk. These include, for example, verification – based on supporting documentation – of correctly performed accounting recognition, verification of the correct authorisation path, performance of reconciliations and performance of consistency checks. The controls identified at the process level have also been categorised, based on their features, as manual controls and automatic controls and, in turn, as preventive and subsequent, depending on the time at which a transaction is entered in the accounts.

- Assessment of the adequacy of the controls - Unless company events dictate an alternative periodicity, the Financial Reporting Manager performs a six-monthly assessment of the design effectiveness and operating effectiveness of the internal controls for the accounting and financial system. This is done on the basis of evidence collected regarding:
 - ✓ the macro internal control system at company level;
 - ✓ sensitive processes for accounting and financial reporting purposes, bearing in mind the control tests conducted and monitoring of the progress of corrective actions taken.

For the execution of the related activities, the Financial Reporting Manager can make use of the organisational units of the IREN Administration, Finance and Control Department (which report to him) and can also depend on the full collaboration of the other structures of the Parent Company and subsidiaries. This solution makes the reference activities more structured, coordinated and comprehensive and allows for evaluation of the adequacy of the system that governs the preparation of company accounts.

The evaluation of the design effectiveness and operating effectiveness of the controls is done through testing, performed by the Internal Audit Function (as part of the Internal Audit and Compliance Department and) of the parent company.

- Information flows - The "Model" provides a structured system of information and Financial Reporting Manager reporting flows with IREN company structures and its subsidiaries. During the preparation of the annual and interim financial statements, the various corporate functions of the Parent Company and the subsidiaries provide the Financial Reporting Manager with specific certification on legal compliance, based on procedures defined in the Regulations

The Financial Reporting Manager provides the Board of Directors with:

- ✓ half-yearly results of the evaluations of the system of internal controls on accounting and financial reporting functional to the certifications required by law from the authorised administrative body and the Financial Reporting Manager. This is also in order to enable the Board of Directors to perform legally required oversight on effective compliance with administrative and accounting procedures and to ensure the Financial Reporting Manager has adequate powers and resources;
- ✓ quarterly information about any critical issues arising.

The information submitted to the Board of Directors is also previously presented to the Control, Risk and Sustainability Committee and the Board of Statutory Auditors for the purpose of performing the functions of oversight, provided by law and the by-laws, on the accounting system,. On such occasions, the independent auditors also participate in the meetings.

However, reference should be made to the provisions in the draft financial statements for 2019 (the "Risks and Uncertainties" section in the Directors' Report, and the "Group Financial Risk Management" section of the notes to the consolidated financial statements).



Iren S.p.A.

Via Nubi di Magellano, 30
42123 Reggio Emilia - Italy
www.gruppoiren.it