

Report on Corporate Governance and Ownership Structures

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

Exercise 2020

Approved by Board of Directors
on 13 April 2021



www.gruppoiren.it

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This is a translation of the Italian original “Relazione sul Governo Societario e gli Assetti Proprietari – Esercizio 2020” and has been prepared solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail. The Italian original is available at the website www.gruppoiren.it

INTRODUCTION

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

The Report is prepared in compliance with the disclosure obligations towards Shareholders and the market, as provided for by Art. 123-*bis* of Legislative Decree no. 58 of 24 February 1998 (hereinafter also "**Consolidated Law on Finance**" (TUF)), as subsequently supplemented.¹

The information provided therein refers, where not expressly indicated, to the 2020 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) by the current By-laws for Tier 1 Companies;
- III) by the provisions of the Corporate Governance Code, January 2020 version (henceforth also the "**Code**"), to which the Company² formally abided to by a resolution of the Board of Directors on 18 December 2020, also approving, on the same date, a document in which evidence is given of the governance solutions adopted by the Company with reference to the provisions of the Code.

In particular, in this regard, despite the fact that the Code is to be applied as from the first financial year after 31 December 2020, with the respective disclosure to the market in the Corporate Governance Report to be published in 2022, this Report takes into account the indications of the Code or, where otherwise specified, the indications of the Code in force at the time.

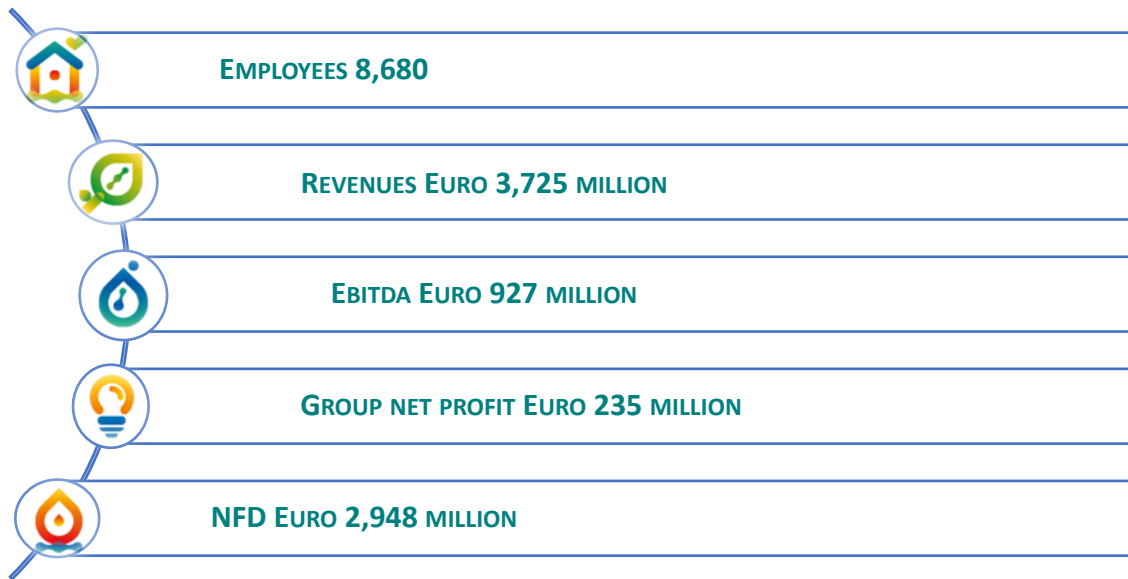
In order to ensure greater usability of the document, a brief "Executive Summary" introduces the Report summarizing its main contents.

¹ The provisions of Legislative Decree. no. 254 of 30 December 2016, which, *inter alia*, amended Art. 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 abided to the Code in the July 2015 version, with a resolution of the Board of Directors on 20 December 2016 and subsequently to the July 2018 version by resolution of 5 April 2019. ³ The independence assessments carried out through 31 December 2020, have accounted for the subject matter set forth in Application Criteria 3.C.1 of the Corporate Governance Code applicable up to that date, always taking into account the *governance* solutions adopted by the Company, as described in the body of the Report.

EXECUTIVE SUMMARY

MAIN COMPANY HIGHLIGHTS¹

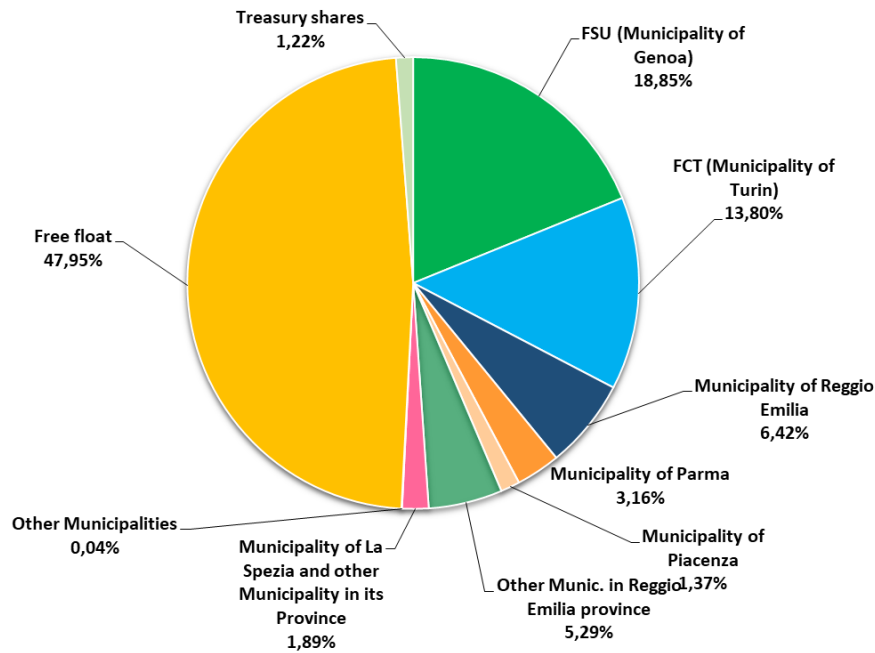


¹The figures shown refer to 31 December 2020 and the respective scope of consolidation

2018-2021 STOCK PERFORMANCE (UPDATED 5 APRIL 2021)



OWNERSHIP STRUCTURE - SHAREHOLDING (UPDATED 1 JANUARY 2021)

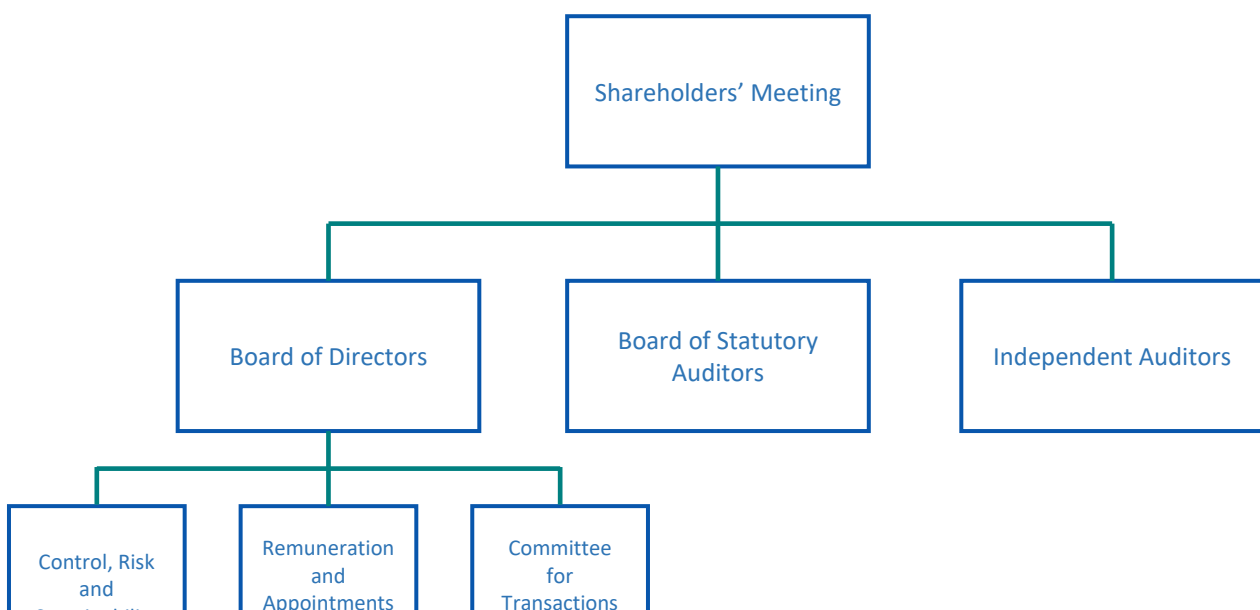


Shareholding Pattern *

	YES/NO	CAPITAL %
SHAREHOLDERS' AGREEMENT IN FORCE	YES	48.70%
PRESENCE OF MAJORITY VOTE	YES	49.24%
OWNERSHIP THRESHOLD FOR LIST SUBMISSION	YES	1%
PARTICIPATION OF ITALIAN CORPORATE INVESTORS (EXCLUDING PUBLIC SHAREHOLDERS)	YES	14.4%
PARTICIPATION OF FOREIGN CORPORATE INVESTORS	YES	25.7%
PRESENCE OF TREASURY SHARES	YES	1.22%

* DATA UPDATED WITH THE INFORMATION AVAILABLE AT 1 JANUARY 2021.

GOVERNANCE MODEL



FOCUS ON THE BOARD OF DIRECTORS

COMPOSITION



CHAIRMAN
RENATO BOERO



VICE CHAIRMAN
MORIS FERRETTI



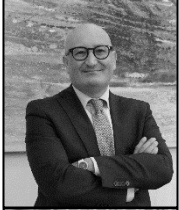
CEO AND GENERAL MANAGER
MASSIMILIANO BIANCO



DIRECTOR
SONIA MARIA MARGHERITA
CANTONI



DIRECTOR
ENRICA MARIA GHIA



DIRECTOR
PIETRO PAOLO
GIAMPELEGRINI



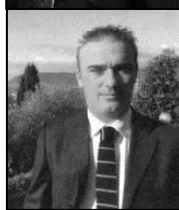
DIRECTOR
ALESSANDRO GIGLIO



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

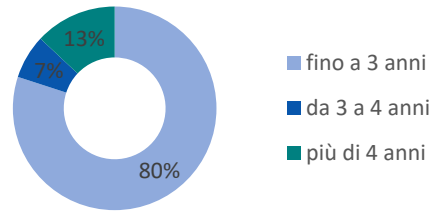


- ▲ Independent pursuant to the Italian Consolidated Law on Finance and the Italian Corporate Governance Code
- Control, Risk and Sustainability Committee
- Committee for Transactions with Related Parties (CTRP)
- Remuneration and Appointments Committee (RAC)
- Chairperson of the Committee

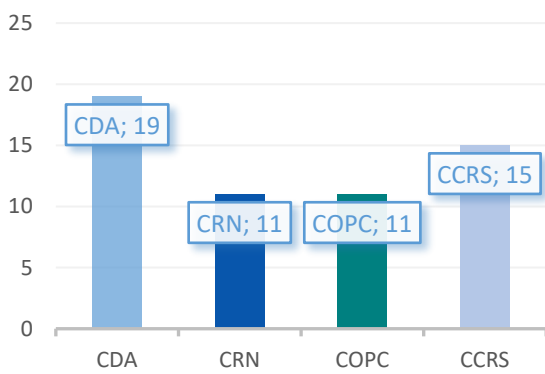
BOARD EVALUATION PROCESS

IMPLEMENTATION OF THE BOARD EVALUATION PROCESS	YES
EVALUATOR SUBJECT	ADVISOR
SELF-ASSESSMENT PROCEDURE	QUESTIONNAIRE AND INDIVIDUAL INTERVIEWS

COMPANY SENIORITY

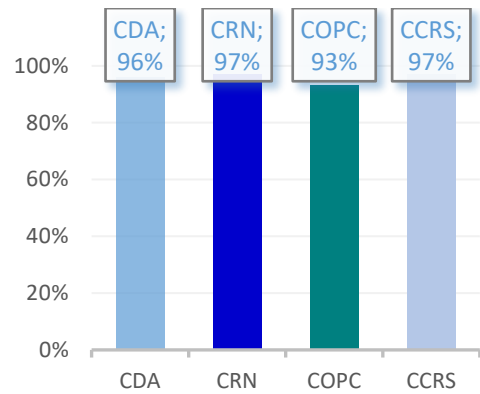


MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES²



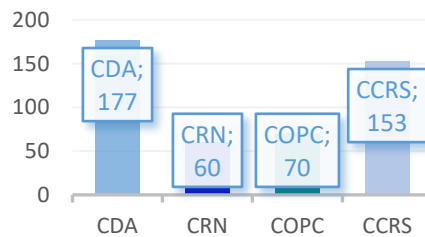
² The table represents the total number of meetings held in 2020.

AVERAGE ATTENDANCE AT MEETINGS³



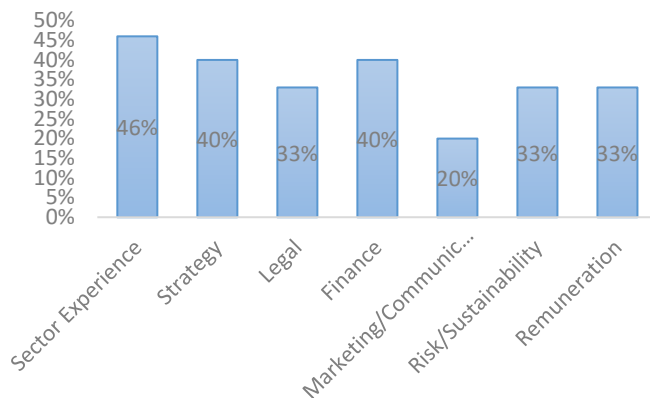
³ The table represents the average attendance of directors in the total number of meetings held in 2020.

AVERAGE DURATION⁴ OF MEETINGS

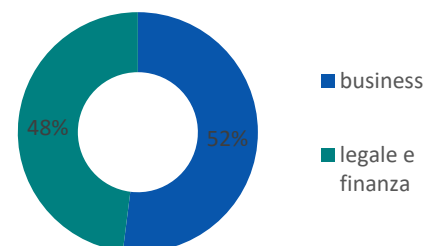


⁴ Values expressed in minutes in relation to the total number of meetings held in 2020.

DIRECTORS' EXPERTISE



BUSINESS EXPERTISE% VS LEGAL AND FINANCIAL EXPERTISE %



FOCUS ON THE BOARD OF STATUTORY AUDITORS

COMPOSITION⁵



**CHAIRMAN
MICHELE
RUTIGLIANO**

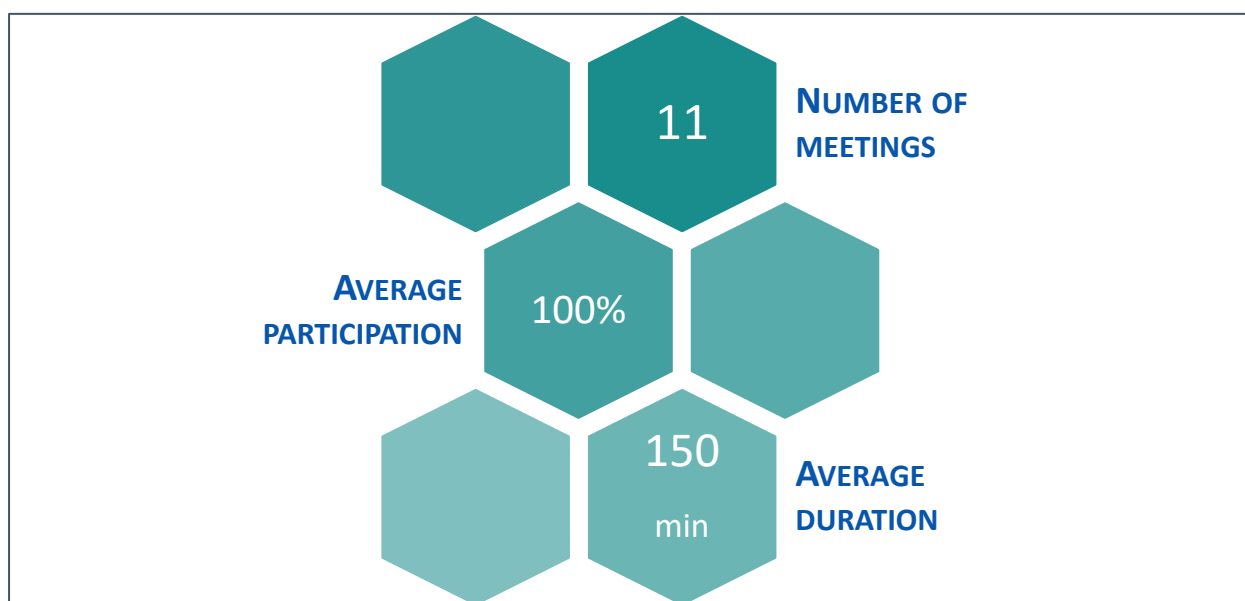


**STANDING AUDITOR
SIMONE CAPRARI**



**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

A SPECIFIC RISK MANAGEMENT UNIT IS IN PLACE	YES
AN ENTERPRISE RISK MANAGEMENT PLAN IS IN PLACE	YES
IF SO, HAS THIS PLAN BEEN DISCUSSED WITH THE COMMITTEE?	YES
PREPARATION OF SPECIFIC COMPLIANCE PROGRAMS	YES
SUCCESSION/CONTINGENCY PLANS ARE IN PLACE	YES ⁶

⁶ During the meeting on 13 April 2021, the Board of Directors approved a Contingency Plan for Directors holding special offices

1-ISSUER PROFILE

Introduction - Origin and configuration of the IREN Group

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

- an industrial holding company, the Parent Company IREN (in the legal form of a listed joint-stock company, whose ownership structure is provided for in the dedicated section of the corporate website), which groups together all of the Group's corporate staff activities; - four Tier 1 holding companies (hereinafter "Tier 1 Companies", in 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 processes digitization, highly scalable with 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, San Germano Group and Unieco Environment Division), as well as strengthening territorial roots and integration of the activities and assets characteristic of each business.

With regard to Tier 1 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 companies.

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 organizational powers and operational proxies for each of the business areas organized as 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 strategic planning functions, outlines the objectives and oversees the subsidiaries and proposes the appointment and/or dismissal of the Chief Executive Officer of each Tier 1 Company to the Board of Directors.

2-INFORMATION ON OWNERSHIP STRUCTURES

2.1-Share capital structure

At the date of approval of the 2020 Draft Financial Statements (25 March 2021) the subscribed and fully paid-up share capital amounts to Euro 1,300,931,377 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>% compared to the share capital</i>	<i>Listed/ Unlisted</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 transfer limits and restrictions on voting rights

Pursuant to Art. 9 of the current By-laws, as of 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 majority vote, must be owned by Public Entities.

It is forbidden for any shareholder, other than the Public Entities, to hold more than 5% of the share capital (see Art. 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, the total shareholding is taken into account held by: (i) the parent, individual, or legal entity, or company, all direct or indirect subsidiaries and associates; (ii) the parties subject to a shareholders' agreement referred to in Art. 2341-*bis* of the Italian Civil Code and/or as per Art. 122 of the Consolidated Law on Finance and relating to shares of the company. Control also occurs, with reference to parties other than companies, in the cases provided for in Art. 2359, paragraphs 1 and 2 of the Italian Civil Code. Control in the form of a dominant influence is considered to exist in the cases envisaged by Art. 23, paragraph 2, of the Decree. No. 385 of 1 September 1993. The connection shall be established in the cases referred to in Art. 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, any resolution passed by the shareholders' meeting may be challenged pursuant to Art. 2377 of the Italian Civil Code, if the required majority would not have been reached without such 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) individuals 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 the 30 days (Blackout periods) preceding the meetings of the Board of Directors, which will examine the following: the annual financial report inclusive of draft FY consolidated balance sheet and the half-year 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 Art. 120 of the Consolidated Law on Finance as at 31 December 2020, are as follows:

SIGNIFICANT SHAREHOLDINGS IN CAPITAL		
Declarant	% share of capital	Percentage share of total voting rights**
FSU srl	18.851	23.577
FCT SPA	13.803	18.498
Municipality of Reggio Emilia	6.423	8.608
Municipality of Parma*	3.163	4.240

NOTES

* The Municipality of Parma participates directly with a 0.43% stake in the voting share capital and indirectly through S.T.T. holding subsidiaries, 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 shareholder resolutions with majority vote under Art. 6-bis of the By-laws.

2.4-Holders of securities conferring special rights

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

As at 31 December 2020, no individual person exercised control over IREN pursuant to Art. 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 to the Public Shareholders meeting, the right to appoint three (3) standing auditors and two (2) alternate auditors.

The Shareholders' Meeting of 9 May 2016, approved the introduction to Art. 6-bis of the By-laws of the provision of the majority vote 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 Art. 19 of the By-laws, and the appointment and/or dismissal of the members of the Board of Statutory Auditors pursuant to Art. 28 of the By-laws, as well as the enforcement of a liability action against them (the "**Shareholders' Meeting Resolutions with Majority Vote**"), 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 life-tenancy (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 Art. 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-Employees shareholding

The Shareholders' meeting may resolve on the extraordinary allotment of profits to the company's employees and employers, 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 Art. 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 Agreement between FSU-FCT-Emilian Parties and La Spezia Parties and the Sub-Agreement between Emilian Public shareholders, as better described below.

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

Agreement excerpt from the FSU- FCT-Emilian Parties and La Spezia Parties, pursuant to Art.122 of the Consolidated Law on Finance and Art. 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

At 31 December 2020, 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 633,505,386 ordinary shares of the Company representing 48.696% of the share capital represented by ordinary IREN shares and (ii) provided to the Block Syndicate (as defined below), comprise 455,379,436 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

Majority Vote

The Agreement provides for, among other things, the possibility for shareholders to benefit from the majority vote referred to in Art. 127-*quinquies* of the Consolidated Law and its implementing provisions (the "Majority Vote"), 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 Majority Vote 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 Majority Vote 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 Art. 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 Art. 28 of the New By-laws, as well as the exercise of liability action against them (the "Shareholders' Meeting resolutions with Majority Vote").

Voting Syndicate

The Agreement provides for the commitment of the Signatories : (i) to submit and vote for a joint list for the appointment of Company Directors and a joint list for the appointment of the Company Auditors, 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 (solely in reference to the possible 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, Vice 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-organizational 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 fifteen (15) directors of which: Three (3) directors were designated by Finanziaria Sviluppo Utilities ("FSU"), 3 Directors designated by Finanziaria Città di Torino (FCT), 3 Directors 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, Vice Chairperson and Chief Executive Officer of the Company and 2 Directors elected by minorities in compliance with Art. 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 2021-2023, will be composed of five (5) Standing Auditors and two (2) Alternate Auditors, of which one Standing Auditor designated by FSU (to be included in the first place of the list in the "Standing Auditor" section), a Standing Auditor designated by FCT (to be included in second place of the list in the "Standing Auditor" section), a Standing Auditor designated by FCT (to be included in fourth place of the list in the "Standing Auditor" section), a Standing Auditor designated by the Emilian Parties (to be included in fifth place of the list

in the "Standing Auditor" section). Furthermore, FSU, FCT and the Emilian Parties will designate in rotation the party to be included at the first place in the list in the "Alternate Auditor" section and the first designation will be made by FSU. FSU, FCT and the Emilian Parties will also designate in rotation the party to be included at the first place in the list under the "Alternate Auditors" section and the first designation will be made by FSU. 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

Extraordinary Shareholders' Meeting resolutions for the following subject matters (the "Relevant Matters") shall be adopted solely with favorable vote by the Emilian Parties that will cast a joint vote, to FSU and to FCT (i) Shareholders' Meeting resolutions with majority vote; 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 measure having binding force of law, is enacted whereby the companies (and/or their subsidiaries) entrusted with local public services lose the entrustment for the provision of such services, if the voting rights due within 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 subject 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 of 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 of blocked shares and transferable shares.

c) BODIES OF THE SHAREHOLDERS' AGREEMENT

The Voting Syndicate comprises the "Shareholders' Agreement Committee", the "Agreement Coordinator" and the "Shareholders' Agreement Secretary".

The Shareholders' Agreement Committee

The duties of the Shareholders' Agreement Committee is to coordinate the Parties and it 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 resolves unanimously. The Chairperson, the Vice Chairperson and the Chief Executive Officer of the Company shall be appointed by unanimous decision, on the basis of professionalism and competence, and shall be selected from the 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, Vice 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 Vice Chairperson and/or the Chief Executive Officer, the Agreement will be automatically terminated without the need for further notice and it shall be deemed to be definitively terminated pursuant to Art. 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 duties: (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 necessary operational-executive duties for the execution of the Agreement; (iv) drafts and signs the minutes of the meetings of the Shareholders' Agreement Committee; (v) notifies all the Parties about the possibility that the blocked Shares no longer constitute the majority of the voting rights in the Shareholders' Meeting; (vi) handles all the communications to CONSOB as required by law in case 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 Euro 10 million, 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) Euro 10 million; 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 "Effective Date"). The Agreement shall be effective between the Parties until the third anniversary of the Effective Date (the "First Expiry Date") and shall be renewed automatically by tacit consent, unless terminated, for a further two years (the "Second Expiry Date"); thereafter, any further renewal shall be agreed to 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 Majority Vote. 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 New Purchasing Shareholders membership must be authorized 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 Art. 122 of the Consolidated Law on Finance and Art. 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 2020, the financial instruments covered by the Sub-Agreement (the "Shares Contributed") were as follows: (i) 188,077,482 ordinary shares of the Company, equal to 14.457% 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 59,066,261 ordinary shares of the Company, equal to 4.540% of the total "Shares".

The Shares Contributed constitute the totality of all the ordinary shares owned by the members of the Sub-Agreement (the "Signatories" or the "Parties") and are the subject of 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) TYPE OF AGREEMENT AND SCOPE

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) One (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) one (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) one (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 one (1) Standing Auditor and two (2) Alternate 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 "Alternate 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 "Alternate Auditor" section of the Company.

Sub-Agreement Bodies

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 "Relevant Shareholders' Matters"): (a) resolutions to be passed by application of the Majority Vote under the Company's By-laws; or (b) resolutions relating to the following 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 Art. 25.5., points (ii), (iii), (iv) and (vi) of the By-laws (the "Relevant Board 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 for a meeting, the Sub-Agreement Shareholders' Meeting will be considered validly constituted and suitable to deliberate, if the number of Parties convened therein represent 70% of the votes of the Parties with voting rights.

The Sub-Agreement Shareholders' Meeting is duly authorized to pass resolutions with at least 50.01% favorable votes of the total votes (rounded down) of the Parties, with the exception of the provisions concerning Important Board Matters for which it is authorized to pass resolutions with the favourable vote of at least 60% of the total votes (rounded down) of the Parties, taking into account, in the event that the resolution relating to Important Board Matters is a resolution passed by a Shareholders' Meeting for which increase in voting rights pursuant to the By-laws is applicable, the voting rights increases 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 summons 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 entities 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 entities 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 prevailing and the Signatories shall observe and implement the provisions of the Agreement; and (ii) the Right of Pre-emption shall not be applicable 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 Signatory Transferor.

d) DURATION AND MODIFICATIONS OF THE SUB-AGREEMENT

The Sub-Agreement became effective on 5 April 2019 (the "Effective Date"). The Sub-Agreement shall be effective between the Parties until the third anniversary of the Effective Date (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

Effective 17 July 2018, the signing of a shareholder agreement (the "Sub-Agreement") concerning ordinary shares of Iren S.p.A. was finalized. ("Iren" or the "Company"), through which the shareholders of FCT Holding S.p.A. ("FCT") and FSU S.r.l. ("FSU") intended to regulate, as of the effective date of the Demerger, their mutual relationships as shareholders of Iren, including under the broader shareholders' agreement signed by FSU with other shareholders of Iren on 9 May 2016 (the "Shareholders' Agreement").

As at 31 December 2020, 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 the 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 breached 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), he/she will be required to pay the other Signatory a penalty of Euro 10,000,000.00 (ten million/00) for each violation committed, without

prejudice to the latter: i) compensation for the greater damages; and ii) the right to request termination of the Sub-Agreement with the Defaulting Party.

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.

FCT Holding gave formal notice of termination within the required deadline; the Sub-Agreement will terminate on 27 July 2021.

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 2021 Remuneration Policy and on compensation paid 2020, 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 Art. 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 (see **par. 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 authorizations to purchase treasury shares

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

With reference to the authorization to purchase treasury shares, the Ordinary Shareholders' Meeting of IREN S.p.A. held on 29 April 2020, authorized 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 of Art. 132 of Legislative Decree no. 58, of 24 February 1998, subject to revocation of the previous authorization to purchase and dispose of treasury shares referred to in the resolution of the shareholders' meeting of Iren S.p.A. of 5 April 2019

Details of the treasury share purchase plan are outlined 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 - Ordinary Shareholders' Meeting of Iren S.p.A. called for 29th April 2020, on first call, and for 29th May 2020 on second call - Directors' Report – Report on the renewal of share buy back program*".

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 program is permitted for eighteen months starting from the date of the shareholders' meeting resolution. The maximum amount of the shares that may be purchased as part of the share repurchase program, shall 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 utmost discretion, 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.

At the end of the financial year end at 31.12.2020 there were 15,868,004 treasury shares on the portfolio. 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 Art. 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 2020, 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. abides to the Corporate Governance Code approved by the Corporate Governance Committee in January 2020.

Lastly, with a resolution of the Board of Directors of 18 December 2020, the Company formally adopted the Corporate Governance Code in the version of January 2020, available to the public on Borsa Italiana's website at the page: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

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 and published on the IREN Group's website (www.gruppoiren.it), in the Section "*Investors - Corporate Governance - Corporate documents*".

In this regard, it should be noted that, even though the Corporate Governance Code is scheduled to go into effect as of the first financial year after 31 December 2020, with disclosure to the market in the Corporate Governance Report, which will be published in 2022. This new section of the Report will include a disclosure of the implementation of the provisions of the Code or, if otherwise specified, of the provisions of the Code in effect at that time.

Information on acceptance of the remuneration recommendations is provided in the Report on the Remuneration Policy 2021 and compensation remitted in 2020, to which reference should be made.

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

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.

On this last point, 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 **par. 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/minority gender no less than two fifths, rounded down to the nearest unit if the list contains less than 5 candidates, in implementation of Art. 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 Art. 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 Resolution no. 44 of 29 January 2021), as 1%, equal to the percentage provided for by Art. 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 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 Art. 2, Recommendation 7 of the Code. All candidates must also meet the requirements of integrity prescribed by current legislation.

In implementation of Art. 1, paragraphs 302-304 of Italian Law 160/2019, as well as pursuant to Art. 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 each list and within the deadline set for the filing of the lists themselves, individual candidates must also file declarations in which they accept their candidacy and certify, under their own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as that they meet 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 Art. 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 Art. 147-*ter*, paragraph 3, of the Consolidated Law on Finance, as well as the minimum number of independent directors as required by Art. 147-*ter*, paragraph 4, of the Consolidated Law on Finance, are provided for.

Appointment mechanisms

Following the introduction of the provision of increase in voting rights by amendment of the company By-laws 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 **par. 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 majority vote*, (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 majority vote, 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 majority vote, (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 majority vote.

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 Art. 18, paragraph 4, of the By-laws which, while respecting the balance between genders, provides for: (i) the application of the "co-opting" mechanism referred to in Art. 2386, paragraph 1, of the Italian Civil Code where the replacement Director is appointed pursuant to Art. 19, paragraph 2, of the By-laws; (ii) in the case of an outgoing Director appointed pursuant to Art. 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 Art. 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 **par. 7**), there is also that of proposing to the Board of Directors candidates for this position of Director in the cases of co-option pursuant to Art. 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 least represented gender group.

4.2-Inheritance plans and contingency

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.

Whereas, in execution of Recommendation no. 24 of the Code (*"24. In large companies, the board of directors: (...) defines, with the support of the appointments committee, a plan for the succession of the Chief Executive Officer and of the Executive Directors, which at least identifies the procedures to be followed in the event of early termination of office"*), as well as the invitation of the Chairperson of the Italian Corporate Governance Committee referred to in the letter of December 2020 (see - **par. 18 below**), by a resolution passed on 13 April 2021, the Board of Directors of IREN S.p.A., after preliminary investigation by the Remuneration and Appointments Committee and by the Control, Risk and Sustainability Committee of IREN S.p.A., approved a contingency plan (hereinafter also the "**Plan**") for Directors holding particular offices (Chairperson, Vice Chairperson and Chief Executive Officer) in the Company.

The purpose of this Plan is to cope, even temporarily and contingently, with any sudden early termination of office or any temporary impediment to the exercise of the office (hereinafter also the "**Event**") involving one of the persons mentioned, making it possible to mitigate and manage the risk of a management vacuum and protecting the company from operational interruptions, in compliance with the law, the By-laws and the shareholders' agreements that structure the governance of IREN S.p.A.

The following aspects are therefore regulated within the approved Plan:

- the actions, also in terms of information flow, to be taken immediately, following the occurrence of an early termination of office or a temporary impediment;
- the method of assigning proxies and the person(s) appointed to replace on a provisional basis the Director affected by an Event, for the period necessary for the appointment of a new Director in the case of early termination of office, or until the end of the state of incapacity, in the case of temporary incapacity;
- the steps to be taken to identify and appoint a new Director in the event of early termination of office.

With reference to this last profile, in more detail, the Plan states that, in the event of the lack of indications from the Supervisory Committee provided in the Shareholders' Agreement signed by the public shareholders of IREN S.p.A., concerning the replacement of the Director affected by the Event, the Board of Directors, having consulted the aforementioned internal advisory board Committees, will initiate the process for the replacement of the Director affected by the Event by appointing a consulting firm specialized in Human Resources.

The Plan also identifies the personal and professional requirements that candidates should meet for the positions of Chairperson, Vice Chairperson and Chief Executive Officer of the Company, also by reference to the document "*Guidelines*

from the Board of Directors of IREN S.p.A. to the Shareholders on the qualitative and quantitative composition of the Board of Directors".

4.3-Composition

With approval of the Financial statement 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 was 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 Art. 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 Board's mandate, therefore, expires with the approval of the 2021 financial statement.

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

CANDIDATES LIST NO. 1, SUBMITTED BY THE SHAREHOLDERS: CITY OF GENOA THROUGH FSU - FINANZIARIA SVILUPPO UTILITIES S.R.L., CITY 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 PUBLIC SHAREHOLDERS OF IREN, LOCATED IN THE PROVINCES OF REGGIO EMILIA, PARMA AND PIACENZA), MUNICIPALITY OF LA SPEZIA (ON ITS OWN AND AS PROXY OF 25 PUBLIC SHAREHOLDERS OF IREN LOCATED IN THE PROVINCE OF LA SPEZIA), WHO ARE SIGNATORIES OF 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 MAJORITY VOTE, 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;

Ginevra 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 March 9, 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;

CANDIDATES LIST NO. 2, SUBMITTED BY MINORITY SHAREHOLDERS AMUNDI ASSET MANAGEMENT SGR S.P.A. (FUND MANAGER: AMUNDI RISPARMIO ITALIA AND AMUNDI SVILUPPO ITALIA), ANIMA SGR S.P.A. (FUND MANAGER: ANIMA GEO ITALIA, ANIMA ITALIA, ANIMA CRESCITA ITALIA AND ANIMA INIZIATIVA ITALIA), ARCA FONDI SGR S.P.A. (FUND MANAGER: ARCA AZIONI ITALIA AND ARCA ECONOMIA REALE BILANCIATO ITALIA 30), EURIZON CAPITAL SGR S.P.A. (FUND MANAGER: 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. (FUND MANAGER: 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. (FUND MANAGER: 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. (IN ITS CAPACITY AS MANAGEMENT COMPANY OF KAIROS INTERNATIONAL SICAV KEY SEGMENT), MEDIOLANUM GESTIONE FONDI SGR S.P.A. (MANAGER OF THE MEDIOLANUM FLESSIBILE FUTURO ITALIA AND MEDIOLANUM FLESSIBILE SVILUPPO ITALIA FUNDS), MEDIOLANUM INTERNATIONAL FUNDS LIMITED - CHALLENGE FUNDS - CHALLENGE ITALIAN EQUITY; PRAMERICA SICAV - ITALIAN EQUITY SEGMENT AND PRAMERICA SGR S.P.A. - 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.

As the Candidate List no. 1 submitted by shareholders who jointly 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 purposes of the election of the members of the Board of Directors, the then current Art. 19.2 of the By-laws would apply, which is why 13 members of the Board were taken from list no. 1. The remaining 2 members were taken from list no. 2.

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

- 1) Renato Boero (Chairperman);
- 2) Moris Ferretti (Vice Chairman);
- 3) Vito Massimiliano Bianco (Chief Executive Officer);
- 4) Pietro Paolo Giampellegrini;
- 5) Tiziana Merlini;
- 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, Vice 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 (with no operational proxies), in Tier 1 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 2020, with the exception of Ms. Soncini (already in office in the previous term), all others directors 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 - Board diversity criteria and policies: 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 By-laws amendment 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., letter h) and 5.C.1., letter a) of the Corporate Governance Code ,(2018 July issue) on 5 April 2019, the Board of Directors then in office 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.gruppoiren.it www.gruppoiren.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 Board must be established to an adequate extent in relation to the size and complexity of the

Company's organizational 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 established 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.

As will be seen below (**paragraphs 9 and 10**) in particular, 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 at 4 for the Control, Risk and Sustainability Committee and the Committee for Transactions with Related Parties.

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 accuracy through all useful information, by the Board of Directors on 22 May 2019 and, most recently, on 23 February 2021, the previous Board of Directors expressed its 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, recognizing the value attributed to the complementary experience and skills as well as 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 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 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 year following its entry into force (on 12 February 2013), for the 2019-2021 term of office, the statutory obligation was fulfilled complying with a quota of female representation equal to one third of the total number of members to be appointed. In this regard, the previous Board of Directors, in the guidelines set out above, also considered that gender diversity was adequately represented in the Board in office and expressed its 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 organization, please refer to the specific section of the 2020 Sustainability Report, available on the company's website: www.gruppoiren.it.

4.5 -Induction program and board evaluation

The Directors actively participate in the meetings of the Board of Directors and in seminars or theme meetings in which important documents are illustrated, such as, for example, the draft financial statements, the draft budget, the draft Business Plan and the main initiatives of the Company and the Group: participation in these meetings constitutes, in particular for non-executive Directors, an opportunity for training provided by the Chief Executive Officer and by the various Business or Corporate Staff Managers depending on the topics discussed.

The Chairperson also promoted and launched initiatives for the Board of Directors and the members of the Board of Statutory Auditors to attend courses and conferences. These are training programs organized 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.

During 2020, the health emergency led to a slowdown of planned in-depth activities with particular reference to visits to the Group's main plants and sites.

In any case, a training day was held, also with representatives of the financial sector and of an institutional body pursuing sustainability goals in view of the update of the Strategic Memorandum and the Business Plan - focused on the issues of economic recovery after the health emergency. .

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

During 2020, in compliance with the provisions of Art. 4, and in particular of Principle XIV of the Corporate Governance Code for Listed Companies, in line with international "best practices" and as recommended in the letter of 22 December 2020 by the Chairperson of the Italian Corporate Governance Committee, the Board of Directors, after a preliminary investigation conducted by the Remuneration and Appointments Committee with the assistance of an external consultant, carried out and completed in January 2021, the annual self-assessment activity for FY 2020, on the operation of the Board itself and its Committees, as well as on their size and composition (so-called board evaluation), also taking into account elements such as the professional characteristics, experience, including managerial experience of its members, their seniority in office and considering the diversity criteria set out in Principle VII and Recommendation 8 of the Corporate Governance Code.

The aforementioned Committee assigned the implementation of this activity to an external consultant, as it did the previous year, 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 specializing 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 (1 st 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, goals 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 board evaluation results to the Committee and to the Chairperson of the Board of Directors and, subsequently, to the entire Board of Directors; - identification of the corrective actions recommended as a result of the board evaluation to be implemented in 2020.
2020	Board evaluation (2 st year of office) <ul style="list-style-type: none"> - updating of the questionnaire outline and preparation of two new questionnaire outlines for the individual self-assessment of the directors and for peer review by the Privileged Observers, by the consultant in collaboration with the Committee, the Chairperson of the Board of Directors and the other Executive Directors; - conducting individual interviews of Directors and Privileged Observers in order to gather the necessary information; - submission of the results of the board evaluation to the Committee and to the Chairperson of the Board of Directors and other Board Executives, and subsequently, to the entire Board of Directors; - identification of the corrective actions recommended as a result of the board evaluation to be implemented in 2021.

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

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

1. updating of the questionnaire outline and drafting of two new questionnaire outlines for the individual self-assessment of directors and for peer review of privileged observers, by the consultant in collaboration with the Committee and the Chairperson of the Board of Directors, taking into account the changes in the Corporate Governance Code (January 2020 edition);
2. validation of the questionnaire (submitted to the Board of Directors held on 10 November 2020);
3. conducting individual interviews with the Directors, aimed at also collecting the necessary information through the completion of the questionnaire;
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 19 January 2021, to discuss the main evidence in terms of actions to be implemented in 2021.

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. (vi) 2020 Corporate Governance Code news.

Taking into account Recommendation no. 22 of the Corporate Governance Code, i.e., that the self-assessment "*may also be carried out in different ways during the term of office of the body*", two innovations were introduced to the traditional process of the previous year, through the inclusion of an *ad hoc* section dedicated to the individual self-assessment of the Directors and a peer-review questionnaire intended for certain positions, such as privileged observers of the Board of Directors, including the Chief Financial Officer, the Director of Legal and Corporate Affairs, the Secretary to the Board of Directors and the Corporate Affairs Manager. The self-assessment and peer-review questionnaires, through selected traditional questions, covered almost all the areas listed above, although from a different point of view.

At its meeting of 19 January 2021, the Board of Directors examined the aggregate results of the self-assessment and peer-review questionnaires, which showed an overall positive assessment of the Board's perception of its performance.

In fact, the results of the *board evaluation* referred to the 2020 financial year show a positive picture of the functioning of the Board of Directors and the Committees, recording a general willingness to implement further improvement actions for the last year of the mandate, in relation to certain initiatives and certain mechanisms for the functioning of the Board of Directors.

With reference to the board components represented by the Independent Directors (comprising 9 Directors during 2020), 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 interviews, however, several potentially critical areas have emerged, consistent with the traditional self-assessment perspective of the Board as well as with the self-assessment and peer-review perspective.

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 willing to contribute to the effective improvement of the effectiveness of the Board of Directors for the last year of mandate;
- (ii) a collaborative spirit marked the board meetings in 2020, with a clear definition of its role as compared to that of management;
- (iii) effective pursuit of the sustainable success of the business by the Board of Directors;
- (iv) Effective interaction between the board and the top management;
recognition of the quality of the work carried out by the Committees and the support provided to Board activities;

the adequate support provided by the corporate structures in terms of the preparation of the documentation submitted to the attention of the Bodies and the clarity of the minutes.

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) on occasion of the next renewal of the Board of Directors, it was considered useful and functional with respect to the company's business, to take the opportunity of strengthening the Company financial skills and business experience, in order to have greater diversification and consolidation of digital skills within the BoD;
- (ii) optimization of the time taken by the departments to send documentation and the need to streamline, also in terms of content, the duration of board meetings, in order to guarantee better debates targeting strategic issues;
- (iii) the promotion of an induction course on specific topics, in order to develop and standardize knowledge on certain relevant issues necessary for the proper performance of one's duties, implemented also through visits to relevant operational sites.

4.6-Role of the Board of Directors

Information on the functioning of the Board of Directors.

During FY 2020, the IREN Board of Directors held 19 (twenty-two) meetings, with an average attendance of 96% of its members (for the details see **Table 2** below). The average duration of the meetings was about 2 hours and 55 minutes.

At least 15 meetings of the Board of Directors are scheduled for 2021, periodically and regularly in compliance with legal deadlines and a work schedule previously shared between Directors and Statutory Auditors; in addition, four (4) 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 Art. 2390 of the Italian Civil Code. The Shareholders' Meeting did not authorize exceptions to the non-competition clause.

In line with the meeting timetables set out in Art. 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 preliminary BoD meeting information disclosure; in case of urgent meetings, or matters of a particularly confidential nature, as assessed by the Chairperson in his/her corporate capacity as head of the Board, the information is in any case made available to the Directors at least at the beginning of the meeting, ensuring that it will be adequately and duly 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 constructive debate, encouraging the contribution of the Directors in the course of the meetings, in order to ensure a conscious undertaking of responsibility for their respective decisions. In particular, the use of an IT system ("IREN Cloud") launched at the beginning of the Board's current term of office, continued on the initiative of the Chairperson of the Board of Directors. Said IT system allows the Directors and the members of the Board of Statutory Auditors to receive and view documents on a constantly updated IT platform, in due time before the meeting (5 days in advance, in accordance with specific internal regulations, unless otherwise specified), on a platform that is constantly updated on the progress of BoD 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.

With particular reference to the COVID19 virus emergency situation and in compliance with the pro tempore regulations in force, starting from the meeting of 25 March 2020 (with the exception of the meeting of 29 September 2020), the Board of Directors met exclusively by remote electronic means, without prejudice to the presence of the Secretary taking the minutes at the place established in the notice of call.

Matters reserved for the Board of Directors.

Article 25 of the current By-laws provides that the BoD is vested with the broadest 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, are 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 Art. 2381, paragraph 4, of the Italian Civil Code, the BoD has exclusive jurisdiction over resolutions concerning:

- (i) The 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 Tier 1 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 Tier 1 Company Board of Directors at more than three Directors; (c) exercise of voting rights at the shareholders' meetings of each Tier 1 Company;
- (iii) where the business areas are structured in the form of companies: (a) appointment of members of the Board of Directors of Tier 1 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 the subject of such transactions is the following:
 - the approval of purchases or sales, or other acts of disposal (in any way carried out) involving equity investments, companies or business units and, for the company and/or its subsidiaries, having a value greater than Euro 10,000,000.00 and not greater than Euro 50,000,000.00, or gross invested capital (net equity plus financial indebtedness), greater than Euro 10,000,000.00 and not greater than Euro 50,000,000.00, per individual transaction, or even for transactions of 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 Euro 10,000,000.00 and not greater than Euro 50,000,000.00 or gross invested capital (net equity plus financial indebtedness) greater than Euro 10,000,000.00 and not greater than Euro 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 Euro 10,000,000.00 and not exceeding Euro 50,000,000.00 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 Euro 50,000,000.00, or gross invested capital (net equity plus financial indebtedness), greater than Euro 50,000,000.00, 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 Euro 50,000,000.00, or gross invested capital (net equity plus financial indebtedness) greater than Euro 50,000,000.00, 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 Euro 50,000,000.00 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 demergers 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, Vice 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 Tier 1 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, the respective 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 plans 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 Art. 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 organizational operational proxy powers for each of the business areas organized as divisions. If the business areas are structured in the form of companies [see "Tier 1 Companies"], the CEO, on the basis of the guidelines of the Board of Directors of the holding company, exercises strategic planning duties, 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 Tier 1 company"*.

..*

The Board of Directors of IREN S.p.A., during FY 2020, took measures in the exercise of the management and coordination functions of Tier 1 Business Companies.

In general, in line with the role assigned to it by the Code, the Board of Directors carried out the following main activities during 2020:

- 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 2020-2025 Business Plan, as well as extraordinary and significant M&A transactions;
- b) monitored the Company's organizational 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 about 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 its direct subsidiary companies. If the aforementioned criteria are lacking and, in any case, if deficiencies are found, the Board of Directors shall fix them;
- g) approved transactions with related parties, in compliance with current legislation and internal procedure.

4.7-Delegated bodies

Pursuant to Art. 25.2 of the current By-laws, the Board of Directors may delegate its powers to one or more of its members, in accordance with the limits set out in Art. 2381 of the Italian Civil Code and, in particular, may grant the Chairperson, Vice Chairperson, and the Chief Executive Officer powers, provided that they do not conflict with each other. It is also provided that it falls within the powers of the Chairperson, the Vice 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

By resolution of 22 May 2019, immediately following the Shareholders' Meeting that appointed the BoD of IREN S.p.A. for the three-year period 2019-2021, the Company Board of Directors, having acknowledged the Board appointment of Engineer Renato Boero as Chairman of the Board of Directors, assigned him the functions and powers relating to this office.

On that occasion, it was established, in particular, that Engineer Renato Boero, as Chairman of the Company, report the following functions: (i) Corporate Secretary to the Board of Directors of IREN; (ii) Communication and External Relations; (iii) Institutional Relations (including relations with Regulators, Regions and Local Authorities); (iv) Merger & Acquisition; all within the organizational 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")", "Communications and External Relations" and "Institutional Relations", the Chairperson informs the Chief Executive Officer in order to ensure appropriate coordination of the activities of the Company and 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 Art. 22 of the current By-laws. He has also been granted the powers to take any urgent decision falling within the competence of the Board of Directors as a matter of urgency, jointly with the Chief Executive Officer and/or the Vice Chairperson, notifying the Board of Directors thereof at the first subsequent meeting.

The Chairperson is assigned the task of submitting proposals for resolutions to the Board of Directors, as to the scope of 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 Art. 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 Vice Chairperson and/or other Directors;
- (iii) Preside and direct the work of the Board of Directors and manage the secretariat of the Board of Directors of Iren S.p.A.;
- (iv) implementing, 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) analyze, 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 Euro 500,000.00 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 Euro 10,000,000.00 or gross invested capital (net equity plus financial indebtedness), not exceeding Euro 10,000,000.00, 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 Euro 10,000,000.00, 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 Vice Chairperson; (iii) that the Chairperson is in charge of the coordination of the activities that Internal Audit will carry out on the functions for which the Vice Chairperson is responsible as well as on the companies in which the Vice Chairperson of Iren may hold the position of Director.

The Vice Chairperson of the Board of Directors

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 appointed Moris Ferretti as Vice Chairman of IREN S.p.A.. On that occasion, it was agreed that the Vice Chairperson's functions should be the following: (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 organizational structure established by the Chief Executive Officer consistent with the aforementioned functions.

Moris Ferretti, as Vice Chairman, has also been vested with 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 Art. 22 of the By-laws.

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

The Vice Chairperson operates on the basis of the multi-annual plans and annual budgets approved by the Board of Directors and guarantees and verify, as far as his/her competence, compliance with the management guidelines arising thereof. With specific reference to the Corporate Affairs and Risk Management function, the Vice 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 Vice 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 Art. 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 Art. 25 of the By-laws, the Vice 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 corporate bodies and the indications of the internal Committees, also on the basis of the reports that the internal auditing service shall draft on a regular basis;
- (iv) managing the 231/01 system, including through updates and adjustments of the management and control organization model and related protocols, without prejudice to the autonomy and independence of the Supervisory Board;
- (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) verify 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 Vice Chairperson scope of responsibility with a spending limit of Euro 500,000.00 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 Vice 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 Vice 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 Vice Chairperson is responsible as well as in relation to the companies in which the Vice Chairperson of Iren holds the position of Director, will be delegated to the Chairperson; (ii) that all the powers conferred on the Vice 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 Art. 26 of the By-laws, which provides that the Board of Directors, by qualified majority, as per Art. 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 organizational powers and operational proxies for each of the business areas if they are organized into divisions.

Where, as envisaged in the current organizational 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 Tier 1 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 Art. 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 the Vice Chairperson insofar as their respective duties. 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 Vice 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, Organization 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 Vice 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 Vice Chairperson;
- "Risk Management" reporting to the Vice 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 Art. 25 of the By-laws:

- (i) implementing the decisions of the Shareholders' Meeting and the Board of Directors, except where the Chairperson and Vice 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 organization 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 Tier 1 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) 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;
 - (vii) 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;
 - (viii) assigning receivables of the Company with and/or without recourse and operating with companies and factoring institutions by signing all the respective 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 Euro 10,000,000.00 per individual transaction;
 - (ix) enter 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 organization 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-Tier 1 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 trade union dispute and representing the Company in trade union negotiations, with the right to execute company agreements; representing the Company before trade union representatives, welfare and assistance offices and bodies, trade associations, Labor and Financial Inspection offices, Employment Offices and the Labor Inspectorate, the Social Security and Welfare Institute for Managers,

Administrations and Authorities in general responsible for accident prevention and occupational hygiene, Health and Organizations 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 withholding agent relationships of the Company's employees;

- (xxvi) representing the Company as well as reconciling and settling any labor 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 Euro 500,000.00;
- (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 programs;
- (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) intervene as a representative of the Company, both as parent company and as principal, in the constitution of joint ventures, A.T.I. (Temporary Associations of Enterprises), G.E.I.E. (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) compete on behalf of the Company, also in A.T.I., to the extent of their competence (Temporary Associations of Enterprises), G.E.I.E. 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 finalize all the clauses that it deems necessary and/or useful;
- (xxxvi) perform the following transactions not itemized in the business and financial plan and/or in the annual budget of the Group: 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 Euro 10,000,000.00, or gross invested capital (net equity plus financial indebtedness) not exceeding Euro 10,000,000.00, 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 organization 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 organizational 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 Art. 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. Supervise and coordinate 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, the Regional Administrative Court (TAR), 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 authorization 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 any dispute, in and out of court, 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 Vice 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, authorizations, 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 organizational structure, with the exception of functions reporting directly to the Chairperson or the Vice 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 Vice 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 be vested with 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 proxy powers.

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 safety and hygiene at work and, also, pursuant to and for the purposes of art. 2 of Legislative Decree no. 81 of 9 April 2008 as amended, 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 Legislative Decree 196/2003 and subsequent amendments and additions, with the right to delegate as 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 2020 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.

With reference to the case referred to in Application Criterion 2.C.6. of the Corporate Governance Code (July 2018 edition), previously adopted by IREN S.p.A. by resolution of 5 April 2019, it should be noted that this case does not occur since the Managing Director and CEO 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 organizational structure, also appointed Massimiliano Bianco as General Manager of IREN S.p.A., concurrently 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 to the Chief Executive Officer on 22 May 2019 and, in any case, within their respective scope, and granting corporate signature and all powers to the CEO within the scope of the powers granted, including, *inter alia*, to act as Company representative.

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 organization 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 trade Associations to which the Group subscribes, with the right to sign conventions or agreements and to enter into covenants 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 respective 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 Euro 1,000,000.00 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:
 - A. 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;
 - B. complaints, petitions and appeals;
 - C. 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 consulting relationships with external experts and professionals, , in the interest of the Company, setting time frames and methods of payment with a spending limit of Euro 250,000.00;
- (xxvi) within the limits set out in point (x) above, entering into securities and real estate lease agreements;
- (xxvii) provide, both as group leader and as principal, the fulfilments necessary for the establishment of *joint ventures*, A.T.I. (Temporary Associations of Enterprises), G.E.I.E. (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;
- (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, authorizations, 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 all the powers conferred on the Director General, except where expressly established, are exercised by single signature, with the possibility of sub-proxies; (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 **par. 4.7**, there are no other Directors on the Board of Directors of IREN S.p.A. who qualify as executive directors under the definitions in the Corporate Governance Code (January 2020 edition), taking into account IREN S.p.A.'s governance assessments. (former Application Criterion 2.C.1. of the Corporate Governance Code of July 2018)

4.9-Independent directors

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

Pursuant to Art. 147-ter, paragraph 4, of the Consolidated Law on Finance, at least one of the members of the Board of Directors, or two members if the board comprises more than seven members, must meet the independence requirements established for statutory auditors by Art. 148, paragraph 3, of the Consolidated Law on Finance. Furthermore, if so provided under the By-laws, members must meet the additional requirements set out in codes of conduct drawn up by the companies managing regulated markets or by trade associations.

Pursuant to Art. 18.2 of the current By-laws, at least two directors meet the requirements of the laws in force at the time. Recommendation no. 5 of the current Corporate Governance Code (see Art. 3 of the Corporate Governance Code applicable until 31 December 2020) provides that *"The number and competences of independent directors shall be adequate in relation to the needs of the business and the functioning of the Board of Directors, as well as the constitution of the relevant Committees"*, according to the indications contained in the same Code, and that *"In large companies with concentrated ownership, independent directors shall constitute at least one third of the Board of Directors"*.

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. It concerns both the criteria defined by the Consolidated Law on Finance and the hypotheses set out in Recommendation no. 7 of the current Corporate Governance Code (indicated, in a non-exhaustive and non-binding manner as *"signs of non-independence"*, without prejudice to any more precise verification, having regard more to substance than to form, and taking into account the governance solutions adopted by the Company with particular regard to letters c) and d) of the same Recommendation)³ and is carried out based on the information provided by the interested parties (by completing and signing periodic self-assessment questionnaires, which are kept on file, or through statements made by the interested parties and reported in the minutes), or, nonetheless, 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 applicable through 31 December 2020, reported below:

- with reference to the requirement *under letter b)*, also in the light of the indications contained in the Commentary to Art. 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

³ The independence assessments carried out through 31 December 2020, have accounted for the subject matter set forth in Application Criteria 3.C.1 of the Corporate Governance Code applicable up to that date, always taking into account the *governance* solutions adopted by the Company, as described in the body of the Report.

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 Euro 90,000.00, without prejudice to any more detailed verification regarding (a) the impact of the relationships on the economic-financial position 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 total remuneration in excess of Euro 67,000 constitutes a significant additional remuneration, in addition to the "fixed" fee as Non-executive Director of the issuer;
- with reference to the requirement under letter h), it was agreed to include among the so called "close family members": the spouse, relatives or relatives-in-law up to the second degree of kinship, as well as the other subjects mentioned in Art. 3.3 of the IREN S.p.A. Procedure for Transactions with Related Parties.

In addition to the above, following the entry into force of the Corporate Governance Code in January 2020, with specific reference to Recommendation no. 7 letter c), the Board of Directors agreed that it would also be appropriate to consider any relations with senior executives and managers of the main Public Shareholder Municipalities which, jointly, by virtue of the Covenants, control IREN S.p.A.

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

Specifically:

- at the meeting of **22 May 2019**, held after the appointment of the administrative body for the three-year period of 2019-2021, on the basis of the statements made by the Directors when accepting their candidacy and based on the information available to the Company as well as information provided during the meeting, the Board of Directors 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 met the requirements of independence pursuant to the above-mentioned provisions of the Consolidated Law on Finance, as well as pursuant to the Corporate Governance Code. After the audit, a press release containing the results of the self-assessment was released 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' Tier 1 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 on Corporate Governance and Ownership Structure, pursuant to Art. 123-bis of the CFA related to 2020, 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.
- at the meeting held on **4 June 2020**, the Board of Directors, with the assistance of a legal opinion, examined the circumstance (assessed as "potentially" relevant for the purposes of independence) of the appointment of an independent Director of the Company as Chairperson of the Teatro Nazionale di Genova (Genoa National Theatre) free of charge and without executive powers, confirming the assessment of independence previously carried out;
- at the meetings held on **23 February** and **7 April 2021**, for the purposes of the annual update and also for the drafting of this Report, having regard to 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; for the purposes of the assessment, account was taken of the changes introduced as part of the new *Corporate Governance* Code as well as the indications of the Chairperson of the Italian Corporate Governance Committee referred to in the letter of December 2020.

Finally, it should be noted that, as reported *above* (see **par. 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 Vice Chairperson.

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 2020

As of December 31, 2020, the Directors held 2 meetings that meet the independence requirements pursuant to Art. 147-*ter*, paragraph 4, and Art. 148, paragraph 3 of the Consolidated Law on Finance (TUF)/former Recommendation no. 7 of the Code. A further meeting was held in FY 2020 which was also attended by the Executive Directors.

The main issues of interest dealt with were: (i) with the support of a qualified advisor, focus on the role assigned to the independent Directors, with particular reference to transactions with related parties, remunerations and extraordinary transactions; (ii) in-depth examination of the "institutional" role played by the Chairperson of the Board of Directors of the Company, with particular regard to the coordination of the orderly performance of the works of the Board and the correct information flow to all Directors so that they can adequately participate in the meetings.

The meetings were coordinated by Francesca Grasselli.

Lead independent director

Finally, it should be noted that IREN S.p.A. conditions set out in Recommendation no. 13 of the current Corporate Governance Code do not apply (previously, until 31 December 2019, reference was made to Application Criteria 2.C.4 and 2.C.5 of the Corporate Governance Code applicable up to that date), in the presence of which the appointment of a lead independent director is recommended; this is in view of the fact that the Chairperson of the Board of Directors of IREN S.p.A. is not the Chief Executive Officer, nor does he/she have any significant managerial powers, nor is he/she a controlling shareholder, also including joint control of the Company.

At the same time, up to the date of this Report, no request has been made by the Independent Directors regarding this appointment.

4.10 - Maximum number of positions held in other companies

With reference to the subject matter set forth in Application Criteria 2.C.6. of the Corporate Governance Code (2018 edition), previously adopted by IREN S.p.A. By resolution of 5 April 2019, 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. In addition, pursuant to Article 3, Principle XII of the current Code, each Director shall allocate adequate time availability for the diligent performance of the duties assigned to him/her.

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, both as far as their commitment required of the Directors for the performance of additional working and professional activities and corporate positions held.

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 current context, the Remuneration and Appointments Committee and the Board of Directors of the Company did not consider it necessary to make this provision, considering that the number of positions currently held by members of the board in other companies is compatible with the fulfilment of the commitment as Director of IREN S.p.A.

At the moment, as already mentioned above in **par. 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 relating European Commission Implementation Regulations amended EU legislation on inside information and market abuse. 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 sense, the Company has also adopted the so-called in this regard, the Company has also adopted a "Relevant Information List" ("RIL"), which lists people that have access to Relevant Information. This further list is in addition to the already existing Register. "Insider List" in which, on the other hand, persons who have access to Inside Information are indicated.

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 website (www.gruppoiren.it), under section "Investors - Corporate Governance - Corporate Documents", mainly serves to:

- a) identify the organizational 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 Euro 20,000 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.gruppoiren.it) in the section "Investors - Corporate Governance - Internal Dealing - Annexes".

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 meetings held on 22 and 30 May 2019:

- a **Remuneration and Appointments Committee** (henceforth also "**CRN**"), for the exercise of the functions provided for by the Recommendations no. 19 - on appointments - and no. 25 - on remuneration⁴ (for a detailed list of which, please refer to the Regulations approved by the Board of Directors of the Company on 1 August 2018, which are discussed below in **par. 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 characteristic of the Code, since 2014, the Company's Board of Directors has opted to combine the remuneration and appointment functions into a single Committee for organizational 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 **Control Risk and Sustainability Committee** (hereinafter "**CRSC**"), providing general support, through appropriate preliminary work, to the assessments and decisions of the Board of Directors relating to the internal control and risk management system, and those relating to the approval of interim financial and non-financial reports. More specifically, the Control, Risk and Sustainability Committee carries out the functions pursuant to Recommendation no. 33⁵ (these are back-up activities in relation to the Board of Directors' resolutions on various topics, including the appointment/revocation and remuneration of the Internal Audit Manager), and the functions pursuant to Recommendation no. 35⁶ (to which reference is made to *infra* al **par. 9**) 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.
This Committee is composed of four non-executive directors, the majority of whom are independent, the Chairperson is selected from said four-members Committee.

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 (OPC), hereinafter the "**TRP Procedure**", the Board established the specific 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 as provide by the Corporate Governance Code.

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

⁴ Until 31 December 2020, reference should be made to Principle 6.P.4. and Application Criterion 6.C.5 of the Code in force until that date, on the subject of remuneration, as well as to Application Criteria 5.C.1. and 5.C.2. of the same Code on the subject of appointments.

⁵ Corresponds, with amendments, to Application Criteria 7.C.1 of the Code, applicable until 31 December 2020.

⁶ Corresponds, with amendments, to Application Criteria 7.C.2 of the Code, applicable until 31 December 2020.

transactions with Related Parties, pursuant to the Consob Regulation on transactions with related parties by resolution no. 17221 of 12 March 2010 as amended. (hereinafter **the "CONSOB RPT Regulations"**).

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, defined on the basis of a Board of Directors' resolution.

More information on the individual Committees and their activities during 2020 is provided below. More details on the composition of the Committee are provided in Table 2 annexed to this report.

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 applicable through 31 December 2020, (Recommendation no. 20 and 26 of the Corporate Governance Code applicable from 1 January 2021), by 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 (Chairman);
- Francesca Grasselli;
- Maurizio Irrera.

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) Atty. Pietro Paolo Giampellegrini and Prof. Atty. 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 the Italian Corporate Governance Code, and the following members met the aforementioned requirements:

- Pietro Paolo Giampellegrini (Chairman)
- Francesca Grasselli.

Prof. Atty. 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 the Italian Corporate Governance Code.

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 specific functions described in detail 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;

- drafts 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 **par. 8** and respective reference thereof).

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 has only the function of making proposals and providing consultancy, while the power to determine the remuneration of executive Directors and Directors holding particular positions, in accordance with art. 2389, third paragraph, of the Italian Civil Code, remains in any case the responsibility of the Board of Directors which, pursuant to Art. 21 of the current By-laws, acts on this after consulting the Remuneration and Appointments Committee and the Board of Statutory Auditors.

In terms of Article 7.2 of the **TRP Procedure**, during 2020, the Committee has also performed the functions 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 2021 Remuneration Policy and Compensation Paid in 2020, 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, applicable through 31 December 2020 (referenced to, as amended in Recommendation no. 19 of the Italian Corporate Governance Code applicable from 1 January 2021), conform to the Company's specific governance structure. This is further detailed in the Regulation approved by the Board of Directors on 1 August 2018 and set out below:

- drafts 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 the pro-tempore 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 assigned the task of instituting the annual self-evaluation process (the so-called board evaluation) of 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 applicable through 31 December 2020 (relating to Principle XIV of the Italian Corporate Governance Code applicable from 1 January 2021).

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 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 2020, the Remuneration and Appointments Committee held 11 (eleven) 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, with 97% attendance of its members (for further details see **Table 2**). The average duration of the meetings was 1 hour.

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.

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 reported to the shareholders the procedures whereby it carries out its duties; in this regard, all Committee members were in attendance at the Shareholders' Meeting held on 29 April 2020.

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, 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 adopted at its own.

As detailed above (see also **par. 4.5**), during 2020, the Committee in office used third party and independent consultants to perform their respective duties as assigned. In particular, the Committee in office: (i) with regard to its "appointments" of duties, it 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 Board Committees; (ii) with regard to its "remuneration" duties, it appointed two third-party and independent consultants to assist respectively, with benchmark activity reference to remuneration allocated to Non-Executive Members and to the Members of the internal Committees of the Board of Directors vs their peer group of reference, as well as preliminary activities to the drafting of the Report on the Remuneration Policy for 2021 and on the compensations remitted in 2020, among which the Guidelines on the subject of remuneration policy for 2021.

The Remuneration and Appointments Committee has a gross annual budget of Euro 50,000.00 for 2021, allocated by the Company's Board of Directors.

In the current year, at 13 April 2021, the Remuneration and Appointments Committee had held 8 (eight) 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 2021 Remuneration Policy and Compensation Paid in 2020, 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

Pursuant to Principle 7.P.3 of the Corporate Governance Code applicable until 31 December 2020 (Recommendation no. 35 of the Corporate Governance Code applicable from 1 January 2021), by the resolutions passed on 22 and 30 May 2019, the Board of Directors, which is involved in guiding and assessing the adequacy of the system, has established the Audit and Risk Committee referred to in Principle 7.P.4. of the Corporate Governance Code applicable until 31 December 2020 (Recommendation no. 32, letter (c) of the Corporate Governance Code applicable from 1 January 2021), in the persons of:

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

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

At the time of appointment, on the basis of their respective professional *curricula* and taking into account the provisions of the Committee's Regulations approved on 5 April 2019, the Board of Directors assessed all of its designated members as having adequate experience in corporate social responsibility.

In addition, it was found in: (i) Atty. Giacomo Malmesi has adequate experience in strategic planning processes; (ii) Sonia Maria Margherita Cantoni and Atty. Enrica Maria Ghia has adequate experience in evaluating the operating processes of complex organizations, in strategic planning processes, in strategic risk management as well as in addressing and evaluating environmental issues; (iii) Cristiano Lavaggi has adequate experience in analyzing accounting and financial disclosures.

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

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

Mr. Cristiano Lavaggi meets the requirements of independence pursuant to art. 147-ter and 148, paragraph 3, Consolidated Law on Finance and not also those pursuant to the Code.

During the year, the composition of the Committee complied with the recommendations of the Code in force at the time.

Functions and activities conducted during the year

The Control, Risk and Sustainability Committee performs the general task of supporting, through adequate preliminary activities, 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 reports of both a financial and a non-accounting nature.

Pursuant to Art. 8 of the relevant Regulations, the Board of Directors shall express its opinion before making the decisions for which it is responsible:

- 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; the Committee examines the risk analysis: (a) with reference to the IREN Group's multi-year Business Plan, prior to its approval by the Board of Directors of IREN S.p.A.; (b) with reference to strategic initiatives, including merger & acquisition operations, carried out by the Company and/or its subsidiaries, where these fall within the competence of the Board of Directors of IREN;
- assessing, at least once a year, the adequacy of the internal control and risk management system in relation to the characteristics of the business and the risk profile undertaken, as well as its effectiveness; to this end, the Committee reports to the Board of Directors, at least once every six months, on occasion of the approval of the annual and half-year financial reports, on the activities carried out as well as on the adequacy of the internal control and risk management system;
- on the approval, at least once a year, of the Audit Plan prepared by the Head of Internal Audit; on the description, in the Report on Corporate Governance and Ownership Structure, of the main features of the Company's internal control and risk management system and the methods of coordination between the parties involved in it, expressing its assessment of the adequacy of this system;
- on the assessment of the findings set out by the Auditors in its letter of recommendations, if any, and in its report on the crucial issues arising from the legal audit;
- the appointment and revocation of the Internal Audit Manager, the provision of adequate resources for the latter to carry out the respective responsibilities as well as the respective remuneration, in accordance with company policies.

The Committee shall also be entitled to perform the duties referred to in Application Criteria 7.C.2. of the Corporate Governance Code applicable until 31 December 2020 (included, with some amendments, in Recommendation no. 35 of the Corporate Governance Code applicable from 1 January 2021), listed below:

- evaluate, together with the Manager responsible for preparing the company's financial reports (henceforth also the Manager Responsible: see **par. 11.6** and **Annex 3** below), 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;
- on an annual basis, reviews the outcomes of the asset impairment testing (so-called Impairment Test);
- 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;
- to express opinions on specific aspects related to identifying the main business risks (in particular, 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;
- to monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Unit;
- to ask 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 approval of 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.

Pursuant to the Committee Regulations approved on 5 April 2019, the Board of Directors of the Company has also assigned to the Audit, Risk and Sustainability Committee the functions relating to sustainable management of the Company set out below:

- to express opinions to the Board of Directors of the Company on (a) the definition of "sustainability" policies and principles of conduct, in order to ensure the creation of value over time for the shareholders and for all the 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;
- to supervise the "sustainability" policies and observance of any principles of conduct adopted on the subject by the Company and its subsidiaries;

- examine the issues under enquiry in terms of long-term sustainability of the basic principles and guidelines of strategic planning, of the Business Plan and of short-term planning, supervising the methods for implementing the same;
- to assess, together with the competent Group Unit and after consulting the Independent Auditors, the proper use of the standards adopted for the purposes of preparing the non-accounting disclosures provided for in the current legislation;
- supervise the system for assessing and improving the environmental, economic and social impacts deriving from the 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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The following is a summary of the major topics reviewed by the Committee during FY 2020.

Specifically, with reference to the tasks functional to monitoring the autonomy, adequacy, effectiveness and efficiency of the Company's Internal Auditing and Compliance Department, the Committee examined (i) the Group's 2020-2021 Audit Plan, expressing its favourable opinion on the same to the Board; (ii) the periodic reports (relating to the second half of 2019 and the first half of 2020) of the Head of Internal Audit, containing an assessment of the suitability of the internal control and risk management system; (iii) the periodic reports of the IREN Group's Data Protection Officer, drawn up to account for the activities carried out by the same in the reference periods; (iv) the results of the monitoring of the implementation of the corrective actions planned in the face of the findings (so-called follow-up, an activity carried out every six months), focusing in particular on the resolution of the significant issues outstanding after the follow-up activity carried out by the structure, as well as the results of the audits requested by the Committee itself or by the Supervisory Boards.

During the year, the Committee reviewed the audits carried out by the *Internal Auditing* Department in relation to events or circumstances that required the involvement of the Committee.

With reference to the functions assigned by the Code concerning the internal audit system on financial information, the Committee met the Manager in charge of preparing the company's financial reports, the competent corporate structures and the Independent Auditors' representatives, and it examined: (i) the periodic reports (relating to the second half of 2019 and the first half of 2020) of the Manager in charge; (ii) the Impairment Procedure and its outcome, formulating requests for further details, in advance of the Board of Directors; (iii) the accounting standards applied in the preparation of the financial statements of IREN S.p.A. and the consolidated financial statements of the IREN Group as at 31 December 2020 as well as the Half-year Financial Report as at 30 June 2020, expressing a positive evaluation of the use of the accounting standards and their uniformity for the purposes of preparing the interim financial reports and the consolidated financial statements.

With reference to the functions relating to sustainability assigned by the Board of Directors, the Committee has: (i) assessed, on the basis of the information provided by the Corporate Social Responsibility Department and Territorial Committees of IREN S.p.A. and having consulted the statutory auditor, the correct use of the standards adopted for the purpose of drawing up the Sustainability Report / Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016 of IREN pertaining to the 2019 financial year; (ii) examined the periodic report, relating to the first half of 2020, on the initiatives put in place by the aforementioned Department for a structured comparison with the *stakeholders* of the territories in which the IREN Group operates, on the activities of the Territorial Committees and on the respective projects being implemented, as well as on the initiatives launched by the Company; (iii) examined, prior to approval by the Company's Board of Directors, the update of the IREN Group's Code of Ethics.

During 2020, the Committee also preliminarily examined: (i) the section on the internal control and risk management system of the Report on Corporate Governance and Ownership Structure relating to the year 2019, expressing its opinion on the same; (ii) the Guidelines on the remuneration policy for the Group's Executive Directors and Executives with Strategic Responsibilities for 2020, jointly with the Remuneration and Appointments Committee, within the scope of their respective functions, for the purpose of resolutions within the competence of the Board of Directors of IREN S.p.A..

During the year, with specific reference to risk monitoring, the Committee also (i) examined the periodic reports prepared by the Risk Management function, in order to correctly identify corporate risks and the indicators through which these are controlled, formulating for this purpose requests for more in-depth analysis of specific risks considered to be of particular importance; (ii) examined, in advance of the Board of Directors, the texts of the Cyber Risk Policy, the Climate Change Risk Policy and the Tax Compliance Model.

Pursuant to Application Criteria 7.C.2. of the Corporate Governance Code applicable until 31 December 2020 (incorporated, with some amendments in Recommendation no. 35 of the Corporate Governance Code applicable from 1 January 2021), the Committee reported to the Board of Directors on a half-yearly basis (specifically, on 25 March and 4 August 2020), on the activities carried out to constantly monitor the suitability of the IREN Group's Internal Control and Risk Management System.

In preparation for its approval by the Board of Directors (which took place on 29 September 2020), in line with similar preliminary activities carried out in previous years, the Committee supported the Board of Directors in the activities relating to the Company's Draft 2020/2025 Business Plan and, in particular, (i) in the correct identification of the main and significant risks relating to IREN and its subsidiaries; (ii) in the degree of compatibility of these risks with the strategic objectives identified, with the help of the Company's Risk Management, Planning and Control and Corporate Social Responsibility departments and Territorial Committees.

The Committee also examined the results of the *risk* assessments carried out by the above-mentioned corporate function with reference to strategic initiatives or merger and acquisition transactions carried out during the financial year, in support of the decisions of the Board of Directors (for example, with reference to the acquisition of an 80% stake in i.Blu S.r.l., to the plant and building reclaiming project aimed at improving the energy efficiency of the buildings of the City of Turin and to the acquisition, by IREN Ambiente S.p.A., of the Environment Division of Unieco).

With regard to the functions of monitoring legal/compliance risk, in 2020, the Committee received in-depth information on the project for the adoption, within the IREN Group, of an Antitrust Compliance Program, expressing a positive opinion on it with a view to approval by the Company's Board of Directors.

With regard to corporate governance, the Committee also examined, to the extent of its competence, the document entitled "Corporate Governance Code (January 2020 edition) - IREN S.p.A.'s governance assessments", designed to provide evidence of the solutions adopted by the Company in response to the Recommendations set out in the Corporate Governance Code issued in January 2020 by the Italian Corporate Governance Committee and applicable from 1 January 2021. Following an in-depth discussion, the Committee pointed out that it did not see any reasons to prevent the Company's Board of Directors from continuing with the preliminary investigation, which was concluded with the resolution adopted on 18 December 2020, which was simultaneously communicated to the market.

Finally, throughout the financial year, the Committee received a constant flow of information regarding the corporate measures adopted in agreement between the functions involved within the Group with reference to the situation caused by the spread of the COVID-19 *virus*.

Meetings, operating procedures, information flows and resources

During the year 2020, the Control, Risk and Sustainability Committee held 15 (fifteen) meetings, one of which was held jointly with the Remuneration and Appointments Committee and one jointly with the Board of Statutory Auditors, with 100% of its members attending (for details see below - **Table 2**). The average duration of the meetings was 2 (two) hours 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 in Application Criteria 7.C.3. of the Corporate Governance Code applicable until 31 December 2020 (included in Recommendation no. 37 of the Corporate Governance Code applicable from 1 January 2021), the Chairperson of the Board of Statutory Auditors in office and/or other Standing Auditor(s) of the Company, attended the Committee meetings held during the year.

Pursuant to Application Criteria 4.C.1. of the Corporate Governance Code applicable until 31 December 2020 (included in Recommendation no. 17 of the Corporate Governance Code applicable from 1 January 2021), Committee meetings held in FY 2020 were attended, upon invitation of the Committee itself, by its Chairperson, Directors, Company members

and employees and representatives of the Independent Auditors, also for the purpose of reporting on individual items on the Agenda, to the extent of their competence.

In carrying out its functions, the Committee had the right to access the information and company departments necessary to perform its tasks (mainly the Internal Audit and Compliance Department, the Risk Management Department and the Corporate Social Responsibility Department and Territorial Committees of IREN S.p.A.) and to make use of external consultants (in concrete terms, for 2020 the Committee did not make use of them).

An information flow of the Committee to the Board of Directors is required. In particular, during 2020, the Chairperson reported regularly on the activities carried out by the Committee at the first meeting of the administrative body.

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, on 5 April 2019, the Board of Directors approved an *ad hoc* Regulation.

The Control, Risk and Sustainability Committee has a gross annual budget of Euro 50,000.00 for 2021, allocated by the Company's Board of Directors.

During the current financial year, as at 13 April 2021, 5 (five) meetings of the Control, Risk and Sustainability Committee were held, two of which were held jointly with the Remuneration and Appointments Committee as well as one preparatory to the approval by the Board of Directors of the Draft Financial Statements as at 31 December 2020, the Sustainability Report / Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016 of IREN pertaining to the 2020 financial year and this Report.

In line with the work schedule followed in previous years, 4 additional meetings are planned, one of which will be held on the occasion of the Board of Directors' meeting to approve the Half-year Report.

10-COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

Composition and requirements

By subsequent resolutions passed on May 22 and 30, 2019, the current Board of Directors established a special Committee for Related Party Transactions (hereinafter also referred to as "**CRPT**").

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 Art. 3 of the Italian Corporate Governance Code. Pursuant to these provisions, as of May 30, 2019, the following independent Directors are members of the Related Party Transactions Committee:

- Licia Soncini (Chairperson);
- Dr. Alessandro Giglio;
- Prof. Ginevra Virginia Lombardi;
- Atty. Giacomo Malmesi⁷.

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 the 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 2020, 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 to the above, the CRPT considered the proposed changes deriving from transposition, into Italian law, of Directive 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement" (the so-called Shareholder Rights Directive 2), with particular regard to the new provisions on related party transactions, as well as, during the meeting of 29 January 2021, (ii) the publication on 10 December 2020 of Consob Resolution no. 21624, containing "Amendments to the Regulation containing provisions on Related Party Transactions and to the Regulation containing provisions implementing Legislative Decree no. 68 of 24 February 1998 on Markets and subsequent amendments", the amendments to which will come into force on 1 July 2021.

Meetings, operating procedures, information flows and resources

During 2020, the Committee for Transactions with Related Parties held 11 (eleven) meetings with the average participation of 93% of its members (three of these were held jointly with the Control, Risk and Sustainability Committee) (for further details see **Table 2**). Meetings lasted on average 1 (one) hour and 10 (ten) minutes.

All CTRP meetings were attended by the Chairperson of the Board of Statutory Auditors or another member of the Board of Statutory Auditors designated by the Chairman.

The Committee's work is coordinated by the Chairman, 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 2020 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.

The operation of the Committee shall comply, insofar as applicable, with the Recommendations of the Code, for any aspect not expressly regulated by the Procedure itself.

In particular, in accordance with Art. 3, Recommendation 17 of the Code, when performing its duties, the Committee has the right to access information and the corporate units necessary as well as external consultants, to carry out its tasks and to formulate its opinions in terms of the RPT (related party transaction) Procedure.

The Committee for Transactions with Related Parties has a gross annual budget of Euro 50,000.00 for 2021, 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 13 April 2021, the CTRP had held 2 (two) 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 added an internal control and risk management system consisting of a set of rules, procedures and organizational structures for the effective and efficient identification, measurement, management and monitoring of the main risks, aimed at contributing to the sustainable success of the company.

The board of directors defines the guidelines of the internal control and risk management system in accordance with the company's strategies and annually assesses its adequacy and effectiveness.

The Board of Directors defines the principles concerning the coordination and the flow of information among the parties involved in the internal control and risk management system. Such principles aim at maximising the effectiveness of the system itself, reducing the duplication of activities and ensuring the successful performance of the duties of the control body.

The organization of the internal control and risk management system, each according to their respective competencies, involves:

- a) the Board of Directors, which plays a role in guiding and assessing the adequacy of the system;
- b) the directors in charge of setting up and maintaining the internal control and risk management system, i.e. the Chairperson, the Vice Chairperson and the Chief Executive Officer, each with reference to the area to which their respective powers pertain;
- c) the risk and sustainability committee set up within the board of directors, with the task of supporting the board of directors' assessments and decisions relating to the internal control and risk management system and the approval of periodical financial and non-financial reports.
- d) the head of the internal audit function who is in charge of verifying that the internal control and risk management system is functional, adequate and consistent with the guidelines defined by the board of directors;
- e) The other corporate members with supervisory duties (such as risk management duties, legal risk and non-compliance risks), structured in relation to the size, sector, complexity and risk profile of the Iren Group, such as the Director of Risk Management, in particular, who reports hierarchically and functionally to the Vice Chairperson of the Company. The Director of Risk Management is responsible for: a) design and implementation of the Group's Enterprise Risk Management system; b) identification of main business risks and indicators through which they are monitored, taking into account the characteristics of the activities carried out by IREN S.p.A. and its subsidiaries, and periodically submitting them to the Appointed Directors, the Board of Statutory Auditors and the Control, Risk and Sustainability Committee for their opinions and approval; c) prepares the risk analysis plan relating to all the risks involved in the Business Plan as well as the strategic initiatives;
- f) the Board of Statutory Auditors, which monitors 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 Board appointed by the Board of Directors, pursuant and to all effects of Legislative Decree 231/2001 (for the current composition see **par. 11.3** below). 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;
- Organizational structure, with the assignment of duties and responsibilities and the delegation of powers;

- Organization, management and control model, pursuant to Legislative Decree no. 231/2001;
- Procedure pursuant to Law 262/2005 (Financial Reporting Manager);
- Organizational structure, pursuant to European Regulation on the Protection of Personal Data (GDPR) 2016/679 and former Legislative Decree 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 Vice Chairperson of IREN, 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 risks 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 respective 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 Risks (liquidity, interest rate, exchange rate);
- Credit Risk;
- Energy Risks, attributable to the procurement of gas for thermoelectric generation and to the sale of electricity, heat and gas, and to the hedging derivative markets;
- Cyber Risks, linked to potential events related to the loss of confidentiality, integrity or availability of data or information after which negative impacts on the organization, people, operations or other organizations could derive;
- Risks from Climate Change, which include risks due to the transition to a low carbon dioxide emission economy (transition risks) and risks of a physical nature (physical risks) that may result from catastrophic environmental events (acute risks) or from medium- to long-term changes in environmental patterns (chronic risks);
- tax Risks, related to potential transactions carried out in violation of tax laws or contrary to the principles or aims of the tax system;
- Operational risks, associated with asset ownership, involvement in business activities, processes, procedures and information flows.

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 organizational models, metrics and risk thresholds and reporting procedures.

Prior to consultation with the Board of Statutory Auditors, these Risk Policies are submitted by the Vice 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 during 2020 the Board of Directors of IREN S.p.A. approved the Cyber Risk Policy, the Climate Change Risk Policy and the Tax Control Model, subject to the opinion of the Control, Risk and Sustainability Committee; while the other risk policies were subject to substantial revision, which was also approved by the Board of Directors of IREN S.p.A., subject to the opinion of 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 preparation of the Group's "Risk Map" is the responsibility of the Risk Management Department, following the approval of the Risk Policies. During 2020, a major revision of the Group *Risk Map* was undertaken, the methodology and results of which were presented to the Audit, Risk and Sustainability Committee on 15 February 2021.

Control activities, guaranteed on the basis of:

- procedures defined by the holding company and its subsidiaries in order to regulate internal processes, monitor risks pursuant to Legislative Decree no. 231/2001 and formalize the controls aimed at guaranteeing the reliability of the administrative-accounting information;
- management and reporting control system;
- segregation of roles with respective check-and-balance mechanisms;
- authorizations on the basis of delegation of powers system;
- validation via IT systems set up to segregate functions;
- an indicators' system.

Information and communications: 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 organizational 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 of the activities they preside, so as to check that the related risks are adequately managed (so-called "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 Board pursuant to Legislative Decree 231/2001 (so-called "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"). "third level of control").

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. In this regard, with special reference to the emergency caused by the spread of the Covid 19 virus, the Control, Risk and Sustainability Committee and the Board of Directors also received and acknowledged the updated information on the initiatives adopted, in concert with the departments involved, by the IREN Group to deal with the emergency situation.

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 Art. 123-*bis*, paragraph 2, letter b) of the CFL (TUF).

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

With reference to the Italian Corporate Governance Code (2018 July issue), 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").

Following its inauguration, with a resolution passed on 4 June 2019, having regard to the allocation of powers to the same, the Board of Directors of IREN S.p.A. in office identified, as SCIGR appointed Directors, Eng. Renato Boero (Chairman of the Board of Directors), Massimiliano Bianco (Chief Executive Officer and General Manager) and Moris Ferretti (Vice Chairman), each with regard to their respective duties and powers.

In this regard, also taking into account the Q&A functional to the application of the Corporate Governance Code, the Board of Directors, at the time of the adoption of the Corporate Governance Code (January 2020 edition), together with the IREN S.p.A. Governance Assessments, deemed it appropriate to refrain from making any further decisions in this regard. As things stand, therefore, the three executive Directors indicated above continue to hold the position of SCIGR Appointed Directors, each with reference to the area to which their respective powers pertain, so as to ensure, overall, the achievement of the objectives underlying the behaviours outlined in Recommendation 32 of the Code.

Each Director responsible for the internal control and risk management system, within the scope of his/her respective roles and mandates, is assigned the duties referred to in Recommendation 34 of Code.

During FY 2020, Mr. Boero, Mr. Bianco and Mr. Ferretti (with reference to the areas of their competence and in compliance with the delegated powers), as appointed Directors of SCIGR:

- 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, 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, as well as handling the amendments dynamics of operating conditions and of the legislative and regulatory settings;

Furthermore, pursuant to the Italian Corporate Governance Code of IREN S.p.A., ICRMS Directors:

- c) 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;
- d) reports promptly to the control, risk and sustainability Committee on problems and critical issues that emerged in the performance of his or her activity or of which he or she nevertheless has information so that the committee can take appropriate actions.

11.2-Internal Audit Unit Manager

Pursuant to Art. 6, Recommendation 36, 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, based on the proposal from the relevant delegated body (also in his/her capacity as Director responsible for the internal control and risk management system) and Chairperson (if not one and the same as the Internal Audit Unit Manager), subject to favorable vote by the Control and Risk Committee and after consulting the Board of Statutory Auditors.

The Head of Internal Audit is not responsible for any operational area and, without prejudice to the competence of the Board of Directors as regards appointment, revocation, remuneration and adequacy of resources, for organizational reasons he reports to the Vice Chairman.

Furthermore, as contemplated by Art. 6, Recommendation 36, 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 periodic reports with adequate information on the activities carried out, the methods whereby risk is managed, and compliance to the established risk containment plans. 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 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;
- 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 organization prerequisites and that the adoption of these organizational 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 set up an Internal Audit function within its organization, except as specified below with reference to the activities of the Payment Institution carried out by the subsidiary Iren Mercato S.p.A.

In 2020, 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 Vice 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.

Starting from the second half of 2020, by virtue of the authorization obtained from the Bank of Italy, the subsidiary Iren Mercato began to lend, by means of the establishment of a special Assigned Capital, in accordance with the provisions of Art. 114-*terdecies* of Legislative Decree no. 385/1993 and subsequent amendments, Consolidated Banking Law (hereinafter the "T.U.B."), payment services provision activity pursuant to Art. 1, paragraph 2, letter h-*septies.1*), no. 7 and no. 8 of the T.U.B. as a so-called Payment Institution. non-financial "hybrid" pursuant to arts. 114-*novies* et seq. of the Consolidated Banking Act.

In view of the specialization required to carry out checks on this type of service, the Internal Audit function responsible for monitoring these Payment Institution activities has been entrusted to a party external to the Group, with adequate requirements of professionalism, independence and organization.

The results of the audits performed by the above-mentioned outsourced Function are taken into account in the overall assessment of the adequacy of the Group's System of Internal Control and Risk Management.

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 competent delegated body and the other Directors in charge of the Internal Control and Risk Management System and the Board of Statutory Auditors - for examination by the Control, Risk and Sustainability Committee and, therefore, for approval by the Board of Directors. The Audit Plan for the year also includes audits of risk areas pursuant to Legislative Decree no. 231/2001 and is, therefore, submitted to the Supervisory Board of IREN S.p.A.

With regard to 2020, 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, risk and sustainability 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);
- submission of audits findings 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;
- summary of the activities carried out, both in IREN and in the Tier 1 Companies, with reference to the implementation of the organization, management and control models pursuant to Legislative Decree 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).

Since 31 July 2019, also implementing the Standards issued by "The Institute of the Internal Auditors", an Internal Audit Function Mandate is in force, which identifies the mission, purpose, duties and responsibilities of the Function, as approved by the Board of Directors. The provisions in the Mandate were formulated in accordance with applicable legislation and corporate governance rules.

11.3-Organization Model pursuant to Legislative Decree 231/2001

IREN S.p.A. and the main Group companies have adopted organization, management and control models under the terms of Legislative Decree no. 231/2001 (hereinafter Models 231) with the objective of creating a structured and organic

system of procedures and audit activities aimed at preventing, as far as possible, conduct that can entail commission of crimes as contemplated by Legislative Decree 231/2001 ("Administrative Responsibility of Entities").

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

The review of Models 231 carried out in 2020 included 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.

In particular, during 2020, the 231 Models of IREN Mercato, ACAM Ambiente and ACAM Acque were updated, presented to the Supervisory Bodies of the respective companies and subsequently approved by the respective Boards of Directors; the 231 Models of IRETI and Iren Acqua were updated and presented to the Supervisory Bodies of the respective companies during 2020 and will be submitted for approval to the respective Boards of Directors in the first months of 2021. In addition, in 2020, TRM's and AMIAT's Models 231 were updated to reflect new legislation, presented to the companies' Supervisory Boards and approved by their Boards of Directors.

The General Section of the 231 Model includes:

- a description of the regulatory framework;
- a description of the business environment, governance model and of the company's general organizational structure;
- the method followed in formulating the Model;
- IREN S.p.A. sensitive activities;
- the composition, functioning and characteristics of the Supervisory Board;
- 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 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. Organized 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

The Code of Ethics is also an essential part of the Organization, Management and Control Model. Its most recently updated version was approved by the IREN Board of Directors at the meeting on 18 December 2020.

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 Board for a three-year term. The members of the Supervisory Board are Prof. Adalberto Alberici (Chairman), Atty. Letizia Davoli and Atty. 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.

The IREN Supervisory Board, with the help of the competent company departments, regularly checks the areas of activity that have been found to be at risk pursuant to the Legislative Decree. 231/2001 and reports half-yearly to the Board of Directors on the activities carried out and findings: where necessary, the Supervisory Board makes suggestions aimed at improving the activities control system and monitors its implementation.

In 2020, the operating procedure "Management of information flows to the Supervisory Board pursuant to Legislative Decree 231/2001" was also revised and supplemented, which governs the timing, content, corporate functions that must comply with it and the methods of forwarding it to the Supervisory Board itself.

Both the General Section of the Model and Code of Ethics are available on the Company's website (www.grupporenen.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 2020 with the implementation of the following activities:

- issuance 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;
- support to the Business in the management of data subjects' rights;
- constant updating of the processing registers of the main Group companies;
- digitalization of the Privacy System;
- monitoring and refining the third party management process;
- carrying out specific control audits;
- start of the course on personal data protection in the e-learning mode.

11.5-Independent Auditors

On the basis of the justified proposal by the Board of Statutory Auditors in its capacity as Internal Audit and Independent Audit Committee (IAIAC), the Shareholders' Meeting on 14 May 2012, appointed PricewaterhouseCoopers S.p.A., for a nine-year term 2012-2020, 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. The current Iren Group audit assignment will, therefore, expire with the approval of the 2020 financial statements.

PricewaterhouseCoopers S.p.A. has also been appointed to certify the conformity of the "Consolidated non-financial statement" (Sustainability Report, "Cnfs") of the IREN Group. This appointment, conferred pursuant to Art. 3, paragraph 10 of Legislative Decree no. 254 of 2016 on the current Group auditor, also expires with the approval of the 2020 financial statements.

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.

In agreement with the Board of Statutory Auditors, in its capacity as CCIRC, and in accordance with the provisions of Art. 16 of Regulation (EU) 537/2014, the Company deemed it appropriate to confer the engagement for the legal audit of the IREN Group and the engagement for the attestation of conformity of the DNF of the IREN Group for the nine-year period 2021-2029 in advance of the natural expiry of the mandate of PricewaterhouseCoopers S.p.A.. This prudential approach is intended to balance the following requirements:

- avoid that during 2020 (the year before 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 so-called 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.

Subsequent to the selection procedure managed and coordinated by the IAIAC (the "Tender Process"), and having reviewed the respective Recommendations, the Shareholders' Meeting on 22 May 2019, therefore, assigned KPMG S.p.A. for the nine-year period 2021-2029, for the independent audit of IREN S.p.A., inclusive of activities mentioned herein, and under the terms and conditions set forth in the bid provided by the Audit Company herein. Subsequently, on 25 November 2019, the Parent and KPMG signed a Framework Agreement containing terms and conditions (technical and economic) for the performance, for the nine-year period 2021-2029, by KPMG S.p.A. (i) the activity of legal audit of Iren's financial statements, (ii) the activity of limited audit of the DNF of the Iren Group and (iii) the activity of legal audit of the financial statements of the consolidated companies included in the perimeter of the Tender Process (the "Framework Agreement").

The Shareholders' Meetings of each consolidated company included in the *Tender Process*, on the basis of a reasoned proposal from their respective Boards of Statutory Auditors, have therefore appointed KPMG S.p.A. to audit their accounts for the three-year period 2021-2023 (with an option to renew for two further three-year periods), in accordance with the terms and conditions of the Framework Agreement.

As a result of the dynamism that has characterized the Group in the last period both in terms of internal reorganization and in terms of growth through external lines, it has not been possible to ignore the fact that it has recorded a number of changes: (i) the change in the scope of Iren's subsidiaries (direct and indirect) which, at the date of issue of this report, includes entities not contemplated in the *Tender Process concluded in 2019*; (ii) that some consolidated companies, already included in the scope of the audit, have undergone changes in size or legal status that impact the terms and conditions of the audit engagements already conferred on KPMG S.p.A. by them. Therefore, by the approval of the 2020 financial statements and in accordance with Article 5 of the Framework Agreement (which governs the negotiation of the expansion or reduction of the contracted audit services), the Company and KPMG S.p.A. will finalize an *Addendum* to the Framework Agreement, aimed at: (i) extend the legal audit that KPMG S.p.A. is required to perform, starting from 2021, to the financial statements of companies consolidated in the medium term; (ii) adjust the terms and conditions of certain legal audit engagements already assigned to KPMG S.p.A..

11.6-Financial Reporting Manager

In terms of Art. 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 Art. 154-*bis* of the Consolidated Law on Finance, as introduced by Italian Law no. 262/2005 and amended by Legislative Decree 303/2006) and determines its remuneration.

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 Consolidated Law on Finance, 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 of IREN 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 this regard; (ii) had granted the Executive Committee in office at the time a mandate to determine an expense budget for the Corporate Executive assigned, in discharging his/her relevant functions in the best way possible; (iii) had determined remuneration for the Manager for the same amount recognized 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) authorized the Financial Reporting Manager to draw up company accounting documents and make the regulatory and organizational 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 organizational 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 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.

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** below.

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

As indicated in the introduction to this paragraph 11, IREN has implemented an internal control system and risk management system comprising a set of rules, procedures and organization structures for an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the company. 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 with the support of the Control, Risk and Sustainability Committee:

- a) defines the guidelines of the internal control and risk management system consistently with the company's strategies and assesses, at least once a year, the adequacy of this system with respect to the company's characteristics and its risk profile, as well as its effectiveness;
- b) appoints and dismisses the head of the internal audit function, defining their remuneration which is consistent with the company policies. The board ensures that they have adequate resources to carry out their duties. If the internal audit function is entrusted, as a whole or by operating segments, to an external entity, the board ensures, in the corporate governance report, that it meets the adequate requirements of professionalism, independence and organization, providing adequate reasons for this choice;
- 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 2020/2021 Audit Plan at its meeting on 25 March 2020;

- e) evaluates the opportunity to take measures to ensure the effectiveness and impartial assistance of the other corporate functions mentioned in recommendation 32(e) (such as risk management and monitoring legal risk and non compliance). To this end, the board verifies that such functions have adequate professionalism and resources;
- f) evaluates, after consultation with the Board of Statutory Auditors, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the Supervisory Board;
- g) describes, in the corporate governance report, the main characteristics of the internal control and risk management system and the methods of coordination among the subjects involved. The report provides information about the national and international reference models and best practices adopted and the board's overall assessment of the adequacy of the system itself. Moreover, it provides an adequate explanation of the composition of the Supervisory Board referred to in letter e) above.

The Board of Directors of the Company shall also express an opinion on (i) the definition of "sustainability" policies and principles of conduct, in order to ensure the creation of value over time for the shareholders and for all the other stakeholders; (ii) the definition of a sustainability plan (strategic priorities, commitments and objectives) for the development of the economic, environmental and social responsibility of the Group;

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

- a) identifies the main business risks, considering the characteristics of the activities carried out by the company and its subsidiaries, and periodically submit them to the examination of the Board of Directors;
- b) implements the guidelines defined by the board of directors, providing for the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legislative and regulatory landscape;
- c) 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;
- d) reports promptly to the control and risk committee on problems and critical issues that emerged in the performance of his or her activity or of which he or she nevertheless has information so that the committee can take appropriate actions.

The current Board of Directors resolved to assign the office of "Directors responsible for the internal control and risk management system" to the Chairperson, Vice Chairperson and to the Chief Executive Officer", each within the scope of their respective responsibilities. The Chairperson and Chief Executive Officer tasked with risk management in relation to their respective mandates, act in conjunction with the Vice Chairperson.

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) assesses whether the periodic financial and non-financial information is suitable to correctly represent the company's business model, its strategies, the impact of its business and the performance achieved;
- c) examines the content of the periodic non-financial information relevant to the internal control and risk management system;
- d) expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the board of directors' assessments and decisions relating to the management of risks deriving from prejudicial facts of which the latter has become aware;
- e) examines the periodic and particularly relevant reports prepared by the internal audit function;
- f) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit Unit;
- g) 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;
- h) 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;
- i) 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.

- j) supervises the "sustainability" policies and observance of any principles of conduct adopted on the subject by the Company and its subsidiaries;
- k) 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;
- l) 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;
- m) supervises the system for assessing and improving the environmental, economic and social impacts deriving from the business activities in the local areas;
- n) 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 IREN S.p.A. Control, Risk and Sustainability Committee reviews the risk analysis performed: (a) with reference to the IREN Group's multi-year Business Plan, prior to its approval by the Board of Directors of IREN S.p.A.; (b) with reference to strategic initiatives, including merger & acquisition operations, carried out by the Company and/or its subsidiaries, where these fall within the competence of the Board of Directors of IREN S.p.A.

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 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 head of the internal audit function is not responsible for any operational area, depends hierarchically on the Board of Directors and has direct access to all information that is useful for carrying out their duty. In the governance system of IREN S.p.A., without prejudice to the competence of the Board of Directors of the Company in matters of appointment, revocation, remuneration and adequacy of resources, the Head of Internal Audit reports to the Vice Chairperson for organization purposes.

As also indicated *supra* in paragraph 11.2 above, the Head of Function *Internal audit*:

- 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) draws up regular reports with adequate information on the activities carried out, the methods whereby risk is managed, and compliance to the established risk containment plans. These regular reports include an assessment on the suitability of the internal control and risk management system;
- c) at the request of the Board of Statutory Auditors, promptly prepares reports on events of particular relevance;
- d) submits 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 in charge for the internal control and risk management system, except in cases when the subject of said relations specifically targets the activities of said entities;
- e) within the scope of the Audit Plan. checks on the reliability of the information technology in the accounting recording systems.

The Head of Risk Management reports on a hierarchical and functional level to the Vice-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) the identification the main corporate risks and indicators based on which risks 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 respective opinions, and for the approval of the Board of Directors;
- c) the preparation a risk analysis of all risks relating to the Business Plan and strategic initiatives
 - d) 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 Art. 2391-*bis* of the Italian Civil Code, the Board of Directors of IREN S.p.A. adopts rules to ensure the transparency and substantial and procedural accuracy in the 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 Art. 2391-*bis* of the Italian Civil Code, on 12 March 2010, in terms of Resolution 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.gruppoiren.it), in the Section "Investors - Corporate Governance - Related Parties".

As of 1 July 2018, with a view to simplifying and rationalizing, the new Procedure replaced any company documentation on transactions with related parties in force at that time.

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 in question has therefore been prepared in implementation of: of the provisions on the subject of transactions with related parties pursuant to Art. 2391-*bis* of the Italian Civil Code, as most recently amended by

Legislative Decree no. 49 of 10 May 2019, having as its object *"Implementation of Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder commitment"*; (ii) the Regulation containing provisions on related party transactions, adopted by Consob with resolution no. 17221 of 12 March 2010 as amended, taking into account the indications of Consob Communication no. DEM/10078683 of 24 September 2010; (iii) the provisions of Art. 114 of Legislative Decree no. 58 of 24 February 1998, (the "Consolidated Finance Act" or "TUF"); (iv) the Regulation containing provisions on related party transactions, most recently by resolution adopted by Consob no. 19974 of 27 April 2017, to implement Regulation (EU) no. 596/2014 on market abuse.

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, with specific reference to encouraging long-term commitment of the shareholders (so-called Shareholder Rights Directive 2), with particular regard to changes in related party transactions, as well as (ii) the publication on 10 December 2020 of Consob Resolution no. 21624, setting forth *"Amendments to the Regulation containing provisions on Related Party Transactions and to the Regulation containing rules for the implementation of Legislative Decree no. 68 of 24 February 1998 on Markets and subsequent amendments"*, the amendments to which will become effective on 1 July 2021.

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 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**, and in **Table 2** below.

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 conformity and compliance of the Applicable Procedure with the principles in the Consob Regulation.

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 Art. 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 - Appointing and replacing.

Without prejudice to shareholder agreement provisions on the subject, under **par.** 2.6, similarly to the by-laws referring to the appointment of Board members, Statutory Auditors (Standing and Alternate) 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. It is noted that the shareholding required to present candidate lists for election to IREN's Supervisory Board, that will be in office for the 2021-2023 term, was identified by CONSOB (with Resolution no. 44 of 29 January 2021), as being 1%, the same as the percentage specified under Art. 29, paragraph 1 of the current by-laws.

On the other hand, Shareholders from 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 companies.

Composition of lists.

The lists for the appointment of the current Board of Statutory Auditors at the date of this Report was collated in line with the provisions of the relevant paragraph in the 2017 Report, to which reference should be made in full.

The following is a summary of the procedures for the composition of the lists for the appointment of the control body under the current By-laws, which already incorporate the amendments/additions resolved by the Shareholders' Meeting held on 5 April 2019 and by the Board of Directors held on 25 March 2020. The new provisions of the By-laws on this matter, which involve increasing the number of statutory auditors from three to five and adjusting the percentage of statutory auditors (standing and alternate) reserved for the least represented gender to the criteria set out in the laws and regulations in force at the time, shall apply as from the next renewal of the Board of Statutory Auditors for the 2021-2023 term, at the time of the Shareholders' Meeting called to approve the 2020 financial statements.

Each list, on which the candidates are listed by a progressive number, is divided into two sections: one for candidates for the office of standing auditor, the other for candidates for the office of alternate auditor. Subsequent to the increase in Standing Auditors mentioned above, in accordance with Art. 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 the Shareholders other than those who hold, also as a group, a controlling interest or relative majority, indicating the absence of association or 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.

Following the introduction of the benefit of the vote increase pursuant to art. 127-*quinquies* of the Consolidated Law on Finance, to the maximum extent allowed by law (double vote, for which see **par. 2.6**), in accordance with Art. 28, paragraphs 2 and 3, of the current By-laws, the appointment of the members of the Board of Statutory Auditors for the three-year period 2021-2023 will take place 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 statutory auditors and one alternate auditor are taken from this list, in the order in which they are listed in the respective sections of the list;

(ii) the fourth and the 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 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 auditors are selected from that list, in progressive order, by which order the respective sections in the list are listed; (ii) from the list with the second highest number of votes (which has not been submitted or voted for by shareholders associated with the shareholders who submitted or voted for the lists that had the most or third most number of votes) the first candidate of a different gender to the majority of the candidates taken from the list referred to in point (i), shall be drawn as standing auditor, following the candidates listed order;

(iii) from the list with the third highest number of votes (which has not been submitted or voted for by the Shareholders associated with the shareholders who submitted or voted for the lists that had the most or second most number of votes), one statutory auditor and one alternate auditor shall be drawn from the list following their listed order in the relevant sections, the latter of a different gender from the candidate drawn from the list referred to in point (i).

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.

If only one list is presented, the Shareholders' Meeting shall adopt resolutions with the majorities required by law, without prejudice to the provisions of Section 6.1-*bis* of the current By-laws and in compliance with the gender equality requirements.

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 Art. 6.1-*bis* of these By-laws and gender balance requirement. Similarly, the Shareholders' Meeting appoints 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 lists 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 replacement of a Standing Auditor, the Alternate Auditor from the same list steps as Standing Auditor; where this is not possible, the Alternate Auditor with most seniority 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. without prejudice to the provisions of Art. 6.1-*bis* of the current By-laws.

13.2 - Composition.

In accordance with the by-laws applicable at the time⁸, and without prejudice to shareholder agreement provisions on the subject under **par. 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. Their terms of office therefore expire at the Shareholders' Meeting convened to approve the 2020 financial statement.

For the appointment of the Board of Statutory Auditors, 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 BY 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 AUDITORS CANDIDATES

- 1) Marco Rossi
- 2) Francesca Fasce

CANDIDATE LIST NO. 2, SUBMITTED BY AMUNDI ASSET MANAGEMENT SGRPA (FUND MANAGER: AMUNDI SVILUPPO ITALIA AND AMUNDI RIS.P.A.RMIO ITALIA), ALETTI GESTIELLE SGR (FUND MANAGER: GESTIELLE PRO ITALIA), ANIMA SGR S.P.A. (FUND MANAGER: 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), ERSSEL ASSET MANAGEMENT SGR S.P.A. (FUND MANAGER: FONDERSSEL PMI), EURIZON CAPITAL SGR S.P.A. (FUND MANAGER: 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 (FUND MANAGER: EURIZON FUND - EQUITY ITALY AND EURIZON FUND - EQUITY SMALL MID CAP ITALY), FIDEURAM INVESTIMENTI SGR S.P.A. (FUND MANAGER: FIDEURAM ITALIA, PIANO BILANCIATO ITALIA 30, PIANO BILANCIATO ITALIA 50 AND PIANO AZIONI ITALIA), FIDEURAM ASSET MANAGEMENT (IRELAND) LIMITED (FUND MANAGER: FIDEURAM FUND EQUITY ITALY AND FONDITALIA EQUITY ITALY), INTERFUND SICAV (FUND MANAGER: 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 (FUND MANAGER: 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 AUDITORS CANDIDATES

- 1) Donatella Busso

As a result of the voting at 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;

⁸ The Extraordinary Shareholders' Meeting held on 5 April 2019 - which, as mentioned in section 13.1, approved some amendments to the By-laws, including Article 28, which sets the number of effective members of the Board of Statutory Auditors at 5 - also resolved "to acknowledge that the amendments to the By-laws concerning the appointment and composition of the Board of Directors and the Board of Statutory Auditors shall apply to the appointments of these bodies following the termination of the mandate of the current administrative and control bodies". Therefore, the current provisions of the By-Laws for the appointment and composition of the Board of Statutory Auditors will apply as of the next renewal of the control body for the three-year period 2021-2023, during the Shareholders' Meeting to approve the 2020 financial statements.

– 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 control body: respect for gender quotas and optimisation of professional skills.

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 eligible members was reached; (ii) at the next renewal, in relation to the current 2018-2020 term, the minimum legally binding quota of one-third of the eligible members was exceeded, with the appointment of 1 Standing Auditor and one female Alternate Auditor, currently in office. As from the next renewal of the Board of Statutory Auditors for the 2021-2023 three-year period (and for six consecutive terms), the composition of said body will ensure that the minority gender shall constitute at least a minimum of two-fifths of the total members ratio (a ratio already achieved during the current term), in implementation of Art. 148, comma 1-*bis* TUF (come amended by the Budget Law 2020 *Legge di Bilancio*).

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 Art. 2397 of the Italian Civil Code and Art. 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 Art.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, together with the lists, the *curriculum vitae* of each candidate for the position of member of the Company's Board of Statutory Auditors, containing detailed information on the skills acquired during their professional experience. On the other hand, in view of the next renewal for the three-year period 2021-2023, the outgoing Board of Statutory Auditors, on the basis of the experience gained during the term of office that is about to expire, has drawn up an orientation document for Shareholders and candidates for the office of Statutory Auditor, which contains a number of considerations and reflections aimed, *inter alia*, at optimising the qualitative and quantitative composition of the auditing body to be appointed, with a view to more efficient and effective planning of their respective activities (the "**Guidelines of the Board of Statutory Auditors**"). The Board of Directors, in its meeting of February 23, 2021, took note of the contents of the College's Guidelines, providing for their timely publication on the institutional website www.gruppoiren.it in the *Investors - Corporate Governance - Shareholders' Meetings - 2021* section.

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. For information concerning the induction program for the 2020 financial year, also organized for the Company's standing statutory auditors, in line with the recommendations of the Corporate Governance Code, please refer to par. 4.5.

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, Art. 2, Recommendation 7 and 9 of 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 verifying compliance with these requirements.

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 meeting held on 5 February 2021, it verified that its members continued to meet the independence requirements during the 2020 financial year.

In making the above assessments, the corporate bodies applied the criteria set out in the Consolidated Finance Act and the Code with regard to the independence of Directors. In any case, it should be noted that the Criterion set forth in Art. 2, Recommendation 7, letter d) of the Code is not applicable to the Board of Statutory Auditors, since the Auditors' compensation is a fixed-amount for their 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 Supervisory Board 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 Members of the Board of Statutory 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.

Art. 6, Recommendation 37 of the Code provides that a Standing Auditor who, on his/her own behalf or on behalf 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 said personal interest. During 2020, 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 the calculation of the Auditors' remuneration, under Art. 5, Recommendation 30 of the Code, it should be noted that, pursuant to Art. 30 of the current By-laws, the Shareholders establish the remuneration of the Board, taking into account the commitment required of its members, the importance of their respective position and the scope and sector-based characteristics of IREN.

In this regard, the outgoing Board of Statutory Auditors, with the support of a qualified advisor, carried out a benchmark analysis of its own remuneration position compared to the main comparable items in terms of size and/or sector, the results of which were also brought to the attention of the Company's Board of Directors; the respective findings are summarized in the Guidelines of the Board of Statutory Auditors.

13.5 - 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 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 organizational 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.

In addition, pursuant to Art. 19 of 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 authorization 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.

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 **par. 11.7** of this Report.

13.6 - Meetings and functioning.

During 2020, 11 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 30 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 2021, 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 above-mentioned 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 2020, 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 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 organizational structure a dedicated Investor Relations department, appointing Engineer Domma as Investor Relations 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.

Relationships with investors have continued as in previous years. The increased interest shown by investors towards the Group has required greater communication. As with previous years, the roadshow, organized from time to time by different brokers, remained the main tool for introducing Iren to Italian and foreign institutional investors, both in terms of equity and credit. In 2020, 20 roadshows were held in the world's main financial markets (London, Paris, Geneva, Brussels, Luxembourg and Frankfurt). Attending the Frankfurt conference was new this year. During the year, meetings were held with about 120 investment funds, for a total of 170 fund managers or analysts.

For relations with shareholders and the financial market, IREN also makes use of the "Investors" section of the Company's website (www.gruppouren.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 held on 6 May 2011, approved the adjustment of the then current By-laws to the rules contained in Legislative Decree no. 10 of 27 January 2010 (so-called "*Record date*"), in Art. 2391-*bis* of the Italian Civil Code and in Consob Resolution no. 17221 of 12 March 2010 and subsequent amendments and additions (Related parties transactions).

Furthermore, on 14 November 2012, the Board of Directors 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 Legislative Decree no. 91 of 18 June 2012, on 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 Art. 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.gruppouren.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.gruppouren.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.gruppouren.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 authorized intermediary, in accordance with its accounting records, supporting the person with voting rights. 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.gruppore.it) or by message sent to the certified electronic mail address as specified in the notice of call.

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 authorization 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 call. 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-Chairperson, or in the absence of the Vice-Chairperson, 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 Art.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 Art. 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 Art. 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 Art. 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**"); and
- 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 Art. 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 issue any proposal at the Shareholders' Meeting in that regard, as the BoD meeting agenda 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 29 April 2020, a shareholders' meeting of IREN S.p.A. was held to resolve on (i), in extraordinary session, the proposal to amend the by-laws and (ii) in ordinary session, the proposal to authorize the Board of Directors to purchase and dispose of treasury shares.

At the shareholders' meeting, 14 directors in office at that date attended.

During 2020, the FTSE Italia All-Share (the main index of the Italian Stock Exchange) reported a decrease of 5.6% mainly due to the impact of the health emergency caused by the spread of the Coronavirus. The first part of the year was characterised by an unfavourable energy scenario, with low commodity prices, which then deteriorated further following the Coronavirus emergency, the subsequent lockdown and expectations of a slow economic recovery, despite the recovery plans approved by Central Banks and Governments. The above-mentioned difficult economic situation and the continuation, also in the fourth quarter, of the health emergency and the consequent restrictions imposed by the government, had an effect on the share price trend, which was affected by negative market expectations such as the incurring of extra costs linked to the emergency, the lower demand for products and services and the slowdown in investments in various sectors.

Against this negative backdrop, the four multi-utilities underperformed the main FTSE All Share index due to investors' investment policies that favoured other sectors including mainly those related to digital technologies and others. At 31 December 2020, the last trading day in the year, the price of IREN stock stood at Euro 2.126 per share, up by 23.0% compared to the price at the beginning of the year, with average trading volumes exchanged during the period amounting to approximately 2.12 million units. The average price in 2020 was Euro 2.30 per share.

It should be noted that, before the spread of the epidemic, the lockdown measures at national level and the consequent reduction in share prices in the financial markets, Iren's share price had reached its all-time high (Euro 3.10 per share) on 19 February 2020, bringing the Group's market capitalization to over 4 billion euro; the minimum for the period, Euro 1.77 per share, was instead recorded on 18 March.

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 2020

Any eventual changes in the corporate governance structure of the Company between the end of 2020 and the date of approval of this Report, it is acknowledged in the respective sections.

On 19 January 2021, the Board of Directors approved the corporate events calendar for 2021. This calendar has been published on the Company's website (www.gruppoiren.it).

18-CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 FROM THE CHAIRPERSON OF THE COMMITTEE FOR CORPORATE GOVERNANCE

In a letter of 22 December 2020 to the Chairpersons, CEOs 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:

- a **more effective integration of sustainability issues in the definition of strategies, internal control system and risk management**, based also on an analysis of the relevant factors that may affect the generation of value in the long term;
- the **improvement of the management of pre-meeting information flows**, through the explicit setting of the deadlines that the Board considers appropriate for the sending of documentation, and the adequate disclosure of these

deadlines in the Report on Corporate Governance and Ownership Structures pursuant to Art. 123-*bis* of the Consolidated Law on Finance; it was also pointed out that these deadlines should not be waived for mere confidentiality reasons;

- **improvement in the effective application of the independence criteria** by the Board of Directors, recommended by the Italian Corporate Governance Code, with particular regard to an evaluation of the "significance" of any relationship examined under qualitative-quantitative criteria defined in advance, reiterating, in any case, the exceptional nature and the individual justification for deviating from one or more of the recommended criteria;
- the **improvement of the self-evaluation process** of the Board of **Directors and its Committees**, by inviting the *Board* to evaluate its contribution to the definition of strategic plans and to oversee the board review process;
- **improving disclosure with reference to the succession plans for Executive Directors**, by inviting the boards to (i) provide a precise account of the activities carried out by the Appointments Committees in this respect (i.e. in the case of IREN S.p.A, the Remuneration and Appointments Committee); (ii) ensure the completeness and timeliness of the proposals for resolutions functional to the process of appointing company bodies and express, at least in companies with non-concentrated ownership, an orientation on its optimal composition; (iii) forecast, at least in large companies, a succession plan for executive directors that identifies at least the procedures to be followed in the event of early termination of office;
- **remuneration policies**, with particular regard to (i) improving the disclosure of the weight of the variable component of top managers, distinguishing between components linked to annual and multi-year time horizons; (ii) strengthening the link between variable remuneration and long-term performance objectives, including, where relevant, non-financial parameters; (iii) limiting to exceptional cases, subject to adequate explanation, the possibility of paying amounts not linked to predetermined parameters (i.e. *ad hoc* bonuses); (iv) defining the criteria and procedures for the allocation of severance pay; (v) verifying that the amount of remuneration paid to non-executive directors and members of the Board of Directors is in line with the criteria and procedures established by the Board of Directors; (iii) limiting to exceptional cases, subject to adequate explanation, the possibility of paying sums not linked to predetermined parameters (i.e. *ad hoc* bonuses); (iv) defining criteria and procedures for the allocation of severance indemnities; (v) verifying that the amount of compensation paid to non-executive directors and members of the control body is appropriate to the competence, professionalism and commitment required by their position.

Pursuant to its recommendations, the letter and its annex were made available to the IREN S.p.A. Board of Directors in its meeting of 19 January 2021, to the Committees created therein (first operative meetings held in January 2021) and to the Board of Statutory Auditors, the latter in the meeting of 5 February 2021.

More specifically, the Company's BoD, 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 S.p.A. 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 2021 Remuneration Policy and Compensation paid in 2020, drawn up pursuant to Article 123-*ter* of the Consolidated Law on Finance;
- the requests for improvement relating to pre-meeting information, which have already been considered since the Board's inauguration, may be further clarified in the context of the drafting of the Regulation on the functioning of the Board of Directors;
- the Board of Directors of the Company has considered, for the purpose of the board evaluation activity referred to the 2020 financial year, as reported in the specific paragraph, the issue of the board 's contribution to the strategy; moreover, in the governance system of IREN S.p.A., the Board of Directors of the Company oversees, with the support of the Remuneration and Appointments Committee, the board evaluation process;
- since the beginning of its term of office, the Board of Directors of the Company in office (i) has "detailed", through the introduction of quantitative parameters, the significance of any commercial, financial and professional relations existing with the Company's Board Members, as well as any additional remuneration in relation to the fixed fee as a Board Member, which could compromise independence; (ii) has never resorted to the failing to apply of one or more independence criteria;
- suggestions regarding the succession of executive directors, with reference to the contingency profile, were examined in detail in the first quarter of the current year;
- with reference to the indication on the expression of the orientation to the shareholders on the optimal qualitative-quantitative composition, it is important to note that (i) the activity was performed both by the Board of directors of the Company in office until 9 May 2016, with reference to the 2016-2018 mandate, and by the Board of directors

of the Company in office until 22 May 2019, with reference to the 2019-2021 mandate; (ii) the activity is expected to be performed again also for the 2022-2024 mandate, by the Board of Directors in office.

With specific reference to remuneration, the Remuneration and Appointments Committee of the Company was instructed by the Board, also for 2021, 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 internal Board committees. The outcome of this study, reported separately to the Board of Directors on 25 March 2021, 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). A similar remuneration benchmark, also carried out with the support of an advisor, was carried out by the Company's Board of Statutory Auditors, in view of the expiry of its mandate.

TABLES

TABLE 1. INFORMATION ON OWNERSHIP STRUCTURES

As of 31 December 2020, the share capital subscribed and paid is equal to Euro 1,300,931,377.00, 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>% compared to the share capital</i>	<i>Listed/ Unlisted</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		

RELEVANT INVESTMENTS IN THE SHARE CAPITAL (AT 31 DECEMBER 2020)		
<i>Declarant</i>	<i>% share of capital</i>	<i>% voting rights of total of voting rights **</i>
FSU srl	18.851	23.577
FCT Holding S.p.A.	13.803	18.498
Municipality of Reggio Emilia	6.423	8.608
Municipality of Parma *	3.163	4.240

* 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 S.p.A. with 1.554% of the voting share capital.

** Voting rights with reference to shareholder resolutions with majority vote under Art. 6-bis of the By-laws.

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

Board of Directors (as at 31 December 2020)													Control, Risk and Sustainability Committee		Remuneration and Appointments Committee (RAC)		Committee for Transactions with Related Parties		
Office	Members	Year established	Date of first appointment (*)	In office since	In office up to	List (M/m) (**)	Executive	Non-executive	Independ. under Code	Independent of Consolidated Law on Finance	(***)	no. of other duties (****)	(*****)	(****)	(*****)	(****)	(*****)	(****)	
CHAIR	Renato Boero •	09 March 1962	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	YES	-	-	-	19/19	-	-	-	-	-	-	-	
Vice Chair	Moris Ferretti *	28 May 1972	04 June 2015 ⁽¹⁾	22 May 2019	Approval Fin. Stat. 2021A	M	YES	-	-	-	19/19	2	-	-	-	-	-	-	
CEO and DG	Massimiliano Bianco •	30 August 1971	01 December 2014 ⁽²⁾	22 May 2019	Approval Fin. Stat. 2021	M	YES	-	-	-	19/19	-	-	-	-	-	-	-	
Administrator	Sonia Maria Margherita Cantoni	16 February 1958	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	18/19	-	M	15/15	-	-	-	-	
Administrator	Enrica Maria Ghia	26 November 1969	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	m	-	YES	YES	YES	19/19	2	M	15/15	-	-	-	-	
Administrator	Pietro Paolo Giampellegrini	14 November 1968	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	19/19	-	-	-	C	11/11	-	-	
Administrator	Alessandro Giglio	30 July 1965	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	16/19	1	-	-	-	-	M	11/11	
Administrator	Francesca Grasselli	13 June 1979	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	19/19	2	-	-	M	11/11	-	-	
Administrator	Maurizio Irrera	17 September 1958	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	-	-	17/19	4	-	-	M	10/11	-	-	
Administrator	Cristiano Lavaggi	08 August 1975	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	-	YES	17/19	1	M	15/15	-	-	-	-	
Administrator	Ginevra Virginia Lombardi	04 July 1966	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	18/19	1	-	-	-	-	M	8/11	
Administrator	Giacomo Malmesi	29 October 1971	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	19/19	3	C	15/15	-	-	M	11/11	
Administrator	Tiziana Merlini	08 June 1974	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	-	YES	18/19	-	-	-	-	-	-	-	
Administrator	Gianluca Micconi	19 March 1956	22 May 2019	22 May 2019	Approval Fin. Stat. 2021	M	-	YES	YES	YES	18/19	-	-	-	-	-	-	-	
Administrator	Licia Soncini	24 April 1961	09/05/2016 ⁽³⁾	22 May 2019	Approval Fin. Stat. 2021	m	-	YES	YES	YES	18/19	1	-	-	-	-	C	11/11	
Quorum required for the submission of lists at the time of the latest appointment: 1%												BoD: 19		CRSC: 15		RAC: 11		CTRP: 11	

NOTES

- With a resolution passed on June 4, 2019, the Board of Directors of Iren identified, as SCIGR Appointed Directors, Eng. Renato Boero, Massimiliano Bianco and Moris Ferretti to head the ICRMS, each within the scope of their respective competence for the functions and authorizations they hold 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 S.p.A. 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 the above-mentioned positions of each Director, as well as positions 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 ("C") and member ("M"), in accordance with the composition of Board committees stated by IREN Board of Directors resolution of 30 May 2019, in order to ensure well-balanced professionalism and expertise within the committees and to safeguard compliance with Corporate Governance Code in force at the time.

⁽¹⁾ Former Director and Member of the Remuneration and Appointments Committee effective as of 4 June 2015, Mr. Ferretti was appointed Vice Chairperson (with assignment of powers) by the IREN Board of Directors on 22 May 2019, immediately after his appointment as Director by the Shareholders' Meeting for the three-year period 2019-2021.

⁽²⁾ Former Chief Executive Officer as from 1 December 2014, Mr. Bianco was appointed CEO (with assignment of powers) by the IREN Board of Director on 22 May 2019, immediately after his appointment as Director by the Shareholders' Meeting for the three-year period 2019-2021. By a resolution adopted on 2 July 2019, Mr. Bianco was also appointed as General Manager by the Board of Directors of Iren.

⁽³⁾ Former Director and Member of the Committee for Transactions with Related Parties in the previous term of office effective as of 9 May 2016, Ms. Licia Soncini was appointed to the position of Director for the three-year period 2019-2021, 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.

TABLE 3. BOARD OF STATUTORY AUDITORS STRUCTURE.

Board of Statutory Auditors (at 31 December 2020)									
Office	Members	Year established	Date of first appointment ^(*)	In office since	In office until	List (M/m) ^(**)	Code Independence	Participation in College meetings ^(***)	Number of other assignments ^(****)
Chairman	Michele Rutigliano	06 October 1953	28 April 2015 ⁽¹⁾	19 April 2018	Approval of 2020 Financial Statements	m	YES	11/11	4
Standing Auditor	Simone Caprari	10 January 1975	19 April 2018	19 April 2018	Approval of 2020 Financial Statements	M	YES	11/11	8
Standing Auditor	Cristina Chiantia	07 May 1975	19 April 2018	19 April 2018	Approval of 2020 Financial Statements	M	YES	11/11	5
Alternate Auditor	Donatella Busso	30 June 1973	19 April 2018	19 April 2018	Approval of 2020 Financial Statements	m	YES	-	4
Alternate Auditor	Marco Rossi	05 January 1978	19 April 2018	19 April 2018	Approval of 2020 Financial Statements	M	YES	-	-
Quorum required for lists submission at the time of the latest appointment: 1%.									
Number of meetings held in 2020: 11									

NOTES

^(*) The date of first appointment of each (Standing or Alternate) Auditor refers to 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 (standing or Alternate) Auditor was picked.

^(***) This column indicates the number of meetings that each Standing Auditor participated in during the FY, 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 Alternate), pursuant to Art. 148-bis of the Consolidated Law on Finance (TUF) 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 three-year period 2018-2020, at the Shareholders' Meeting of 19 April 2018.

TABLE 4. OFFICES HELD BY THE DIRECTORS IN OTHER COMPANIES

The following table shows, for each Director of IREN S.p.A. in office at the date of this Report, the positions held as Director or Auditor, 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 held 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 S.p.A.

Renato BOERO (Chairperson)	Moris Ferretti (Vice Chairman)	Massimiliano BIANCO (CEO 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. (*)
	Director of Gequity S.p.A.	

Alessandro GIGLIO	Francesca GRASELLI	Maurizio IRRERA
Director of IREN Energia S.p.A. (*)	Vice Chairperson and Director of GHG Holding S.p.A.	Director of IREN Mercato S.p.A. (*)
Chairperson of Giglio Group S.p.A.	Director of Grasselli S.p.A.	Vice Chairperson and Director of REAM SGR S.p.A.
		Director of PerMicro S.p.A.
		Chairperson of the Board of Statutory Auditors of AGFA Finance Italy S.p.A.
		Director of FINPIEMONTE S.p.A.

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. (*)

Tiziana MERLINO	Gianluca MICCONI	Licia SONCINI
-	-	Director of Atlantia S.p.A.

(*) Companies in which IREN S.p.A. holds an interest directly or indirectly.

ANNEXES

ANNEX 1. PERSONAL AND PROFESSIONAL PROFILE OF EACH DIRECTOR

RENATO BOERO - CHAIRMAN 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 S.p.A. with delegated powers on M&A, Innovation, Institutional Relations and Group Communication.

Chairman of the Board of Directors of Iren Energia S.p.A (from 12/2016 - 5/2019)

Chairman of the Board of Directors of TRM S.p.A (from 10/2016 - 10/2019)

Member of the Utilitalia Executive Committee (since November 2016)

Member of the Environment Steering Committee of Utilitalia (since November 2016)

Chairman of the Waste Treatment Plants and Waste to Energy Utilitalia Commission (since March 2017)

Consolidated experience gained in ENEL S.p.A. in Italy and abroad, A2A S.p.A, AMSA S.p.A in the management of complex plants for the production of energy from traditional sources, gas and fossil fuels, design and construction of waste treatment/recycling, plants for the transformation into secondary raw material.

Optimization and streamlining of organizational resources.

Plant management, revamping and environmental adaptation of complex plants.

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).

English language: professional proficiency

TRAINING

1987 Degree in Electronic Engineering from Politecnico di Torino (Turin Polytechnic University)

MORIS FERRETTI - VICE CHAIRMAN



Born in Reggio Emilia in 1972, he has a Marketing Degree from the University of Modena and Reggio Emilia. 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. Former companies: Unicarni; Assofood; CX Packajng Group; CCPL Industrial Group. He served a Director and member of the Remuneration and Appointments Committee of Iren, Director of Ireti, as well as Chairman of the Board of Directors of Iren Mercato. He currently is the Chairman of the Board of Directors of Iren Energia. As Executive Vice Chairman of Iren S.p.A., he is responsible for Internal Audit and Compliance, Corporate Social Responsibility, Corporate Affairs and Risk Management.

MASSIMILIANO BIANCO - CHIEF EXECUTIVE OFFICER AND DIRECTOR GENERAL



He has served as CEO of Iren S.p.A. since December 2014.

Born in 1971 and graduated with honors from Bocconi University in Milan, he has gained important professional experiences in the utilities 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 Director General, and based on his expertise acquired in the sector, he also served as the liaison between local industrial public services, for Spending Review Commissioner and for the Government for the drafting of the 2015 Stability Law regarding to "Streamlining of local investee companies". From 2005 to 2013, he served as Director General of Acquedotto Pugliese (Apulia Water Main), the main operator of public services and infrastructure in Southern Italy. As Director General, he successfully led the relaunch of the company, achieving a significant improvement in the quality of service, infrastructure and key economic and financial indicators. Mr. Bianco also gained significant experience in the financial sector (with a main focus on utilities and infrastructures) at Gallo & C. (Mediobanca Group, a leading independent investment bank listed on the Stock Exchange at the time) from 1996 to 2005, with roles of increasing responsibility (until he became Director General and then Chief Executive Officer).

SONIA CANTONI



Born in Milan in 1958, she has a degree in Agricultural Sciences, specializing in Engineering and Agricultural Economics. She has many years of experience in the fields of environment and sustainability, public utilities and the care of the common goods. 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. From September 2005 to March 2011 she was General Manager of the Environmental Protection Agency of the Tuscany Regional Government. In 2011 she was appointed Chairperson of AMSA, a company of the A2A group, a position she held until April 2013. From 2013 to 2019 she was a Director with responsibility for the environment 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 served as Chairperson of the Supervisory Board of the Fondazione Milano (Milan Foundation), an organization set up and supported by the Municipality of Milan and active in the field of Higher Education. As of 1 July 2019, she is a Director of IRETI.

ENRICA MARIA GHIA



She has been a member of the Milan Bar Association since 1998. She has been a managing partner in the firm, with offices in Milan and Rome and a roster of 15 attorneys, 10 paralegals and 20 employees. Her areas of specialization 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. He carries out his activities both in and out of court. In November 2017, he formed JurisNet s.t.a. S.r.l., a law firm with 10 partners and over 150 affiliates nationwide. In April 2018 the firm won the 2018 *Professionista Digitale* award, organized by the Digital Observatory of the Polytechnic University of Milan (Politecnico di Milano). In 2018, she founded JurisTech Srl, an innovative start-up in the legal tech industry that went on to develop the JurisPlatform collaboration suite. She is an independent director of Isagro S.p.A. and GEquity S.p.A.

PIETRO PAOLO GIAMPELEGRINI



Born in Massa in 1968, he graduated in Law in 1994 at the University of Parma, Italy. In 1997 he was admitted to the 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. From April 2018 to December 2020, he has been a Special Commissioner of the regional tourism promotion agency 'in Liguria'. He is also an expert in the subject of ICT "Information and Communications Technology" for the Public Administration at the University of Genoa and contract professor of the teaching "Territory, Environment and Sustainable Development" supplementary to the official course of "Comparative and European Constitutional Law in the same University. 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 S.p.A. One of many other positions held until 2015, was serving as Member of the Supervisory Board pursuant to Legislative Decree 231/01 of the Cassa di Risparmio di Carrara. Since 28 June 2019, he's Chairperson of the Board of Directors of IREN S.p.A.

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. The following are some of the positions held during the course of his career: 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 Television. He devoted many years of his life to the design and production of major events and theatrical and TV shows. He has produced television programs such as *Carramba che Sorpresa* (Rai 1), *Segreti e Bugie* (Rai 1), *Navigator* (Rai 1, and winner of the "Most Innovative European Program of the Year" award at Cannes Mip in 2000). In 2004 he organized 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 labor, 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. In 2010, the latter channel became the world's first television channel streamed on Facebook. In 2003 he founded the Giglio Group, of which he is Chairman and majority shareholder, 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. He is currently Chairman of Meridiana Holding, of Summit 360 (a Spanish company listed on the Madrid Stock Exchange), Chairman of the National Theatre of Genoa and member of the Board of Directors of Iren Energia.

FRANCESCA GRASELLI



Born in Reggio Emilia, she graduated with honors in Business Economics in 1979 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 specialization was the evaluation of creditworthiness and the study of insolvency forecasting models in the light of Basel 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 working at Grasselli, a company operating in the production of machinery for the food industry, of which she is currently CEO and within which, in addition to typical financial activities, she deals with strategic planning and business process efficiency. In addition to the role of director of the parent company Iren S.p.A., which she has held since May 2019, since November

2020 she has been a member of the Board of Directors of the University of Modena and Reggio Emilia.

MAURIZIO IRRERA



Born in Turin in 1958, he graduated from the University of Turin in 1982 with a Law Degree. In the immediate years after graduation, he developed significant experience as Head of Internal Legal Affairs of a major listed Company. In 1989 he obtained his 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 Law Firm - Attorneys Partnership, 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 on the boards of companies operating in the asset

management, credit and leasing sectors: he is Vice Chairman of the Board of Directors of REAM Sgr S.p.A.; he is a member of the Board of Directors of PerMicro S.p.A.; he is Chairman of the Board of Statutory Auditors of Agfa Finance S.p.A.. Chairperson of the supervisory bodies of public companies and a member of the supervisory bodies in the health sector. He served as Director on the Board of a credit institute. He is Chairperson of the Centro CRISI (CRISIS Center) - 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 authored over 120 scientific papers including monographs, essays, textbooks, encyclopaedia entries, articles and case notes on commercial, corporate and bankruptcy proceedings. He is also a Director of Iren Mercato and Chairman of the Board of Directors of Unieco Holding Ambiente s.r.l.

CRISTIANO LAVAGGI



Mr. Lavaggi Cristiano graduated in 1994 from the School of Accountancy. In 2002 he was awarded a degree in Labor Consulting at the University of Siena and in 2005 he completed his Masters in Labor Law and Personnel Management in Reggio Emilia. From 2008 to 2012, he enrolled in additional Masters degree courses, specializing in Payroll and Personnel Management and in Bankruptcy Law.

In 1998 he began practice as a labor consultant at the Accountant office of Manuela Demontis.

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 worked as external associate for Studio Petacchi & C. Srl, where he handled income tax returns and employee tax forms 730, 770 and Unico.

Since 2009 he has been a member of A.N.coT. (National Association of Tax Professionals) as Professional Tax Consultant and his office is located in Castelnuovo Magra (SP), Via Aurelia 190. In 2010 he became a partner of Studio Petacchi & Partners Srl as tax and labor consultant. He was a member of the Board of

Directors of I.S.I. S.p.A. until 2016.

In 2013 he founded Studio Lavaggi snc di Lavaggi C. and Marchini A. of which he is still a partner.

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 S.p.A., Liguria Region (GE).

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

VIRGINIA GINEVRA LOMBARDI



Born in Viareggio (LU) in 1966, she is a professor at the Department of Science for Economics and Business at the University of Florence. She 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 invited speaker at national and international conferences. She has won 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 1971. He graduated in Law with honors 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 Calcio 1913 serving as Vice Chairman and has contributed to the city's soccer team rise from the D-League to the A-League.

TIZIANA MERLINO



She was born in Finale Ligure (SV) in 1974, she is a manager with extensive experience in innovation processes and organizational change, with particular expertise in the public sector. In 1998 she graduated with honors with a degree in Politics and Economics at the University of Genoa and in 1999 obtained her "Innovator of the Public Administration" Masters degree. She began her career in January 2000 with the Lattanzio Group S.p.A. 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 S.p.A., 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. From October 2017 to

January 2021, she was General Manager of Amiu Genova S.p.A., 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. From February 2021, she took on the role as Director of the new organizational area Plants and Innovative Research and Development of Amiu (multi-service company for urban sanitation) in Genoa.

GIANLUCA MICCONI



Born in Ponte dell'Olio (PC) in 1956. With a training background in sciences, he was Sole Director of Tempi Agenzia Srl in Piacenza from March 2012 to April 2018, PDL (political party) coordinator in the Municipality of Ponte dell'Olio from January 2010 to December 2014. He also served as Director of the Consorzio Bonifica Cisterne (Land Reclamation Authority for Cisterns) in Piacenza from January 2014 to December 2003. He has also been a member of the Executive Board of Alleanza Nazionale (political party) in Piacenza and was a Provincial Councillor for the party from January 1998 to December 1999. From 2005 to 2020 he was a Member of the Board of Directors of P.C.M. Srl (Piacenza Testing and Maintenance). He holds directorships in various companies, including C.R.C. Srl (Inspection, Diagnosis and Testing Center)

LICIA SONCINI



Licia Soncini was born in Rome in 1961, she graduated with honors in Cultural Anthropology at "La Sapienza" University in Rome in 1986, and was awarded a legislative consulting Diploma from the Higher Institute of Legislative Studies in 1990, under the patronage of the President of the Italian Republic. Since 1998, he has been President and founding partner of Nomos Centro Studi Parlamentari, a company specialising in consultancy for institutional relations and lobbying, where he has always followed and supported clients in the energy sector, starting from the period of privatisation of state-owned companies (Edison, Unione Petrolifera, Total, Gestore del Mercato Elettrico, Assogas) and then moving on to follow clients in the pharmaceutical sector for whom he provided political and legislative consultancy. At the end of 2013, she founded the Nomos Health Policy Laboratory, a company specializing in research and institutional communications in the healthcare sector, with a special focus on sustainable development She has taught "Information and publicity of parliamentary work" classes, as part of her Master degree on

Lobbying and Institutional Relations organized by the Luiss Management post-graduate school and lectured on lobbying and institutional relations at the "Eidos" training school. She gained her experience in a parliamentary Group (1985-1989) and then held the position of Head of Parliament Relations for the Ferruzzi-Montedison Group (1989-1994), where she contributed, among other activities, to the drafting of the law on energy sector denationalization. From 2004 to 2007, she was Sole Director of Stratinvest-Ru, a consulting company for the development of off-shoring projects for Italian companies seeking to operate in Russia. From 2014 to 2017 she served as Chairperson of the Nomos Health Policy Laboratory. In May 2019 she was elected to the Board of Directors of IREN S.p.A.. In 2019, she was selected for the "In the boardroom" course organized by Valore D. In her second time in office as Member of IREN's Board of Directors.

ANNEX 2. PERSONAL AND PROFESSIONAL PROFILE OF EACH AUDITOR

MICHELE RUTIGLIANO - CHAIRMAN



Born in Milan in 1953, professor at SDA Bocconi School of Management. 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 specialized 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. 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 an Associate of Baldi & Partners Attorneys at law and CPAs (Reggio Emilia); He is a former Chairperson of the Union of Young Chartered Accountants of Reggio Emilia and the Regional Coordinator for Emilia Romagna. In 2000, he received a Degree in Business Economics from the University of Parma, in 2006 he qualified as a Certified Public Accountant and in 2012 he qualified for the specialization course "Experts in Financial Markets" organized by Borsa Italiana S.p.A. and the National Council of Certified Public Accountants. He has developed specific skills in corporate and tax consultancy; drafting of financial statements, budgets and business plans; M&A transactions and financial advisory; accounting and business due diligence; board of statutory auditors in listed and unlisted industrial companies; auditing; management consulting and reorganization of business processes.

CRISTINA CHIANTIA - STANDING AUDITOR;



Degree in Economics, Certified Public Accountant registered in the Register of Certified Public Accountants and Accounting Experts of Turin, registered in the Register of Auditors and in the Register of Auditors of Local Authorities; Speaker at the School of Advanced Training of the Order of Certified Public Accountants and Accounting Experts of Turin - Course Practitioners Special Module "The business crisis"; Secretary of the National Commission of the Board of Auditors - UNGDCEC (National Union of Young Certified Public Accountants and Accounting Experts). He holds the position of Statutory Auditor in companies in the energy, additive manufacturing, consulting and investment sectors.

DONATELLA BUSO - ALTERNATE AUDITOR;

Born in Savigliano (CN) in 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. 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 Dean (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 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 He has served and continues to serve as a Statutory Auditor in other smaller companies.

MARCO ROSSI - ALTERNATE AUDITOR

Born in Piacenza in 1978, He has been a Certified Public Accountant at Profis Studio since November 2016 and a Partner since January 2017, performing statutory auditing and business consulting tasks. Senior Manager Deloitte (formerly Arthur Andersen) where he worked as Assistant in 2001, senior in 2003, Manager in 2007, Executive in 2008, Senior Manager since 2010 and collaborating Senior Manager since 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 professional activity, he also has a teaching post as Adjunct Professor for the course: "Consolidated Financial Statements and International Accounting Standards" at the University of Parma and a teaching fellow in "Quantitative business methodologies and analyses" 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 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

Foreword

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 organizational 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 organizational 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 suitability.

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 Art. 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 three-year period 2019-2021, with the favourable opinion of the Board of Statutory Auditors, confirmed the appointment of Massimo Levrino, Administration, Finance and Control Manager of IREN S.p.A., 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 Art. 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 S.p.A. structures and the Group Companies to which the regulations would apply; (ii) authorized 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.
- Process Documentation - 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 authorization path, performing reconciliations and 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 organizational 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 authorized 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 disclosure document about any critical issues arising.

The information disclosure submitted to the Board of Directors was also previously presented to the Control, Risk and Sustainability Committee and the Board of Statutory Auditors for the purpose supervising the information accounting system, provided by law and the By-laws, on the accounting information system. On such occasions, the Auditing Company 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).



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