

Report on the **2020** Remuneration Policy and Compensation Paid in **2019**



Approved by the Board of Directors on 25 March 2020

The Report is available in the "Investors – Corporate Governance – Shareholders' Meetings" section of the Company's website (www.gruppoiren.it).

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Letter from the Chairperson of the Remuneration and
Appointments Committee



Letter from the Chairperson of the Remuneration and Appointments Committee

Dear shareholders,

as the Chairperson of the Remuneration and Appointments Committee for IREN, I am pleased to present you with the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019 for the IREN Group, together with Directors Francesca Grasselli and Maurizio Irrera, members of the Committee since 30 May 2019.

As occurred the previous year, based on your appreciation of the same, this Report begins with an Executive Summary, with the aim of confirming, maintaining and rendering stable the constructive “dialogue” we have established with all shareholders and, more generally, all stakeholders of the IREN Group.

The document consists of two Sections: i) Section One “2020 Remuneration Policy”, which describes the main guidelines in our approach to remuneration and incentive systems for 2020 and; ii) Section Two “Compensation and other Information Relative to 2019”, which provides details on compensation paid during the previous year.

In line with best practices and the instructions issued by the Italian Committee for Corporate Governance, since it was established our Committee has highlighted the importance of communicating policies which are clear and transparent, once again demonstrating the efforts again taken, together with the entire Board of Directors, to create a Remuneration Policy and short and long-term incentive systems which are in line with the interests of all Group stakeholders. Additionally, the choices adopted reflect company values, the various role and responsibilities assigned and the priorities set out in the IREN Group's five year strategic plan.

The positive results achieved by the Group in 2019 highlight the solidity of management in every single business area, combining the levers of internal growth and development of external lines, also thanks to increased investments and consolidation operations.

From a formal point of view, in light of the amendments made to article 123-ter of the Consolidated Law on Finance (TUF), through Italian Legislative Decree 49/2019 and consequent to the implementation of European Directive 828/2017 (Shareholder Rights Directive II), the remuneration policies saw general alignment with the new regulatory safeguards, in particular through the inclusion of a binding vote on Section One and a consulting vote on Section Two of the Report.

In examining the remuneration policies for 2020 for the Chief Executive Officer and General Manager of IREN, as well as for the IREN Group's Senior Executives with Strategic Responsibilities, the Committee focussed, in particular, on making certain refinements to the incentive systems, with the aim of making them even more challenging, as well as aligning

them with the primary objective of promoting the creation of sustainable value over the long term.

The main changes, which will be further developed in Section One and are listed below, mainly involve short and long-term variable components of remuneration for the aforementioned individuals. Specifically:

- redefinition of short-term fixed and variable components of the compensation packages for IREN's Chief Executive Officer and General Manager, as well as for the IREN Group's Senior Executives with Strategic Responsibilities, in order to improve compensation positioning on the reference markets;
- an increase, for both IREN's Chief Executive Officer and General Manager and for the IREN Group's Senior Executives with Strategic Responsibilities, of the target bonuses established as part of the short-term incentive systems, (which, respectively, increase to 35% and 37.6% of individual Gross Annual Salaries), with a consequent improvement in the pay mix;
- establishment, within the short-term incentive systems, of an overall average achievement threshold for individual objectives, greater than or equal to 70% of the individual form;
- insertion, for all the individuals identified above, of a corrective factor (multiplier or demultiplier) for individual results, in order to incentivise the creation of value for the Group with respect to planned targets;
- modification of certain performance objectives for 2020 for the IREN Chief Executive Officer and General Manager and IREN Group Senior Executives with Strategic Responsibilities maintaining, also for the current year, specific objectives with regards to corporate social responsibility;
- in the context of the 2020 short-term incentive system, extension of trigger events, for which the occurrence activates malus and clawback clauses, with an eye to providing greater protection for the Company;
- the adhesion of IREN's Chief Executive Officer and General Manager to the 2019-2021 Long Term Monetary Incentive Plan;
- introduction of the possibility to assign a “continuity bonus” of limited amount to IREN Group Senior Executives with Strategic Responsibilities who are particularly subject to significant competitive pressure, in order to improve retention;
- in the context of defining the economic/regulatory conditions for new defined term employment relationships for the Company's Chief Executive Officer and General Manager, adjustment of the packages established for resignation from the role or termination of the employment relationship, to limit possible economic and governance risks for the Company.

All of the above actions were carried out with an eye to continually improving the remuneration policy and incentive systems, with the objective of creating adequate architecture

for the Company's remuneration strategy, in line with best market practices and the requests of institutional investors, while also taking shareholders' interests in account, in terms of strengthening the link between the creation of value of the Group and the satisfaction of individuals involved with the incentive systems.

In conclusion, the Committee holds that the 2020 remuneration policy, while leaving intact certain distinct features of the previous one, on one hand strengthens and enhances the architecture of the variable portion of remuneration, globally understood in its dual meaning, and on the other implements, both in the construction of short-term objectives and in the structure of the Long Term Monetary Incentive Plan for top management, the market's growing interest in Environment, Social and Governance (ESG) issues, in

line with the initial recommendations contained in the December 2019 letter issued by the Chairperson of the Corporate Governance Committee.

The Committee, after approval by the Board of Directors, presents the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019 to the shareholders, which are called upon to express their opinion through a binding vote on Section One and a consulting vote on Section Two, with the hope of having clearly represented the Group's remuneration system and its contribution to generating value for all stakeholders.

Confident in the faith you place in us, we thank you for the support and the time you dedicate to reading our Report, secure that you will appreciate it.

24 March 2020

Pietro Paolo Giampellegrini

Chairperson of the **Remuneration and Appointments Committee**

Introduction

REGULATORY REFERENCES, PURPOSES AND STRUCTURE

This Report, approved by the Board of Directors of IREN S.p.A. (hereafter “IREN” or the “Company”) on 25 March 2020, based on a proposal by the Remuneration and Appointments Committee (hereafter, also “RAC”), was created in observance and application of the current legal and regulatory requirements¹.

The Report illustrates, in a clear and understandable manner:

- in Section One², the Remuneration Policy adopted for 2020 by IREN for the remuneration of the Company's Directors and the IREN Group's Senior Executives with Strategic Responsibilities³ (hereafter, also “SESR”) and, without prejudice to that established in article 2402 of the Italian Civil Code, the members of the Company's Board of Statutory Auditors, specifying the general purposes pursued, the bodies/entities involved, the method in which these contribute to the corporate strategy, the pursuit of the Company's long-term interests and sustainability, and the procedures used to adopt and implement the Policy, as well as changes which have occurred with regards to 2019;
- in Section Two, the compensation paid in 2019 to the Directors and Auditors, by name, and to IREN Group Senior Executives with Strategic Responsibilities, in aggregate form, as well as the shareholdings in IREN held by members of the administration and control bodies and by other SESR, as well as non-legally separated partners and minor children, directly or through subsidiaries, trust companies or third parties.

The Policy illustrated in Section One of this Report has also been adopted by the Company, as established in Consob Regulation 17221/2010, as amended, on related party transactions, also in accordance with and pursuant to article 6, letter f) of IREN's Related Party Transaction Procedure, most recently updated by the Company's Board of Directors on 30 May 2019 (hereafter, the “RPT Procedure”).

In addition to implementing, to the extent applicable, the regulatory changes pursuant to the updated article 123-ter of TUF, it also takes on, as general guidelines relative to the remuneration policy, the standards and application criteria expressed in article 6 of the Listed Company Corporate Governance Code, prepared by the Italian Corporate Governance Committee in its version of July 2018 (hereafter, also “Corporate Governance Code” or “Code”), to which the Company adhered on 5 April 2019⁴.

The Report on the 2020 Remuneration Policy and on Compensation Paid provides information intended to increase the knowledge and awareness of shareholders and, more generally of investors and the market, as well as CONSOB. When preparing this Report, the Board of Directors and the Company's Remuneration and Appointments Committee took into account the recommendations received in December 2019 from the Chairperson of the Italian Corporate Governance Committee.

Finally, in compliance with the new regulatory framework (article 123-ter TUF), updated at a primary level through Italian Legislative Decree 49/2019 (which contains provisions necessary for the implementation of Directive EU 2017/828 of the European Parliament and Council, of 17 May 2017, amending Directive 2007/36/EC – Shareholders' Rights Directive or “SHRD”) in order to encourage long-term commitments from shareholders, the say on pay regime was revised with respect to the two sections in the Report.

The two sections of the Report are preceded by a summary of the main information (“Executive Summary”), in order to provide the market and investors with an immediate overview of the key elements contained in the Guidelines for the remuneration policies for Executive Directors and Senior Executives with Strategic Responsibilities for the Group in 2020 (“Guidelines” or “2020 Guidelines”).

¹ Art.123-ter of Italian Legislative Decree 58/98 as amended (Consolidated Law on Finance – “TUF”), art.84-quater of the CONSOB Issuer Regulations, adopted with resolution 11971/99, as amended (“CONSOB Regulation”) and Annex 3A – forms 7-bis and 7-ter of the Consob Regulation.

² Art. 123-ter, paragraph 3, letters a) and b), TUF.

³ The Company's Chief Executive Officer has identified as IREN Group Senior Executives with Strategic Responsibilities, and informed the Remuneration and Appointments Committee of the same, the individuals indicated in compliance with Annex 1 to the Consob Regulations, adopted with resolution 17221 of 12 March 2010, as amended, in compliance with standard IAS 24. Specifically, during 2019, with the exclusion of the Directors (whether executive or not) and Standing Auditors, these included the Directors of the Energy, Market, Networks and Waste Management Business Units, the Administration, Finance and Control Director and the Personnel, Organisation and Information Systems Director.

⁴ With reference to the Corporate Governance Code issued by the Italian Corporate Governance Committee on 31 January 2020, research is currently under way in order to identify methods and deadlines for IREN to adhere to this by the end of the current year. IREN will take into account the new recommendations at the time of any future updates to remuneration policies.

The text of this Report is made available to the public at the company's registered offices, on the Company's website⁵, on the storage website 1infor and on that of Borsa Italiana by the twenty-first day prior to the date of the Shareholders' Meeting called to approve the financial statements for financial year 2019, and asked to express itself, through a binding vote, on Section One and, through a consulting vote, on Section Two of this Report, based on that established in the current regulations.⁶

⁵ www.grupporenen.it, Investors – Corporate Governance – Shareholders' Meetings section.

⁶ Art. 123-ter, respectively paragraph 3 ter and paragraph 6, TUF.



Executive Summary

Executive Summary

OVERVIEW

2020 Remuneration Policy

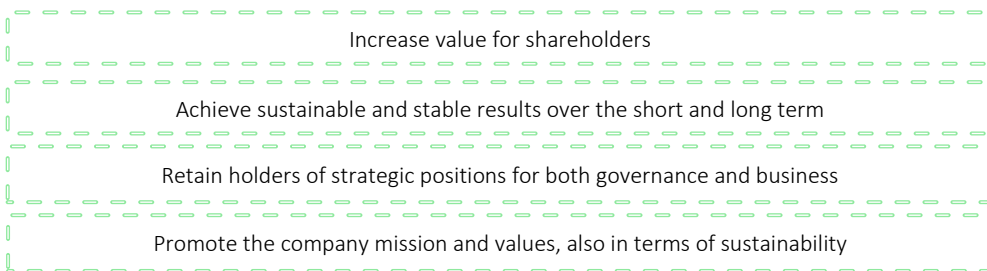
| Component | Purpose and characteristics | Criteria and parameters | Recipients/Gross annual amounts |
|--|---|--|--|
| Fixed remuneration | Reflects technical, professional and managerial skills | Definition of the remuneration positioning assesses both the evolution of the organisation and market benchmarks carried out | IREN Chief Executive Officer/General Manager 329,000 Euro, of which: <ul style="list-style-type: none"> • 272,000 Euro RAL • 57,000 Euro for the position of Chief Executive Officer IREN Group Senior Executives with Strategic Responsibilities Remuneration determined on the basis of the complexity and responsibilities of the position held |
| Short Term Incentive Plan 2020 | <ul style="list-style-type: none"> • Recognise and reward the achievement of annual objectives assigned • Focus performance on achieving company objectives <i>(Plan subject to malus and clawback clauses)</i> | <p>Gate: maintain Investment Grade status</p> <p>2020 Objectives:</p> <p>IREN Chief Executive Officer/General Manager</p> <ol style="list-style-type: none"> 1. Group IFL Rating/FFO (weight: 25%) 2. Group IFN/EBITDA (weight: 25%) 3. Group strategic projects (weight: 35%) 4. Sustainability (weight: 15%) <p>IREN Group Senior Executives with Strategic Responsibilities</p> <ol style="list-style-type: none"> 1. Economic/financial objectives (weight: ≥45%) 2. Group strategic projects or connected to individual Business Units (weight: ≥ 40%) 3. Sustainability (weight: 10-15%) <p>Assessment of Objectives</p> <ul style="list-style-type: none"> - Average achievement threshold for objectives: ≥ 70% of the individual form - Minimum threshold for individual objective: 60% (target=100%) - Corrective factor: multiplier/demultiplier of individual results | IREN Chief Executive Officer/General Manager 35% of RAL (target value) IREN Group Senior Executives with Strategic Responsibilities 37.6% of RAL (average target value) |
| Long Term Incentive Plan 2019-2021 | Promote the creation of value for shareholders, with an eye to long-term sustainability <i>(Plan subject to malus and clawback clauses)</i> | <p>Gate: maintain Investment Grade status</p> <p>Objectives</p> <ol style="list-style-type: none"> 1. Cumulative EBITDA 2019-2021 (weight: 50%) 2. Cumulative Operating Cash Flow Levered 2019-2021 (weight: 30%) 3. Cumulative Investments 2019-2021 (weight: 20%) <p>Assessment of Objectives</p> <ul style="list-style-type: none"> - Minimum threshold for individual objective: 90% (defined target) - Compensation mechanism: max 20% - Sustainability corrective: max impact 10% of bonus possible - Closed plan with three year vesting and 6 month deferral | IREN Chief Executive Officer/General Manager 105% of RAL (target value over three years) IREN Group Senior Executives with Strategic Responsibilities 75% of RAL (target value over three years) |
| Non-monetary benefits | Promote loyalty in managerial employees | Benefits mainly of an insurance and social security nature, defined through the national collective labour contract and reference company policies | Social security plans; Insurance and healthcare plans; Company car; Housing. |
| Compensation at end of term and/or relationship | Protect the interests of the Company | Indemnity in cases of non-renewal/revocation without just cause prior to the end of the Director's terms and/or other duties | IREN Chief Executive Officer/General Manager: 22 monthly payments in case of non-renewal of the position; Specific regulations , with measures to protect the Company, in case of revocation without just cause at a time prior to the end of the duties; No agreements pursuant to article 2125 of the Italian Civil Code signed. |

GOALS, PRINCIPLES AND GOVERNANCE FOR THE IREN GROUP REMUNERATION POLICY

Goals and Principles

The Remuneration Policy adopted by IREN represents an indispensable tool to support the Group's medium and long term strategies, as well as the Company's sustainability. In fact, the incentive capacity of the systems is always determined in line with the Group's strategic objectives, with attention also paid to aspects of corporate social responsibility.

The Group's remuneration policies for 2020 have been determined in order to guarantee the following goals:



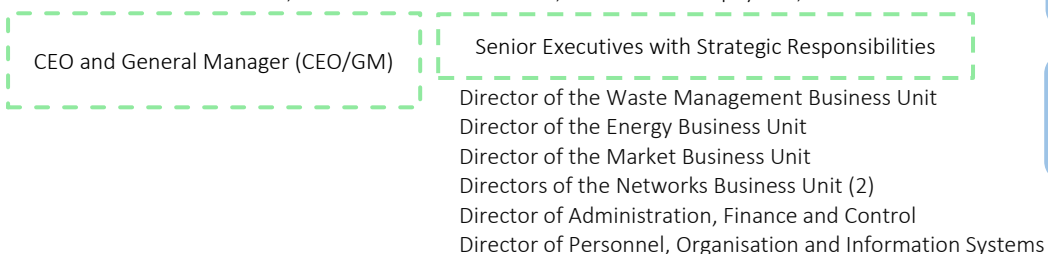
Governance

The IREN Group has established a governance process, which involves both the company bodies and parts of company management, in order to govern the activities used to define, implement and manage remuneration policies.

2020 REMUNERATION POLICY

Recipients

The policy, in addition to illustrating the criteria used to determine compensation due to non-executive Directors, members of the Board of Statutory Auditors and members of internal IREN Board of Directors committees of a fixed nature, also establishes Guidelines, also in terms of pay-mix, for:



Entities involved in the process



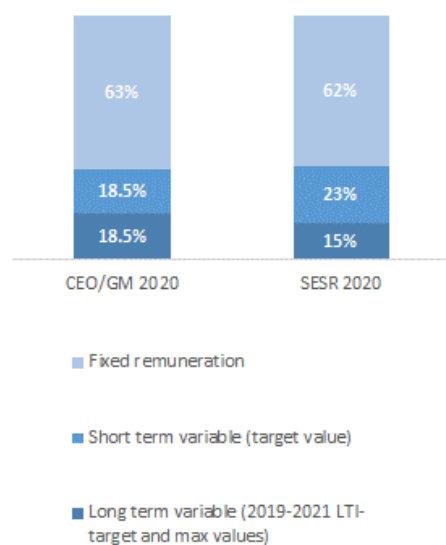
What the 2020 Remuneration Policy includes

Variable incentive plans with financial and non-financial objectives, pre-established and measurable, in line with the Group's Business Plan.
 Beneficiaries are motivated to pursue strategic objectives, rewarding a performance culture and virtuous behaviours established to achieve the objectives.
 Pay-mix aligned with market practices.
 Periods for the maturation of long-term incentives of no less than 3 years.
 Clawbacks in the case of error, malfeasance or negligence or intentional violations of laws and/or regulations.

What the 2020 Remuneration Policy does not include

No remuneration levels exceeding market references.
 No form of incentive not associated with the achievement of assigned objectives and without retention goals.
 No form of variable remuneration for non-executive Directors.
 No extraordinary forms of incentives for the Chief Executive Officer and General Manager.
 No benefits of excessive value.

Pay-Mix



The graph shows the overall pay-mix for the IREN Chief Executive Officer and General Manager and that for the IREN Group Senior Executives with Strategic Responsibilities on the basis of: (i) target bonuses established as part of the short-term incentive system, pursuant to the 2020 Guidelines and (ii) the annual portion of the bonus target included in the 2019-2021 Long Term Monetary Incentive Plan (hereafter, also “2019-2021 LTI Plan”).

Fixed remuneration

With regards to **non-executive Directors**, fixed remuneration for the position was set at 23,000 Euro per year (in addition to reimbursement of expenses sustained for the position) by the Shareholders' Meeting on 22 May 2019, which appointed the administrative body for the three year period 2019-2021.

With regards to **Members of Board Committees** appointed for the three year period 2019-2021, fixed remuneration, in addition to that received for the role of Director, was established by the Company's Board of Directors, in respect of the caps established by the Shareholders' Meeting, at 11,000 Euro for the Chairperson and at 5,850 Euro for each Committee member.

In line with the recommendations contained in the December 2019 letter of the Chairperson of the Italian Corporate Governance Committee, as well as Principle 6.P.2 of the Code, pursuant to which “*Remuneration of non-executive Directors is commensurate with the commitment required from each of them, also taking into account participation on one or more Committees*”, the Remuneration and Appointments Committee, after being asked by the Board of Directors, carried out a study with the assistance of the independent advisor EY Advisor S.p.A. with regards to the compensation positioning for both non-executive Directors of the Company and members of Board committees. The results of this study, which were provided in a specific report to the Board of Directors at its meeting on 25 March 2020, indicate that both compensation for non-executive directors and compensation for members of Board committees are located below the first market quartile (or the average, when distribution in quartiles is not available).

With regards to the **Board of Statutory Auditors**, fixed remuneration for members was established by the Shareholders' Meeting on 19 April 2018, which appointed the control body for the three year period 2018-2020, as 45,000 Euro for the Chairperson and 30,000 Euro for standing auditors, in both cases in addition to reimbursement of expenses suffered for the position.

With regards to **Directors with special offices** (Chairperson, Deputy Chairperson, Chief Executive Officer), fixed remuneration for the positions held was established by the Company's Board of Directors, in compliance with the caps established by the Shareholders' Meeting, at 150,000 Euro for the Chairperson, 40,000 Euro for the Deputy Chairperson and 57,000 Euro for the Chief Executive Officer, with no change from the previous term.

For the Company's Chief Executive Officer and General Manager as well as for the IREN Group's Senior Executives with Strategic Responsibilities, the fixed component of their respective remuneration, established for executive level relationships with the Company, has the objective of being commensurate with the skills, responsibilities and potential for growth for professions of the greatest importance and which are more difficult to find on the job market, to retain and motivate individuals with professional qualities needed to successfully manage the Company. During 2019, the Company's Remuneration and Appointments Committee examined benchmark analysis carried out with the assistance of an advisor with reference to the remuneration for executive positions, which showed a general position for these individuals that was below the first market quartile, also with regards to fixed remuneration.

Taking the above into account, for the IREN **Chief Executive Officer and General Manager**, on 2 July 2019, after a study by the Remuneration and Appointments Committee, the company's Board of Directors, when examining the economic/contractual conditions for the new fixed-term executive employment relationship determined with the Company, with a term from 1 July 2019 to 30 June 2022, set the respective Gross Annual Salary at 272,000 Euro, replacing any other treatment of a remunerative nature established under any collective source for regulating the employment relationship.

Following the above, the weight of the fixed components in the remuneration of the IREN Chief Executive Officer and General Manager (including compensation for special offices pursuant to article 2389, paragraph 3, Italian Civil Code) accounts for 63% of total remuneration.

Also for **IREN Group Senior Executives with Strategic Responsibilities**, taking into account the results of the research done, as well as the invitation issued by the Company's Board of Directors in office until 22 May 2019, based on input from the Company and General Manager of IREN S.p.A. and following a study by the Company's Remuneration and Appointments Committee, a process was carried out to redetermine the fixed components of the respective remuneration, effective as of 1 January 2020, to at least partially recover the remuneration differential with respect to the first quartile, while still maintaining an appropriately challenging pay-mix. Following the actions above, as of 2020 the weight of fixed components within the individual remuneration of IREN Group Senior Executives with Strategic Responsibilities is equal, on average, to 62% of total remuneration.

Variable Remuneration

Among the members of the IREN Board of Directors, only the Company's Chief Executive Officer and General Manager is the recipient of incentive plans linked to the achievement of specific performance objectives, also of a non-economic nature. All individuals classifiable as IREN Group Senior Executives with Strategic Responsibilities are also beneficiaries of these plans.

For these individuals, the variable component in remuneration is intended to push employees to achieve short and medium/long-term objectives, recognising the value of individual and team contributions.

Variable Incentives 2020

In relation to the results of the benchmark analysis done with regards to the remuneration situation of the IREN S.p.A. Chief Executive Officer and General Manager, as well as for the IREN Group Senior Executives with Strategic Responsibilities, with the aim of improving the respective pay-mixes, at the time the 2020 Guidelines were approved, the **target incentive** was set at:

- 35% of Gross Annual Salary for the **IREN Chief Executive Officer and General Manager**;
- at 37.6% of Gross Annual Salary, on average, for **IREN Group Senior Executives with Strategic Responsibilities**.

In carrying out the study preparatory to defining the **Performance Indicators for 2020** and the relative **weights**, with the goal of implementing an incentive system as challenging as possible, while still complying with best and market practices, the IREN remuneration and Appointments Committee also made use of assistance from the consulting firm *Eric Salmon & Partners*.

After carrying out benchmark analysis with regards to other listed companies which are comparable in terms of size and/or business, the advisor prepared an overview of the short-term incentive system proposed for these individuals, overall positively evaluating it in terms of consistence with best and market practices.

2020 short-term variable incentives for the Chief Executive Officer and General Manager
Performance Indicators, Weights and Measurement Methods

| Key Performance Indicators | Weight | Measurement |
|--|---------------|-------------------------|
| Group IFL Rating/FFO (budget = target) | 25% | Linear, with thresholds |
| Group IFN/EBITDA (budget = target) | 25% | Linear, with thresholds |
| Group strategic projects | 35% | Linear, with thresholds |
| Sustainability objective targets | 15% | Linear |

Again in 2020, as occurred in the previous three year period, as recommended by the IREN Board of Directors and confirmed by best practices, as well as being called for when the 2019-2021 Long-Term Incentive Plan was approved, sustainability objectives continue to be included, with a focus on:

| | |
|-----------------------------|---|
| Decarbonisation | Increase in CO ₂ avoided through waste recovery |
| Circular economy | Increase in energy produced per tonne of incinerated waste |
| Resilient cities | Increase in district heating volumes |
| Water resources | Reduction in water loss |
| Customer Care | Improvement in Customer Satisfaction indices for electricity/gas sales services |
| Workplace Health and Safety | Reduction in the accident frequency rate |
| Gender Diversity | Maintain or increase the % of women |

For IREN Group Senior Executives with Strategic Responsibilities, the objective forms were determined on the basis of the structure established for the IREN Chief Executive Officer and General Manager, differentiated by the Business Area or department managed. For all of these executives, one or more objectives relative to significant economic/financial items are included, over which the Executive has direct responsibility, as well as one or more objectives associated with integration or innovation projects (transversal or specific) and an objective regarding the relationship with stakeholders or the issue of sustainability, with reference to:

| | |
|---|---|
| <p>Decarbonisation</p> <p>Increase in CO₂ avoided through waste recovery. Maintaining production levels of energy from renewables or similar. Reduction of the carbon intensity of energy production.</p> | <p>Water resources</p> <p>Increase purification capacity. Increase networks divided into districts. Reduce water loss.</p> |
| <p>Circular economy</p> <p>Increase recycling per resident. Increase volumes of recovered waste from Group plants. Increase energy produced per tonne of incinerated waste.</p> | <p>Customer Care</p> <p>Improve Customer Satisfaction indices for electricity/gas sales services.</p> |
| <p>Resilient cities</p> <p>Increase district heating volumes. Increase diffused photovoltaic generation plants.</p> | <p>Occupational health and safety</p> <p>Reduce accident frequency rate. Increase reporting of near misses.</p> |
| | <p>Gender Diversity</p> <p>% women of total staff.</p> |

With the aim of making the short-term incentive system more challenging, in compliance with market requests and taking into account the results of the study done with the support of the advisor, for 2020, both for the CEO/GM and for the Senior Executives with Strategic Responsibilities, a minimum overall average achievement threshold has been set for the individual objectives of greater than or equal to 70%, as an additional condition for receiving the payment. Each Performance Indicator (with a predetermined target, in line with budget values) is assessed on the basis of a specific metric, with the minimum threshold set at 60% of the objective result (below which, the result is considered to be zero) and a maximum threshold of 100% of the objective (target value).

Again in 2020, for all beneficiaries a gate was confirmed, associated with maintaining an investment grade rating from all three major ratings agencies.

For 2020, a corrective factor for individual results (individual section) will be introduced at the Group level to take into account and incentivise the creation of value by the Group with respect to planned targets. For the Networks Business Unit, in line with the provisions of the functional unbundling law for companies operating in the electricity and gas sectors, this will be at the level of the Business Unit.

EBITDA and Operating Cash Flow levered (OCF levered) have been selected as the economic/financial indicators which best represent the correlation between development and creation of value.

The corrective factor "K" (multiplier or demultiplier of the percentage value obtained for the individual objective sections, within the limits of that specified below) will be a numeric value, equal to the weighted average of the two indicators, with weights and metrics determined before the fact.

Again in 2020, in line with what was recommended in Application Criteria 6.C.1 letter f) of the Code, contractual agreements have been maintained (malus and clawback clauses) which allow the company to request the full or partial restitution of variable components of remuneration which may be disbursed or already have been disbursed in the case certain conditions arise (hereafter, also “Trigger Events”) within 3 (three) years of the bonus maturation period.

In order to better guarantee verification of results achieved, again in 2020 it is established that the disbursement of short-term variable remuneration to these individuals will be deferred for 3 (three) months from the date the final figures are determined by the relevant bodies.

Long-term variable remuneration

The 2019-2021 LTI Plan, approved by the Board of Directors on 27 November 2018 (and extended, with a resolution taken on 2 July 2019, to the IREN Chief Executive Officer and General Manager), provides for the establishment of a monetary bonus as a function of performance during the three year period 2019-2021.

Taking into account the end of the Board’s term, with the approval of the financial statements at 31 December 2019, the 2019-2021 LTI Plan was initially intended for IREN Group Senior Executives with Strategic Responsibilities, as well as other high level employees able to provide a significant contribution to the achievement of Business Plan objectives. Following the new term for the Board, on 2 July 2019 the Board of Directors resolved the adherence of the Company’s Chief Executive Officer and General Manager to the 2019-2021 Long-Term Monetary Incentive Plan, with bonus targets in effect as of 1 January 2019.

With reference to IREN’s Chief Executive Officer and General Manager, the maximum monetary incentive achievable at the end of the period is equal to 105% of Gross Annual Salary, in the case that 100% of the targets are achieved. With reference to the Group’s Senior Executives with Strategic Responsibilities, the maximum monetary incentive has been set at 75% of individual Gross Annual Salary (taking into account the definition of the time horizon of the 2019-2021 LTI Plan over a three year period).

Disbursement of the premium, with reference to the 2019-2021 LTI Plan, is subordinate to meeting a gate condition (attribution, at the end of 2021, of an Investment Grade rating by one of the three major ratings agencies - Fitch, Moody’s, Standard & Poor’s) and the achievement of the following objectives, identified in line with that established in the Business Plan.

2019-2021 LTI Plan - Performance Indicators, Weights and Measurement Methods

| Key Performance Indicators | Weight | Measurement |
|--|---------------|-------------------------|
| Cumulative EBITDA 2019 – 2021 | 50% | Linear, with thresholds |
| Cumulative Operating Cash Flow Levered 2019-2021 | 30% | Linear, with thresholds |
| Cumulative Investments 2019-2021 | 20% | Linear, with thresholds |

For all objectives a threshold of 90% of the defined target has been identified.

Additionally, the 2019-2021 LTI Plan establishes a compensation mechanism in the case of over performance solely for the cumulative Operating Cash Flow levered indicator, in favour of under-performance in the other two Indicators, up to a maximum of 20%.

A sustainability corrective was also introduced which takes into account 4 indicators, chosen from among those included in the Business Plan approved by Board of Directors: gender diversity (composite indicator, which includes i) % women of all employees; ii) % women hires out of total hires; iii) % directors and managers out of all directors and managers; iv) % women participating in training courses out of all participants), circular economy (recoverable waste treated in Group plants); water resources (loss from water networks) and resilient cities (district heating volumes). The maximum impact of the sustainability corrective on the bonus distributable is 10%.

In relation to final calculation methods, the Guidelines establish that the maximum incentive will be paid if 100% of the strategic targets established for the 2019-2021 period are met, with payment deferred until six months after approval of the 2021 financial statements.

In the context of the 2019-2021 LIT Plan there are malus and clawback clauses, which allow the Company to request restitution, entirely or partially of bonuses disbursed, or to withhold sums not yet disbursed, upon the occurrence of Trigger Events.

Rules in the case of termination of office or termination of the employment contract

At the time the new fixed term employment contract was negotiated with the IREN Chief Executive Officer and General Manager, it was established that, in the case of non-renewal of the position of Director or of the Duties, 22 monthly

payments of overall remuneration will be paid⁷, with the termination of the employment contract upon expiration of the contract.

In the case of revocation, without just cause, of the office of Director and/or Duties prior to the expiration of the office, disbursement of a voluntary redundancy amount is instead established (22 months, plus one month for every month with a termination date prior to the expiration of the fixed term contract, up to a maximum of an additional 6 months), with termination of the employment relationship within thirty days.

This is conventionally agreed upon also in order to mitigate any economic and governance risks for the Company, without prejudice to the payments and accruals at the end of the employment relationship established under the law and in the relevant national labour contract.

For IREN's Chairperson, Deputy Chairperson and the non-executive Directors, no agreements have been established which provide indemnities in the case of early termination of the office.

For all Senior Executives with Strategic Responsibilities, payments and accruals as of the end of the relationship have been established in accordance with the law and the relevant Italian national labour contract.

Non-competition clauses pursuant to article 2125 of the Italian Civil Code have not been established for the individuals cited above.

Other monetary bonuses

To increase retention of certain IREN Group Senior Executives with Strategic Responsibilities (with the exclusion of IREN's Chief Executive Officer and General Manager), subject to significant competitive pressure and, simultaneously, ensure the continuity of work provided within the Group over the medium term, the payment of a continuity bonus has been established.

This premium is paid through a onetime annual amount, less than 10% of the RAL per year and is added to the employee's fixed and variable remuneration (pursuant to the previous sections), subordinate to the employee's commitment to not terminate their employment relationship within a given date, defined a priori, within the next two years.

If the employment relationship is terminated prior to the established date, for reasons due to or attributable to the employee, they must return the amount of the continuity bonus received to the Company.

The continuity bonus has not been established for IREN's Chief Executive Officer and General Manager, and in 2020 will be used for only one Senior Executive with Strategic Responsibilities.

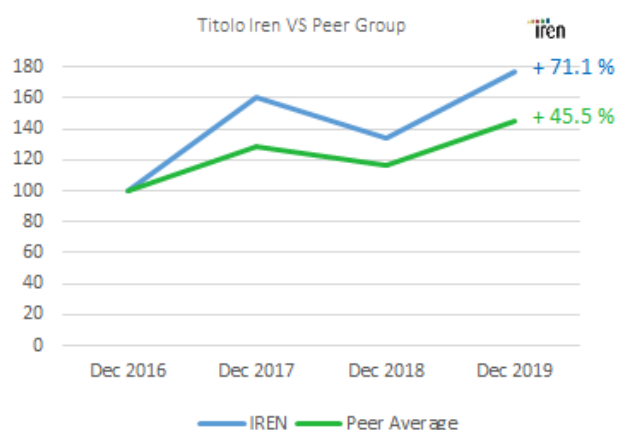
Non-monetary benefits

Non-monetary benefits, of which a large part established in the relevant National Collective Labour Contracts, are in line with market standards. In relation to socio-economic and regulatory developments at the national level, and taking into account specific tax and social security payments, the Group has initiated a welfare plan for its employees.

PAY FOR PERFORMANCE

Over the past three years, IREN shares have increased their value by 77.1%, with performance almost double of the average recorded by its peer group.

Figure 1 - IREN share performance vs. average share performance for a selected group of peers (consisting of A2A, Hera, Acea, ACSM-AGAM, Edison, Terna), considering 31/12/2016 base 100.



⁷ Each total monthly payment will take into account the sum of one month of fixed remuneration and the monthly average of short-term remuneration disbursed in the three preceding years.

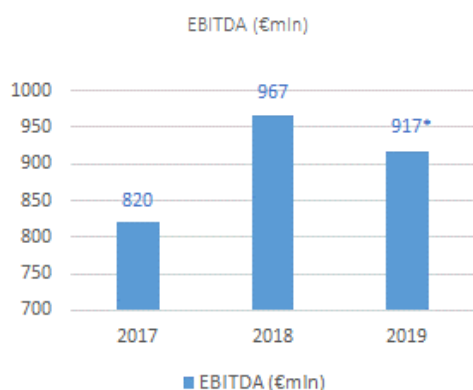


Figure 2 - IREN EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) 2017-2019.

* -5.1% with respect to 2018; nonetheless, net of extraordinary and non-recurring factors which positively impacted the balance sheet for financial year 2018, growth would have been +5.9%.

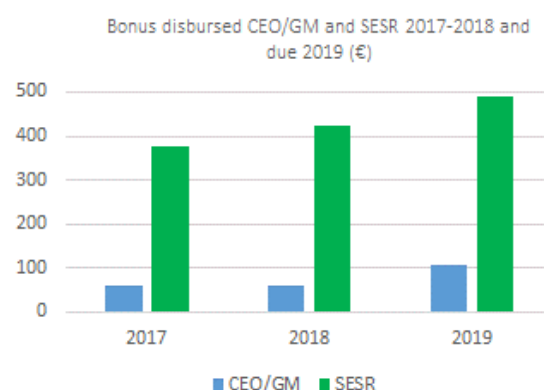
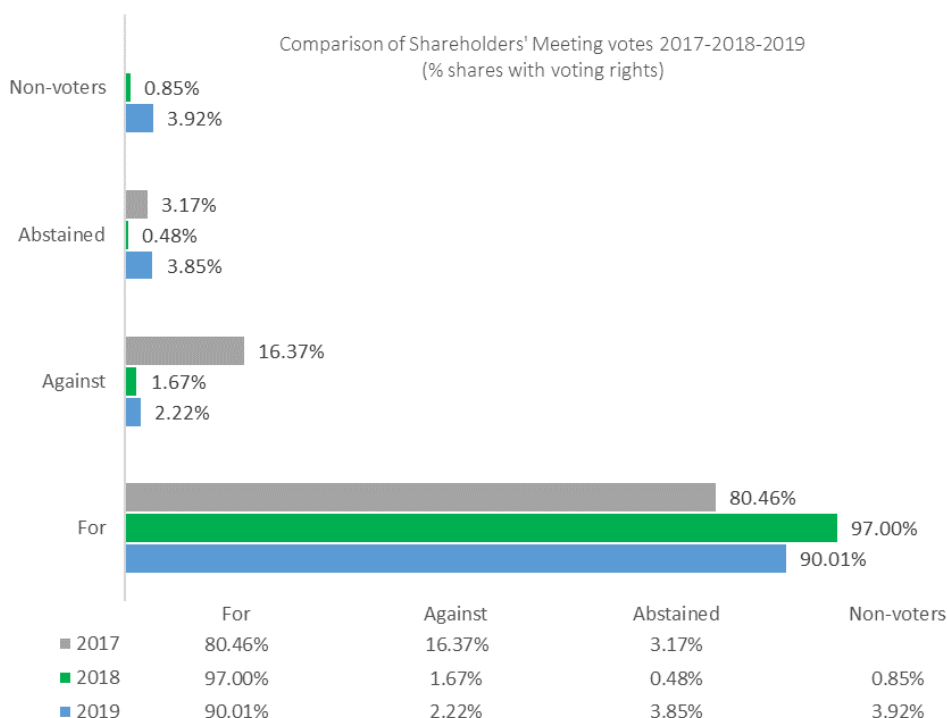


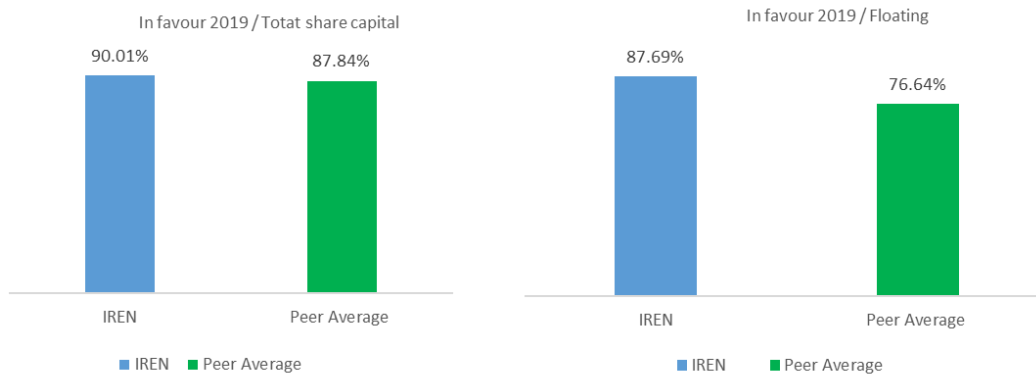
Figure 3 - MBO Bonus disbursement for years 2017 and 2018 and disbursement (after approval of the 2019 financial statements by the Shareholders' Meeting) for 2019 for the IREN CEO/GM and IREN Group Senior Executives with Strategic Responsibilities

RESULT OF SHAREHOLDERS' MEETING VOTE

The Shareholders' Meeting of 22 May 2019 resolved in favour of Section One of the Remuneration Report for 2018, with 90% of shares with voting rights in favour, down with respect to the result in financial year 2018 (97% of shares with voting rights).

In the face of the above, following the Shareholders' Meeting, the Remuneration and Appointments Committee and the Board of Directors began doing research to understand the reasons behind the Shareholders' Meeting results and to receive feedback while updating the Remuneration Policy for financial year 2020.





The graphs above show a comparison between IREN results and the average results of a selected peer group (consisting of A2A, Hera, Acea, Acsm-Agam).

The background is a solid dark blue color with several horizontal, wavy bands of lighter blue and white, creating a layered, abstract effect.

Section One
2020 Remuneration Policy

Section One - 2020 Remuneration Policy

THE COMPANY'S GOVERNANCE STRUCTURE (REFERENCE)⁸

The Board of Directors in office was appointed by the Shareholders' Meeting on 22 May 2019, and their term will expire with the approval of the financial statements for 2021.

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting on 19 April 2018, and their term will expire with the approval of the financial statements for 2020.

IREN's Board of Directors, at its meeting on 22 May 2019 and in compliance with article 25, paragraph 2 of the Articles of Association: (i) granted powers to the Chairperson (appointed on the same day by the Shareholders' Meeting); (ii) appointed and granted powers to the Deputy Chairperson and the Chief Executive Officer.

On 2 July 2019, the IREN Board of Directors appointed Massimiliano Bianco (already the Chief Executive Officer) as the Company's General Manager, granting him specific operating powers.

The Board of Directors, with resolutions made on 22 and 30 May 2019, appointed:

- the Control, Risk and Sustainability Committee, made up of three non-executive directors, the majority of which are independent, one of which designated by the minority shareholders;
- the Remuneration and Appointments Committee (**RAC**), composed of three non-executive Directors, the majority of whom are independent;
- the Related Party Transactions Committee, composed of four non-executive and independent Directors, one of which designated by the minority shareholders ("**RPTC**").

BODIES AND INDIVIDUALS INVOLVED IN THE REMUNERATION PROCESS

The main bodies and individuals involved in defining and managing remuneration for IREN Directors (also invested with special offices pursuant to article 2389, Italian Civil Code) as well IREN Group Senior Executives with Strategic Responsibilities, in line with the regulatory provisions and Articles of Association, as well as the Company's governance model, are:

- the **Shareholders' Meeting**, which, by way of example:
 - determines, at the time of appointment and for the entire duration of their term, the total annual compensation for members of the administrative body;
 - determines, pursuant to article 21 of the Articles of Association, the total maximum amount of remuneration for Directors with special offices under the Articles of Association, as well as the relative criteria for determination of the same;
 - resolves, with a binding vote, on Section One and, with a consulting vote, on Section Two of this Report, prepared by the Board of Directors and submitted to the Shareholders' Meeting at the time the annual financial statements are approved;
- the **Board of Directors**, which, by way of example:
 - defines the structure and compensation of all kinds for Directors invested with special offices under the Articles of Association (Chairperson, Deputy Chairperson and Chief Executive Officer), pursuant to article 2389, paragraph 3, Italian Civil Code, upon a proposal by the RAC and after hearing from the Board of Statutory Auditors, in line with the criteria for determination adopted by the Shareholders' Meeting and within the limits of the maximum amounts determined by the Shareholders' Meeting for remuneration of these individuals;
 - defines compensation for Directors' participation on internal Board committees;
 - defines the reference objectives linked to the annual short-term variable component for the Chief Executive Officer and General Manager, both when determined and when the final amount is calculated, making use of the assistance of the RAC;
 - without prejudice to the responsibilities of the Shareholders' Meeting on the subject, when the conditions established under article 114-*bis* TUF are met, approves Long Term Variable Incentive Plans and monitors execution of the same, making use of the assistance of the RAC;

⁸ For more information on the IREN governance structure, please see the Report on Corporate Governance and Ownership Structures for 2019, which will be made available under the terms and with the methods established in the regulations in effect.

- based on a proposal from the RAC, defines a Remuneration Policy for IREN Executive Directors and IREN Group Senior Executives with Strategic Responsibilities, periodically updating the relative Guidelines;
- prepares the Report on Remuneration Policy and Compensation Paid pursuant to article 123-ter TUF, based on a proposal by the RAC;
- the **Chief Executive Officer and General Manager**, who, by way of example:
 - concretely determines, taking into account that established in the Guidelines on remuneration policy approved by the Board of Directors, the remuneration for IREN Group Senior Executives with Strategic Responsibilities, after hearing from the RAC, when necessary;
 - defines, specifically, the reference objectives linked to the annual variable component for Senior Executives with Strategic Responsibilities, making use of assistance from the RAC, both when defining these and when calculating the final amount;
- the **Remuneration and Appointments Committee**, appointed by the Board of Directors, which carries out the tasks specified in the paragraph below;
- the **Board of Statutory Auditors**, which carries out the tasks assigned to it under article 2389, paragraph 3 of the Italian Civil Code, by the Code (relative to implementation of corporate governance rules relative to compensation and other benefits) and the RPT Procedure and which may participate, as an invited member, in meetings of the RAC, in the person of its Chairperson and/or another Standing Auditor;
- the **Independent Auditors** which, appointed to audit the financial statements, in compliance with the new reference framework for listed companies, annually verifies that the directors have prepared Part Two of the Report on Remuneration Policy and Compensation Paid, through a simple formal check on the publication of information, without expressing a judgement of the same, nor on its consistency with the financial statements or its compliance with regulations, similar to that established for the auditing of the preparation of the Non-Financial Declaration pursuant to Italian Legislative Decree 254/2016.
- **Company Management**, which assists the RAC with its work, providing secretarial services and assistance with regards to Corporate Law (under the responsibility of IREN's Corporate Affairs Department) and providing information and data needed to research the issues in question (under the responsibility of the IREN Personnel Department).

IREN REMUNERATION AND APPOINTMENTS COMMITTEE

Composition, responsibilities, method of operation, informational flows and relationships with external entities

The Remuneration and Nomination Committee is composed of non-executive directors, the majority of whom are independent, with the Chairperson selected from among the independent directors.

With resolutions made on 22 and 30 May 2019⁹, following its establishment, the IREN Board of Directors appointed as members of the Committee the following non-executive Directors, the majority of which independent: Pietro Paolo Giampellegrini (independent), serving as the Chairperson of the Committee, Maurizio Irrera and Francesca Grasselli (independent).

At the time of appointment, on the basis of their respective professional experience, the Board of Directors determined that at least one member possessed adequate knowledge and experience with regards to remuneration policy and/or financial issues.

The Committee, in carrying out its responsibilities, operates in compliance with the Regulation, (hereafter also "**RAC Regulation**") approved by the Board of Directors in office at 1 August 2018 (which both the RAC and Board of Directors in office after its appointment examined and adopted).

⁹ Through 22 May 2019, the following non-executive Directors made up the Committee, the majority of which independent: Marta Rocco (independent), serving as the Chairperson, Moris Ferretti (independent) and Isabella Tagliavini.

With regards to remuneration, the Committee performs the duties concerned with remuneration as provided for by Principle 6.P.4 and Application Criterion 6.C.5 of the Code and, specifically, the following research, proposal and consulting functions relative to the Board of Directors:

- formulates proposals to the Company's Board of Directors on the definition of the policy on remuneration of Company Directors and IREN Group Senior Executives with Strategic Responsibilities, in compliance with current legislation and having regard to the criteria recommended by the Corporate Governance Code, after interacting with the Company's Control, Risk and Sustainability Committee, as regards the risk profiles;
- submits for the approval of the Company's Board of Directors the Report on Remuneration Policy and on Compensation Paid Report prepared under the terms of art. 123-ter TUF, for its presentation to the Shareholders' Meeting called for approval of the annual financial statements;
- presents proposals or expresses opinions to the Company's Board of Directors on the remuneration of executive directors and other directors who hold special positions and establishing performance objectives relating to the short and medium/long-term variable component connected with this remuneration;
- monitors the application of the decisions adopted by the said Board by verifying, in particular, the actual achievement of the short- and medium/long-term performance targets pursuant to the point above;
- formulates proposals to the Company's Board of Directors on the remuneration of the members of the Committees set up within the Board itself;
- also taking into account the vote on Section One and Section Two of the Report on Remuneration Policy and Compensation Paid at the time of the Shareholders' Meeting, periodically assesses the adequacy, overall consistency and concrete application of the remuneration policy for IREN Directors and for IREN Group Senior Executives with Strategic Responsibilities, relative to the latter making use of the information provided by the relevant delegated bodies and providing the Board of Directors with proposals on this area;
- carries out the actions envisaged in the RPT Procedure, in the case of transactions involving the remuneration of Company Directors and Senior Executives with Strategic Responsibilities.

A flow of information relative to the Company's Board of Directors is envisaged. To that end, the Chairperson informs the Board of Directors, at the time of its first useful meeting, about the activities carried out by the Committee, the issues discussed and any observations, recommendations or opinions prepared, in compliance with the Code and separately accounting for activities carried out based on remuneration aspects pursuant to article 6 of the Code and on appointment aspects pursuant to article 5 of the Code.

The Committee in office at the time reported to the Shareholders' Meeting called to approve the 2018 financial statements with regards to the methods used to carry out its responsibilities. To that end, all of its members participated in the annual Shareholders' Meeting, held on 22 May 2019. The meetings of the Committee held in 2019 were attended by the Chairperson of the Board of Statutory Auditors and/or another/other statutory auditor(s) designated by him.

Pursuant to Application Criteria 4.C.1. of the Code, based on an invitation by the Committee itself, certain Company directors participated at meetings to report on individual items on the Agenda which they had specific knowledge of. No Director took part in Committee meetings in which proposals intended for the Board were formulated on matters concerning their remuneration, unless the proposals regarded members of internal Board committees in general.

In carrying out the tasks assigned to it, the Committee has the right to access information and company departments needed to carry out its tasks and may make use of the work of external consultants with expertise relative to remuneration policies, on the condition that these are not simultaneously providing the IREN Personnel Department, Company Directors or IREN Group Senior Executives with Strategic Responsibilities with services of an amount such as to compromise the independence of the consultant's judgement and, in any case, within the limits of the budget established by the Board of Directors.

In selecting consultants, the Committee makes use of the relevant company departments, which operate in compliance with current Group procedures.

Activities in 2019 and those scheduled for 2020

During 2019, the RAC met 19 times (8 times after the new Committee was installed), one of which held jointly with the IREN Control, Risk and Sustainability Committee in office at the time), with the participation of 100% of its members and the presence of one Standing Auditor from the Board of Statutory Auditors at all meetings, dealing with the issues summarised below.

Main issues dealt with in 2019

| | |
|---|---|
| <i>January 2019</i> | Acknowledgement of the budget assigned for the year by the Company's Board of Directors. Definition of a schedule for Committee activities during the first four months of the year, in view of the end of the Committee's term. Examination of recommendations contained in the letter sent to listed Italian companies on 21 December 2018, signed by the Chairperson of the Italian Corporate Governance Committee Update on implementation status, in the context of Italian law, of the Shareholder Rights Directive 2 and on the upcoming changes relative to say on pay. |
| <i>February 2019</i> | After the execution of a "beauty contest", assignment of an assistance contract to an independent third party consultant, to support the Committee in activities preparatory to the preparation of the 2018 Remuneration Report. |
| <i>March 2019</i> | Examination of qualitative/quantitative remuneration benchmark results carried out by the Committee's advisor with reference to the Company's Chief Executive Officer and the IREN Group Senior Executives with Strategic Responsibilities, as well as executive Directors and the Chairperson. Analysis of the report prepared by the advisor with reference to the results of the Shareholders' Meeting votes on the Remuneration Report for 2017, best practices for remuneration policy and the requests of institutional investors and proxy advisors. |
| <i>April 2019</i> | Definition of proposed Guidelines for remuneration policy for IREN Executive Directors and IREN Group Senior Executives with Strategic Responsibilities for 2019. Definition of the proposal (functional to the making of the consequent resolutions by the relevant IREN bodies) for the performance objectives for 2019 for the IREN Chief Executive Officer and the IREN Group Senior Executives with Strategic Responsibilities. Investigation regarding the level of achievement for short-term performance objectives assigned for 2018 for the IREN Chief Executive Officer and IREN Group Senior Executives with Strategic Responsibilities. Investigation functional to the final accounting figures for the 2015-2018 Long Term Incentive Plan. Examination of the 2018 Remuneration Report and formulation of a proposal functional to the making of the relevant resolutions by the Company's Board of Directors. |
| Shareholders' Meeting of 22 May 2019 | |
| <i>May 2019</i> | Appointment of the Committee, acknowledgement of the appointment of the respective Chairperson by the Board of Directors and appointment of the Secretary. Preliminary examination of compensation for Directors with special offices appointed for the three year period 2019-2021, as well as for members of internal Board of Directors committees, functional to the adoption of the relative provisions by the administrative body, after hearing from the Board of Statutory Auditors. |
| <i>June 2019</i> | Examination of the economic/contractual conditions of the new fixed term employment relationship between the Company and Massimiliano Bianco (the Company's Chief Executive Officer and General Manager), confirmation of the performance objectives assigned to him for 2019 and definition of the methods for him to adhere to the 2019-2021 Long Term Incentive Plan. |
| <i>July 2019</i> | After approval of a scope of work document, the start of a process to select an independent third party consultant to assist the Committee in verifying the architecture of the short term performance objectives system for the IREN Chief Executive Officer and General Manager and for IREN Group Senior Executives with Strategic Responsibilities, as well as to provide support for any changes relative to 2020. |
| <i>October 2019</i> | After a "beauty contest", appointment of a third party independent consultant to assist the Committee in verifying the architecture of the short term performance objectives system for top management. Continuation, with the support of a consultant, of research regarding the vote taken by the Shareholders' Meeting on 22 May 2019 on Part One of the Remuneration Report for 2018, with a special focus on identifying best practices and recommendations to take into account when defining the remuneration policy for 2020. |
| <i>November 2019</i> | Completion of the investigation, also pursuant to the regulations in effect for related party transactions, of the proposed changes prepared by the IREN Chief Executive Officer and General Manager with regards to the remuneration of individuals classified as IREN Group Senior Executives with Strategic Responsibilities. After approval of a scope of work document, the start of a process to select an independent third party consultant to assist the Committee in activities preparatory to the preparation of the Report on the 202 Remuneration Policy and on Compensation Paid. |

During 2020, after approval of this Report, the Committee met 4 times (on 10 January, 20 January, 25 February and 20 March, continuing work on 23 and 24 March 2020), with the exclusion of the joint meeting identified herein, and its activities were focussed in particular on the following:

- after a "beauty contest", the assignment to an independent third party consultant, specifically EY Advisory S.p.A. (hereafter, also "EY"), of the task of assisting the Committee with activities preparatory to the preparation of the Report on the 2020 Remuneration Policy and on Compensation Paid, including

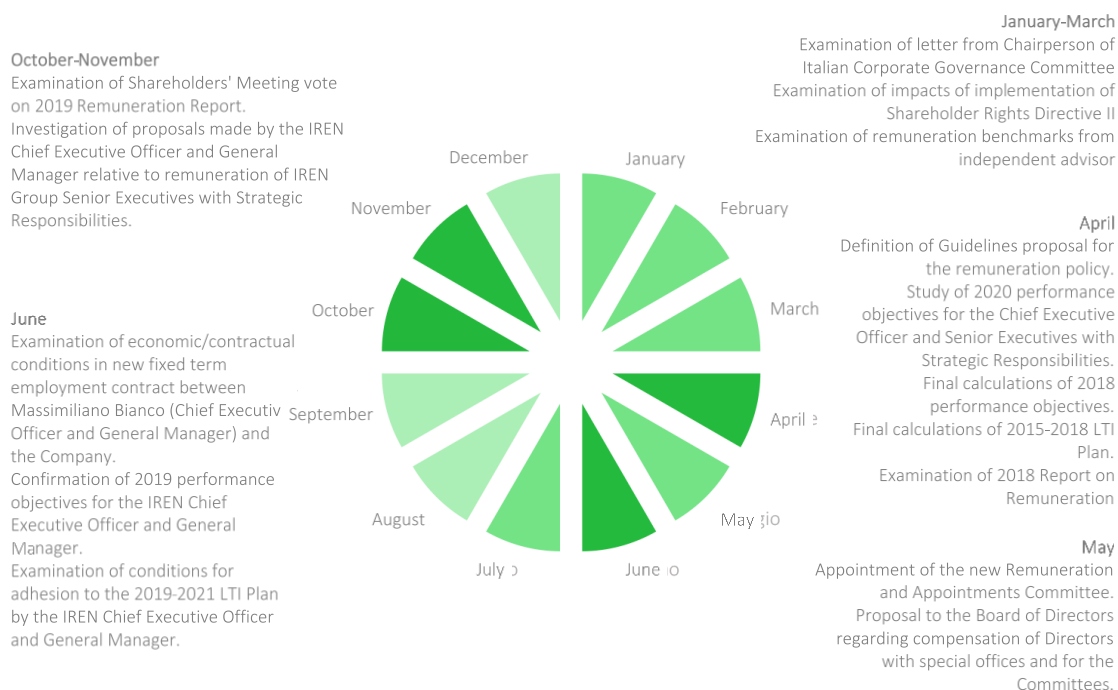
the execution of benchmark analysis of compensation of non-executive Directors, with particular focus on those who are members of internal Board committees, with respect to a reference peer group

- the examination, as relevant, of the letter from the Chairperson of the Italian Corporate Governance Committee, which was received in December 2019, sent to the attention of the Chairpersons of Italian listed companies;
- the continuation of research regarding the impacts of the implementation, in Italian law, of the Shareholder Rights Directive II, with special attention paid to consequent developments on the process of determining, revising and implementing the remuneration policy described in this Report, also in order to verify any requirements to implement in internal procedures and reporting processes;
- taking into account the remuneration policy implemented in 2019 and the vote taken on the Remuneration Report by the Shareholders' Meeting of 22 May 2019, with the assistance of the advisor, the definition of the proposed Guidelines for the compensation policy for IREN Executive Directors and IREN Group Senior Executives with Strategic Responsibilities for 2020, subsequently approved by the Company's Board of Directors on 27 February 2020;
- the definition of a proposal, functional to the making of consequent resolutions by the relevant IREN bodies, with regards to the setting of performance objectives for financial year 2020 linked to the short-term variable component of the remuneration of the IREN Chief Executive Officer and General Manager and the individuals identified as IREN Group Senior Executives with Strategic Responsibilities;
- verification of the achievement of short term performance objectives assigned for 2019 to the IREN Chief Executive Officer and General Manager and IREN Group Senior Executives with Strategic Responsibilities, preparatory to the adoption of the relevant and consequent resolutions by the relevant bodies;
- preliminary examination of this Report, in order to prepare a proposal for the Company's Board of Directors regarding the taking of the resolutions falling under its responsibility.

On 20 February 2020, a joint meeting was held between the IREN Remuneration and Appointments Committee and the Control, Risk and Sustainability Committee, during which the update to the Guidelines on the remuneration policy for Executive Directors and Group Senior Executives with Strategic Responsibilities for 2020 was examined, relative to the responsibilities assigned to each Committee, preliminarily with respect to the resolutions to be taken by the Company's administrative body.

More specifically, in the light of the tasks assigned to it relative to risk monitoring and corporate social responsibility, the attention of the Control, Risk and Sustainability Committee was focussed on the consistency of the Guidelines (above all with reference to the incentive system) with the Company's risk management policy and the adequacy of the same in terms of creating value for shareholders over the medium/long term.

Remuneration and Appointments Committee activity cycle 2019



Upcoming meetings during the year in course will, among other things, regard monitoring of the 2019-2021 Long Term Incentive Plan, analysing the voting results on Section One and Two of this Report, as well as assessing the adequacy, overall consistency and concrete application of the policy relative to Section One of this Report, also for the purposes of creating Guidelines for the remuneration policy for the next year. During the year, attention will also be paid to monitoring regulatory changes deriving from the revision of Regulation 11971/1999 and its relative annexes, currently being carried out by CONSOB, with consultation.

2020 REMUNERATION POLICY APPROVAL PROCESS

In exercising its assigned responsibilities, the Remuneration and Appointments Committee defined the structure and content of the Guidelines on remuneration policy for IREN Executive Directors and Group Senior Executives with Strategic Responsibilities for 2020 ("**Guidelines**" or "**2020 Guidelines**") at its meeting on 20 February 2020 (held jointly with the Control, Risk and Sustainability Committee), in order to prepare this Report, consistent with the recommendations of the Corporate Governance Code.

The Guidelines were then approved by the Board of Directors, on the basis of a proposal from the Remuneration and Appointments Committee, at its meeting on 27 February 2020.

Implementation of the remuneration policies determined in line with the Board of Directors guidelines occurs in part through the bodies appointed to this task, with the support of the relevant company departments.

In order to prepare the 2020 Guidelines, common practices identified in both the national and international sectors were assessed, as well as feedback received from institutional investors and proxy advisors when the Remuneration Report was examined by the Shareholders' Meeting on 22 May 2019.

When preparing the 2020 Guidelines, the Remuneration and Appointments Committee made use of support:

- from EY, the independent advisor selected after a competitive bidding process under the responsibility of the relevant company department; the activities performed by the consultant included, among other things, the goal of providing the RAC with an independent and in-depth study, including benchmark analysis of the remuneration position of the non-executive members of IREN's administrative body, as well as that of members of internal Board committees relative to a reference panel, detailed herein;

- from Eric Salmon & Partners, an independent advisor selected after a competitive process under the responsibility of the relevant company department; the activities performed by the consultant were intended to provide an overview of the existing short-term incentive system for the IREN Chief Executive Officer and General Manager and for the IREN Group Senior Executives with Strategic Responsibilities.

OBJECTIVES AND GENERAL PRINCIPLES OF THE REMUNERATION POLICY

Remuneration policies, defined in compliance with the Company's governance model, as well as with the recommendations contained in article 6 of the Corporate Governance Code, pursue the general goal of attracting, retaining and motivating individuals useful for the development of the Group, recognising the responsibilities assigned to them, and guiding their actions towards the achievement of company objectives, rewarding the results obtained.

More specifically, these policies serve to align the interests of management with respect to the prioritised objective of guaranteeing an increase in value for shareholders over the medium/long-term, making it possible to achieve stable and sustainable results over the short and long-term, in line with the Business Plan, ensuring adequate retention of those in strategic positions for governance and business and, more generally, promoting the company's mission and values, also in terms of sustainability.

In terms of remuneration policies, the short-term incentive system for the IREN Chief Executive Officer and General Manager and the IREN Group Senior Executives with Strategic Responsibilities represents a tool intended to differentiate excellent performance without any form of automatic recognition and not linked to the achievement of assigned objectives and, in each case, pursues the goal of:

- allowing the rewarding of performance for quantitative and qualitative variables with a direct connection to company performance;
- guaranteeing that the variable component, with respect to the fixed component, creates an incentive and is significant;
- avoiding the creation of excessively complex mechanisms, difficult to communicate and manage;
- selectively guiding individual performance, while also guaranteeing the achievement of Group and company goals.

The long-term variable component, again confirmed for 2019-2021 for the IREN Chief Executive Officer and General Manager and the IREN Group Senior Executives with Strategic Responsibilities, has the objectives of:

- stimulating the ability to create value for the Group, rewarding the achievement of industrial, strategic and business objectives;
- guaranteeing the achievement of economic/financial objectives in the context of medium/long-term sustainability;
- strengthening the motivation of the relative beneficiaries in pursuing the strategic objectives set out in the Business Plan, aligning their interests with those of stakeholders;
- attracting and motivating employees, rewarding the achievement of results and a culture of performance, as well as virtuous behaviours implemented to achieve the same;
- developing and strengthening retention policies for key company resources, making it possible to increase their sense of belonging and create incentives for them to remain with the IREN Group;
- ensuring that the pay-mix (relative weights of fixed remuneration, short-term and long-term variable remuneration) is in line with market practices, without prejudice to the principle of sobriety which characterises the Company.

The process begun to determine the Remuneration Policy for IREN Executive Directors and IREN Group Senior Executives with Strategic Responsibilities for 2020 also took into account:

- resolutions made on the issue of compensation by the Directors, adopted by the Shareholders' Meeting on 22 May 2019, in particular the principles of the comprehensive nature of remuneration and the obligation to pay back employees and of amounts established as compensation for Directors with special offices within IREN (see that detailed herein);
- the indications expressed by public shareholders regarding the positions appointed by them pursuant to current shareholders' agreements;

- the overall significance of positions and roles examined.

In preparation for the updating of the 2020 Guidelines, requests from the market and institutional investors relative to top management remuneration policies were taken into account, as well as best practices on the market, through:

- investigations regarding the results of the Shareholders' Meeting vote on the Remuneration Report submitted to the Shareholders' Meeting on 22 May 2019;
- examination of the issues needing attention raised by the Chairperson of the Italian Corporate Governance Committee in the letter sent in December 2019 to the Chairpersons of Italian listed companies;
- a study regarding the annual self-assessment activities carried out by the Board of Directors and its Committees pursuant to Application Criteria 1.C.1. letter g) of the Code.

With reference to the developments in the regulatory context and implementation in Italian law of Directive 2017/828, alignment of the remuneration policies with these new regulations was done, in particular with regards to pay on pay.

The Principles adopted by the Shareholders' Meeting on 22 May 2019, substantially already in effect for the previous term, with only marginal changes, were inspired by a logic of containing payments and impacted, through various innovations, the remuneration policy already prepared and applied in previous years. These can be summarised as follows:

- the principle of comprehensiveness of the remuneration perceived through the employment relationship and the requirement of transfer, effective for all executives/employees of Group companies, based on which all corporate positions held within the companies/entities of the Group must be filled without any additional compensation, as they fall under the assigned tasks¹⁰; if one of these employees or executives has the right to receive compensation for a corporate office held within a company or entity extraneous to the Group or, in any case, through appointment by a company of the Group, they must transfer this compensation to the Group company with which they hold an employment relationship;
- the principle of the use of the Directors of the parent company IREN's Board of Directors and employees prevailing in the administrative bodies of the companies directly and indirectly controlled by IREN.

The same Shareholders' Meeting also established the maximum ceiling for overall compensation paid to Directors with special offices, pursuant to the Articles of Association for the three year period 2019-2021 (Chairperson, Deputy Chairperson and the Chief Executive Officer, taking into account the above principles). These limits are outlined in the respective sections and guided the preparation of the Remuneration Policy, also for 2020.

The criteria summarised above, as well as the principles adopted by the Shareholders' Meeting were applied, to the extent compatible, also when the delegated bodies determined the remuneration for IREN Group Senior Executives with Strategic Responsibilities, as established in the Corporate Governance Code (see the dedicated section herein).

¹⁰ The IREN Chief Executive Officer and General Manager is the exception, limited solely to the fixed compensation component, pursuant to article 2389, paragraph 3, Civil Code, due for the exercising of his powers as the Company's Chief Executive Officer.

CHANGES WITH RESPECT TO THE REMUNERATION POLICY APPROVED THE PREVIOUS YEAR

The changes made to the 2020 Guidelines, with respect to those examined in 2019 by the Shareholders' Meeting on 22 May 2019, relate to three main areas, representing a gradual evolution of that applied previously, taking into account the specific nature of the Company's governance.

First, the 2020 Guidelines, approved by the IREN Board of Directors on 27 February 2020, take into account the redefinition, in line with the benchmarks, of the fixed components and short-term variable components of the remuneration packages for the IREN Chief Executive Officer and General Manager and IREN Group Senior Executives with Strategic Responsibilities, in order to improve remuneration positioning on reference markets, as well as the respective pay-mixes.

At the same time, attention should be paid to the IREN Chief Executive Officer and General Manager's adherence to the 2019-2021 Long Term Monetary Incentive Plan. When the economic/regulatory conditions for the new fixed term employment relationship were determined for the IREN Chief Executive Officer and General Manager, in line with the best practices and the instructions in the Corporate Governance Code, the indemnities established in the case of termination or elimination of the employment relationship were also revised.

Additionally, the 2020 Guidelines pursue the objective of making the incentive system more challenging both for the IREN Chief Executive Officer and General Manager and for the IREN Group Senior Executives with Strategic Responsibilities, in line with market indications, as well as by introducing additional monetary remuneration tools, to guarantee retention of individuals exposed to competitive pressures.

More specifically:

- taking relevant best practices into account, consistent with that identified in the specific studies comparing remuneration, target incentives for both the Chief Executive Officer and the IREN Group Senior Executives with Strategic Responsibilities have been increased (in the first case, from 25% to 35% of Gross Annual Salary; in the second case, on average, from 35% to 37.6% of Gross Annual Salary);
- in the context of the short-term incentive system for 2020, a minimum overall average achievement threshold has been set of greater than or equal to 70%, as an additional condition for receiving the payment;
- for 2020, through the use of an independent advisor, certain performance objectives were modified for the IREN Chief Executive Officer and General Manager and the IREN Group Senior Executives with Strategic Responsibilities;
- taking into account the importance placed, within the IREN Group, on sustainable business management, within the individual short-term incentive systems performance objectives linked to corporate social responsibility were maintained, with the weight set within the range of 10-15%, in close connection with that established in the 2019-2021 Long Term Incentive Plan, demonstrating the systematic attention the Group pays to these issues;
- as part of the 2020 short-term incentive system, a corrective factor for individual results was introduced (multiplier or demultiplier), correlated with the Group's EBITDA and Operating Cash Flow levered (OCF levered) values, for IREN Group Senior Executives with Strategic Responsibilities who serve as Independent operators, limited to the Business Unit managed, in order to take into account and incentivise the creation of value by the Group with respect to planned targets;
- in the context of the 2020 short-term incentive system, additional trigger events were inserted, which activate malus and clawback clauses, with an eye to providing greater protection for the Company;
- the possibility for the payment of a continuity bonus is included for certain IREN Group Senior Executives with Strategic Responsibilities, subject to significant competitive pressure, in order to increase retention and simultaneously ensure continuity in the work provided to the Group over a medium term horizon.

REMUNERATION POLICY GUIDELINES FOR 2020

The Remuneration Policy for 2020 is based on the following Guidelines.

Members of the Board of Statutory Auditors

For the members of the Board of Statutory Auditors, the Guidelines do not include any changes with respect to the previous ones. Recall, therefore, the fixed remuneration established at the time of the appointment by the Shareholders' Meeting of 19 April 2018, as follows: 45,000 Euro for the Chairperson and 30,000 Euro for Standing Auditors, in both cases also including reimbursement of expenses suffered for the office, in compliance with the Guidelines adopted on the subject by the Company's Board of Directors.

Non-executive Directors and members of internal Board committees

For non-executive Directors, the Guidelines do not include any changes with respect to the previous ones. Recall, therefore the compensation for the office of Director, established by the Shareholders' Meeting on 22 May 2019 of 23,000 Euro gross annually, as well as reimbursement of expenses suffered for the office, in compliance with the Guidelines adopted on the subject by the Company's Board of Directors.

Additional compensation due for participation on internal Board committees for the three year period 2019-2021 (Remuneration and Appointments Committee; Control, Risk and Sustainability Committee; Related Party Transaction Committee) were established by the Company's Board of Directors, in compliance with the caps established by the Shareholders' Meeting on 22 May 2019, differentiating between the Chairperson and other members, as follows: 11,000 Euro gross annually for Committee Chairpersons and 5,850 Euro gross annually for other members.

In line with previous terms, no distinction is established in terms of remuneration for independent Directors.

Remuneration of non-executive Directors is not linked to the economic results achieved by the company, nor are they the recipients of share-based incentive plans.

No short or long-term variable incentive components have been established for non-executive Directors, nor agreements which provide indemnities in the case of early termination of the term.

In line with the recommendations contained in the December 2019 letter of the Chairperson of the Italian Corporate Governance Committee, as well as Principle 6.P.2 of the Code, pursuant to which *"Remuneration of non-executive Directors is commensurate with the commitment required from each of them, also taking into account participation on one or more Committees"*, the Remuneration and Appointments Committee, after being asked by the Board of Directors, carried out a study with the assistance of the independent advisor EY Advisor S.p.A. on the remuneration positions of both the Company's non-executive Directors and members of internal Board committees. The results of this study, which were provided in a specific report to the Board of Directors at its meeting on 25 March 2020, indicate that both compensation for non-executive directors and compensation for members of Board of Directors committees are located below the first market quartile (or the average, when distribution in quartiles is not available).

Chairperson of the Board of Directors

With reference to the Chairperson, reference is made to the overall remuneration "package" determined by the Board of Directors on 4 June 2019 (unchanged with respect to that established in the previous term), as better described herein.

No indemnities have been established for the Chairperson in the case of early termination of the term, nor any short or long-term variable incentive components.

With regards to non-monetary benefits, the 2020 Guidelines do not include any substantial changes with respect to previous years. For more information on this, please see Section Two. Note that in 2020 coverage of civil liability for heads of household will be extended to the Chairperson, already existing for IREN Group executives.

Deputy Chairperson

With regard to the Deputy Chairperson, reference is made to the overall remuneration "package" determined by the Board of Directors on 4 June 2019 (unchanged with respect to that established in the previous term), as better described herein.

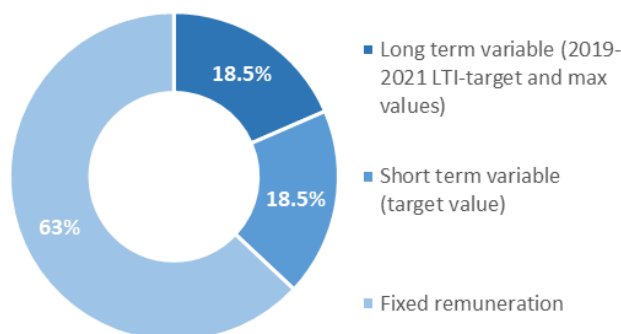
No indemnities have been established for the Deputy Chairperson in office in the case of early termination of the term, nor any short or long-term variable incentive components.

With regards to non-monetary benefits, the 2020 Guidelines do not include any substantial changes with respect to previous years. For more information on this, please see Section Two. Note that in 2020 coverage of civil liability for heads of household will be extended to the Deputy Chairperson, already existing for IREN Group executives.

CEO and General Manager

The 2020 Guidelines for the IREN Chief Executive Officer and General Manager take into account the resolutions adopted by the Company's Board of Directors, after the study by the Company's Remuneration and Appointments Committee, on 2 July 2019.

Overall pay-mix for the Chief Executive Officer and General Manager in office on an annual basis - 2020



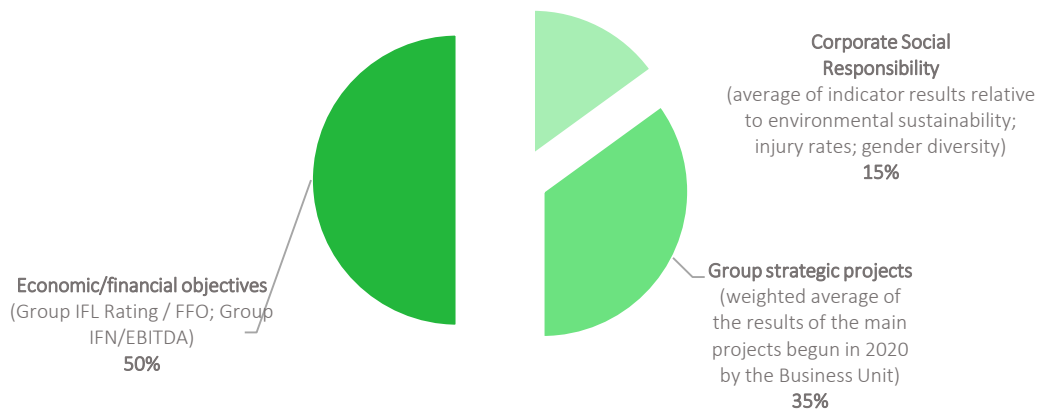
In fact, on that date, the administrative body:

- assigned Massimiliano Bianco (already appointed the Company's Chief Executive Officer after the renewal of the three year term for 2019-2021) the additional position of the Company's General Manager, granting him specific operating powers;
- approved the economic/contractual conditions of the new fixed term employment relationship between the Company and Massimiliano Bianco (from 1 July 2019 to 30 June 2022), in line with the results of the comparative remuneration studies carried out, reported below (i) fixed Gross Annual Salary of 272,000 Euro, paid in relation to the position of General Manager of the Company (to which is added gross annual salary pursuant to article 2389, paragraph 3, Civil Code, in relation to the position of Chief Executive Officer of the Company, approved by the Company's Board of Directors on 4 June 2019, in the amount of 57,000 Euro)¹¹; (ii) Gross Variable Annual Remuneration, in its target value, equal to around 35% of Gross Annual Salary, in relation to the achievement of objectives defined annually by the Board of Directors;
- resolved the adhesion of the Company's Chief Executive Officer and General Manager to the 2019-2021 Long Term Monetary Incentive Plan (effective as of 1 January 2019), recognising the conclusion of the vesting period with a monetary incentive equal to 105% of Gross Annual Salary, in its target value.

¹¹ Without prejudice to that outlined above with reference to the fixed compensation for the specific office, also for the Chief Executive Officer in office, due to the employment relationship with the Company, the principle of comprehensiveness of remuneration paid for the executive position is binding, as indicated in the Shareholders' Meeting resolution of 22 May 2019, with the consequent non-disbursement of compensation as a simple Director, and the transfer to the company of any compensation received through offices in companies or entities extraneous to the Group based on designation by a company of the Group.

2020 Short-term Variable Incentives

The performance objectives for the IREN's Chief Executive Officer and General Manager for 2020 were assigned by the Company's Board of Directors through a resolution on 27 February 2020, after a study by the Remuneration and Appointments Committee, carried out with the assistance of an independent advisor, concluded with a decision made on 25 February 2020.



(*) The Company reserves the right to not provide the annual value of these parameters, as it considers this to be sensitive information. Note that when the Business Plan is presented, the Company will provide the market with information in regards to these parameters. With regards to the economic/financial objectives, the value of each objective is aligned with the budget value at the level of the target result. Note that extraordinary transactions which by themselves cause changes greater than or equal to +/- 3% of annual EBITDA in the Business Plan lead to an update of target values.

Again in 2020, as in 2019, the selection of performance indicators and their relative weights for the Chief Executive Officer was intended to link incentives to company performance with an eye to return on investment and improvement of service, in line with the objectives established in the Business Plan and a focus on:

| | |
|-----------------------------|---|
| Decarbonisation | Increase in CO2 avoided through waste recovery |
| Circular economy | Increase in energy produced per tonne of incinerated waste |
| Resilient cities | Increase in district heating volumes |
| Water resources | Reduction in water loss |
| Customer Care | Improvement in Customer Satisfaction indices for electricity/gas sales services |
| Workplace Health and Safety | Reduction in the accident frequency rate |
| Gender Diversity | Maintain or increase the % of women |

Additionally, objectives relative to stakeholder relations and sustainability are, among other things, closely linked to those established in the Long Term Incentive Plan, demonstrating the systematic attention paid to these issues by the Group.

With reference to incentive mechanisms, again in 2020, as in previous years, binding conditions or "gates" continue to be included, linked to maintaining an investment grade rating from the primary ratings companies, with the objective of strengthening the consistency of performance requirements and aligning the behaviours rewarded by the variable remuneration systems, as well as avoiding the disbursement of incentives in the face of decidedly unsatisfactory results.

With the aim of making the short-term incentive system more challenging, in compliance with market requests and taking into account the results of the study done with the support of the advisor Eric Salmon & Partners, for 2020, a minimum overall average achievement threshold has been set for the individual objectives of greater than or equal to 70%, as an additional condition for receiving the payment. Each Performance Indicator (with a predetermined target, in line with budget values) is assessed on the basis of a specific metric, with the minimum threshold set at 60% of the objective result (below which, the result is considered to be zero) and a maximum threshold of 100% of the objective (target value). There are two performance curves, linear and stepped. The “linear” curve (with slopes defined on a case by case basis) is used in particular with economic/quantitative indicators, while the “step” curve is used for project-based indicators.

For 2020, a corrective factor will be applied for the IREN Chief Executive Officer and General Manager for individual results (individual objectives), aimed at incentivising the creation of value by the Group with respect to planned targets.

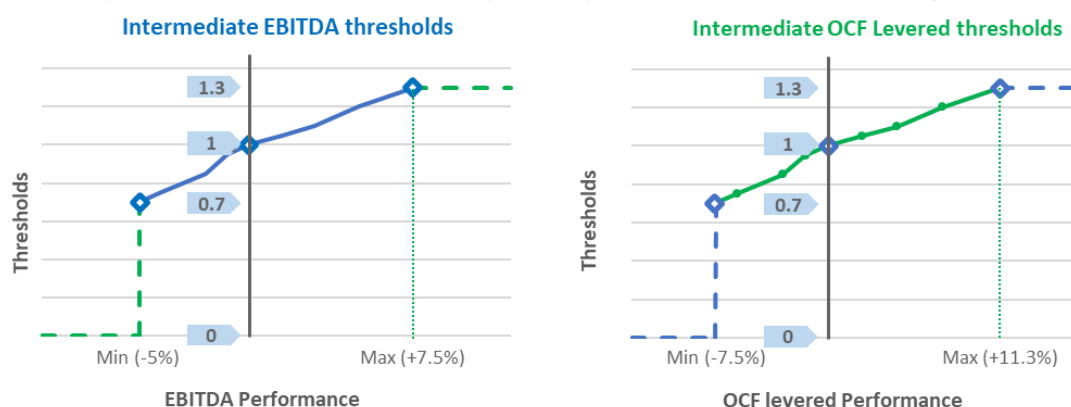
EBITDA and Operating Cash Flow levered (OCF levered) have been selected as the economic/financial indicators which best represent the correlation between development and creation of value.

The corrective factor “K” (multiplier or demultiplier of the percentage value obtained for the individual objective sections, within the limits of that specified below) will be a numeric value, equal to the weighted average of the two indicators, with weights and metrics indicated below:

| Objective | Weight | Indicator | Measurement | Thresholds (min/max) |
|-------------------|--------|-----------------------------------|------------------------|---|
| Group EBITDA | 60% | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figures vs. Target < -5%; 0 Final Figure vs. Target ≥ +7.5%; 1.3 |
| Group OCF Levered | 40% | Final Figures vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -7.5%; 0 Final Figure vs. Target ≥ +11.3%; 1.3 |

For both factors:

- extraordinary M&A transactions which individually create variations up to +/- 3% of annual EBITDA in the Business Plan do not lead to updating of Target EBITDA values (EBITDA materiality threshold);
- extraordinary M&A transactions instead involve a revision, solely for the component linked to NWC, of the OCF Levered target.



This factor «K» will have a value of no less than 0.7 and the overall achievement percentage - considered for the purposes of disbursement of the final amount - will be determined as the product of factor «K» and the result of the individual objectives section, the latter with an achievement constraint of at least ≥ 70%, with a ceiling of 120%.

For 2020, the deferral mechanism for disbursement of the bonus accrued is confirmed, amounting to 3 (three) months after the date on which the relevant bodies determine the final amount.

Finally, in the context of the short term incentive system for 2020 for the Chief Executive Officer and General Manager, malus and clawback clauses continue to be applied, which allow the Company to request full or partial restitution of bonuses disbursed, or to withhold sums not yet disbursed upon the occurrence, with three years after the end of the period in which the bonus accrued or a longer term in accordance with applicable law, of one or more of the following Trigger Events:

- fraudulent actions committed by the beneficiary of the bonus;
- non-compliance, by the beneficiary, with compliance standards established in the IREN Group Code of Ethics or with internal and external regulations regarding anti-trust behaviour, or the commission of

grave violations of internal regulations or provisions ascertained by the relevant delegated bodies or company control bodies within the year following that of accrual;

- bonuses determined on the basis of information which is subsequently found to be erroneous, regardless of whether this erroneous assessment is attributable to the beneficiary;
- not maintaining the results in economic and financial reports of the Company or Group for a period of twelve months;
- major objectives in specific projects not confirmed after an independent audit, within twelve months of identification of the final figures.

Payments established in the case of termination of office or termination of the employment contract

At the time the new fixed term employment contract was negotiated with the IREN Chief Executive Officer and General Manager, it was established that, in the case of non-renewal of the position of Director or of the Duties, 22 monthly payments of global remuneration will be paid¹², with the termination of the employment contract upon expiration of the contract.

In the case of revocation, without just cause, of the office of Director and/or Proxies prior to the expiration of the office, disbursement of a voluntary redundancy amount is instead established (22 months of global remuneration¹³, plus one month for every month with a termination date prior to the expiration of the fixed term contract, up to a maximum of an additional 6 months), with termination of the employment relationship within thirty days.

This is conventionally agreed upon also in order to mitigate any economic and governance risks for the Company, without prejudice to the payments and accruals at the end of the employment relationship established under the law and in the relevant Italian national labour contract.

No non-competition agreements pursuant to article 2125 of the Italian Civil Code have been established between IREN and the Company's Chief Executive Officer and General Manager.

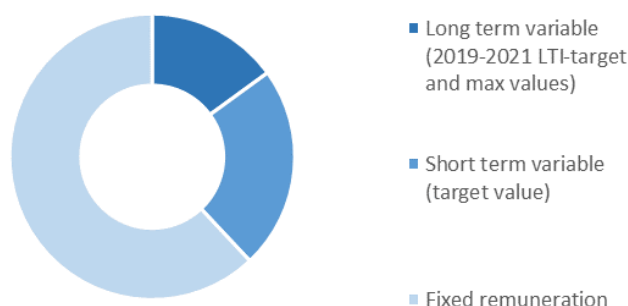
Non-monetary benefits

For the Chief Executive Officer and General Manager in office, benefits have been established in line with the Group's policies for top level managers, including D&O insurance (which is not effective in the case of wilful misconduct or gross negligence), reimbursement of any expenses for legal assistance not covered by policies and indemnification of requests for payments of charges, taxes, etc. for events associated with the exercising of the office, excluding cases of wilful misconduct or gross negligence.

In the context of the welfare plan initiated for IREN Group personnel, again in 2020, the payment of a specific amount, as part of total compensation, is established for the Chief Executive Officer and General Manager and for IREN Group Senior Executives with Strategic Responsibilities.

Senior Executives with Strategic Responsibilities

Pay-mix for IREN Group Senior Executives with Strategic Responsibilities on an annual basis - 2020



¹² Each total monthly payment will take into account the sum of one month of fixed remuneration and the monthly average of short-term remuneration disbursed in the three preceding years.

¹³ Each total monthly payment will take into account the sum of one month of fixed remuneration and the monthly average of short-term remuneration disbursed in the three preceding years.

Fixed remuneration

As already stated, the results of the remuneration positioning analysis for executive positions carried out in 2019 by the IREN Remuneration and Appointments Committee, with the assistance of an advisor, with reference to a panel of companies of a size similar to IREN and with a particular focus on the utilities and electricity sector in Italy, relative to similar positions in terms of content/level of responsibility, confirmed the general positioning of the individuals analysed as below the first market quartile, as already determined in previous years.

Following the establishment of the new Board term, based on a proposal by the IREN Group's Chief Executive Officer and after the relative study by the RAC in office, the fixed remuneration component for SESR was redetermined, continuing to guarantee an adequate pay-mix, in order to improve the remuneration position within the reference market, in part recovering the remuneration differential with regards to the median. These remuneration changes, on which the RAC expressed a positive opinion, took effect as of 1 January 2020.

In line with market practices, it was also confirmed that positions with a greater weight cannot have an overall remuneration package which is less than one or more of those reporting to them as well as the need to avoid imbalance between the positions in question, taking into account factors such as the responsibilities assigned, characteristics of companies managed (number of employees, turnover, average investments) and the sector in which they operate, as well as the skill required, also in order to maintain high levels of competitiveness and motivation.

Taking into account the principle of comprehensive remuneration and the obligation of transfer, in the case of a lack of high level organisational positions covered within the Group (including, by way of example, Chief Executive Officer of a direct subsidiary), for IREN Group Senior Executives with Strategic Responsibilities with non-fixed term employee contracts a portion of fixed remuneration will continue to be assigned as an indemnity linked to the position assigned (which can be defined as a "office indemnity" or "organisational position indemnity").

The payment made for this purpose can hence be redetermined in the case of transfer to other positions.

Short-term Variable Incentives

In line with that indicated in the specific comparative remuneration studies, in order to improve the pay-mix in the remuneration packages for IREN Group Senior Executives with Strategic Responsibilities, the maximum percentage for disbursement of short-term incentives was increased which, in some cases, reaches 38.5% of individual Gross Annual Salary. The average percentage, as stated previously, is 37.6% of Gross Annual Salary.

Again in this case, taking into account the principle of comprehensive remuneration and the obligation of transfer, it is established that a portion of variable remuneration is connected explicitly to the position of Director with powers, or to organisational offices held.

For 2020, the selection of Performance Indicators and their relative weights was based on reasoning already partially anticipated with reference to the Chief Executive Officer and General Manager: (i) monitoring of the main objectives for the Group/business area managed relative to economic, financial and operating performance (e.g. Marginal Growth, Debt Control and Investments), with a weight of at least 45%; (ii) sharing of responsibility for Group strategic projects, defining at least 40% of performance indicators for Senior Executives with Strategic Responsibilities for integration and/or optimisation projects; (iii) maintaining a focus on the issue of corporate social responsibility, as recommended by the Board of Directors, through the introduction of a performance indicator for all IREN Group Senior Executives with Strategic Responsibilities connected - in relation to their various areas of responsibility - issues such as decarbonisation, circular economy, resilient city, water resources, customer focus, worker health and safety and *gender diversity*, with a weight falling in a range from 10-15%.

Again in 2020, with the aim of avoiding disbursement of incentives in the face of decidedly unsatisfactory results, a gate condition was introduced linked to the maintenance of an investment grade rating from a primary ratings company.

Again in 2020, a minimum overall average achievement threshold has been set for Senior Executives with Strategic Responsibilities of greater than or equal to 70%, as an additional condition for receiving the payment.

Each Performance Indicator (with a predetermined target, in line with budget values) is assessed on the basis of a specific metric, with the minimum threshold set at 60% of the objective result (below which, the result is considered to be zero) and a maximum threshold of 100% of the objective (target value).

There are two performance curves, linear and stepped. The “linear” curve (with slopes defined on a case by case basis) is used in particular with economic/quantitative indicators, while the “step” curve is used for project-based indicators.

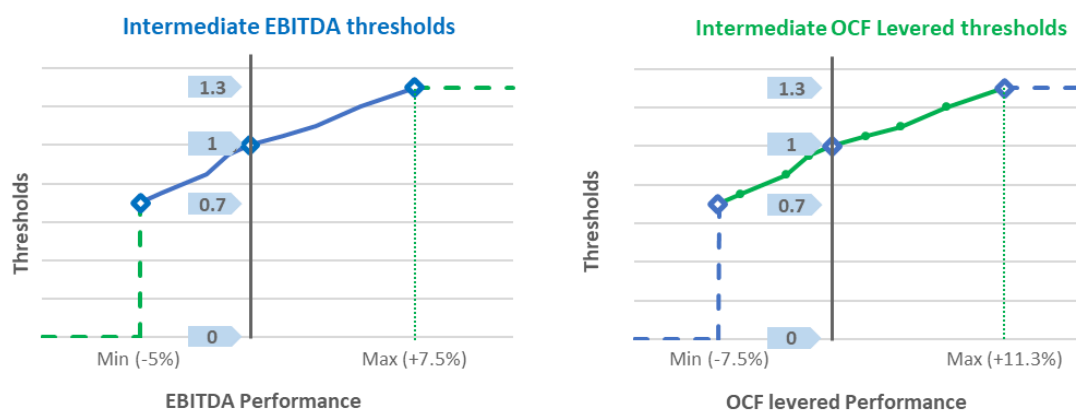
Also for the Senior Executives with Strategic Responsibilities for 2020, a corrective factor for individual results (individual objectives) connected to EBITDA and Operating Cash Flow levered (OCF levered) values was introduced at the Group level to take into account and incentivise the creation of value by the Group with respect to planned targets. For the Networks Business Unit, in line with the provisions of the functional unbundling law, this will be at the level of the Business Unit.

The corrective factor “K” (multiplier or demultiplier of the percentage value obtained for the individual objective sections, within the limits of that specified below) will be a numeric value, equal to the weighted average of the two indicators, with weights and metrics indicated below:

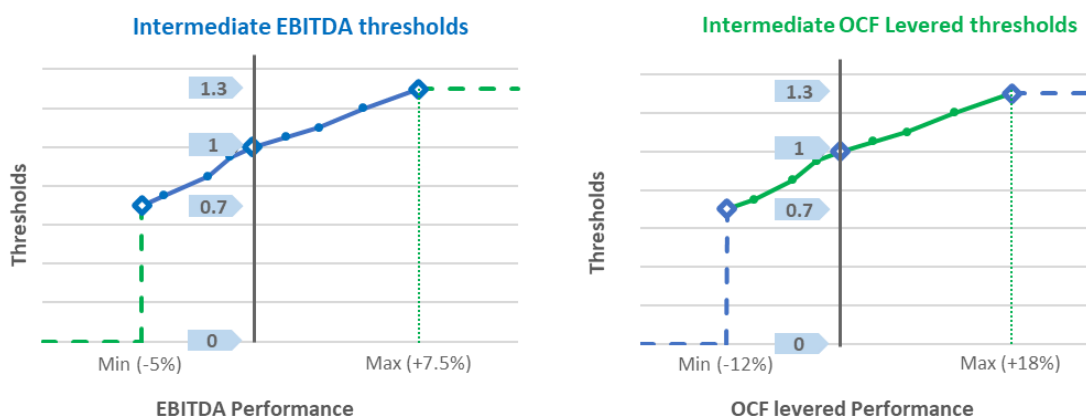
Group Factor K

| Objective | Weight | Indicator | Measurement | Thresholds (min/max) |
|-------------------|--------|----------------------------------|------------------------|---|
| Group EBITDA | 60% | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -5%; 0 Final Figure vs. Target ≥ +7.5%; 1.3 |
| Group OCF Levered | 40% | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -7.5%; 0 Final Figure vs. Target ≥ +11.3%; 1.3 |

Factor K for Independent Operators



| Objective | Weight | Indicator | Measurement | Thresholds (min/max) |
|-------------------------|--------|----------------------------------|------------------------|--|
| Networks BU EBITDA | 60% | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -5%; 0 Final Figure vs. Target ≥ +7.5%; 1.3 |
| Networks BU OCF Levered | 40% | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -12%; 0 Final Figure vs. Target ≥ +18%; 1.3 |



For both factors: (i) extraordinary M&A transactions which individually cause variations up to +/- 3% of annual EBITDA in the Business Plan do not lead to updating of target EBITDA values (EBITDA materiality threshold); (ii) extraordinary M&A transactions do involve a revision, solely for the component linked to NWC, of the target OCF Levered.

Without prejudice to that indicated herein, with reference to the process used to determine the final figures for objectives assigned to Senior Executives with Strategic Responsibilities, incentive mechanisms, performance curves and deferral periods, please see that indicated for the Company's Chief Executive Officer and General Manager.

Also for Senior Executives with Strategic Responsibilities clawback clauses have been determined, with the same conditions already referenced for the Chief Executive Officer and General Manager.

Other monetary bonuses

To increase retention of certain IREN Group Senior Executives with Strategic Responsibilities (with the exclusion of the Chief Executive Officer and General Manager), subject to significant competitive pressure and, simultaneously, ensure the continuity of work provided within the Group over the medium term, the possibility of a continuity bonus has been established.

This premium is paid through a one time annual amount, less than 10% of the RAL per year and is added to the employee's fixed and variable remuneration (pursuant to the previous paragraphs), subordinate to the employee's commitment to not terminate their employment relationship within a given date, defined a priori, within the next two years. Note that both fixed annual remuneration and total annual remuneration perceived are in any case below the median for the market.

If the employment relationship is terminated prior to the established date, for reasons due to or attributable to the employee, they must return the amount of the continuity bonus received to the Company.

As stated, the continuity bonus has not been established for IREN's Chief Executive Officer and General Manager, and in 2020 will be used for only one Senior Executive with Strategic Responsibilities.

Non-monetary benefits

Again in 2020, non-monetary benefits for Senior Executives with Strategic Responsibilities are in line with the market, including not only a company car and work tools, but also social security and insurance coverage, including so-called "D&O" policies, relative to cases of civil and/or criminal liability for events directly associated with the tasks of executive and/or Director (clauses which do not operate in the case of wilful misconduct or gross negligence), extra-professional injury insurance, contribution to contractual social security and health assistance funds, and additional health assistance extended to the family, as well as coverage for civil liability applying to the head of household. The use of these various benefits is assessed on a case by case basis.

Senior Executives with Strategic Responsibilities also participate in the company welfare plan established for all Executives, with the possibility of making use of a package of goods or services for the individual or family, based on individual choice. Again in 2020 it has been established that these individuals are assigned a specific amount, with an eye to total compensation.

Payments established in the case of termination of office or termination of the employment contract

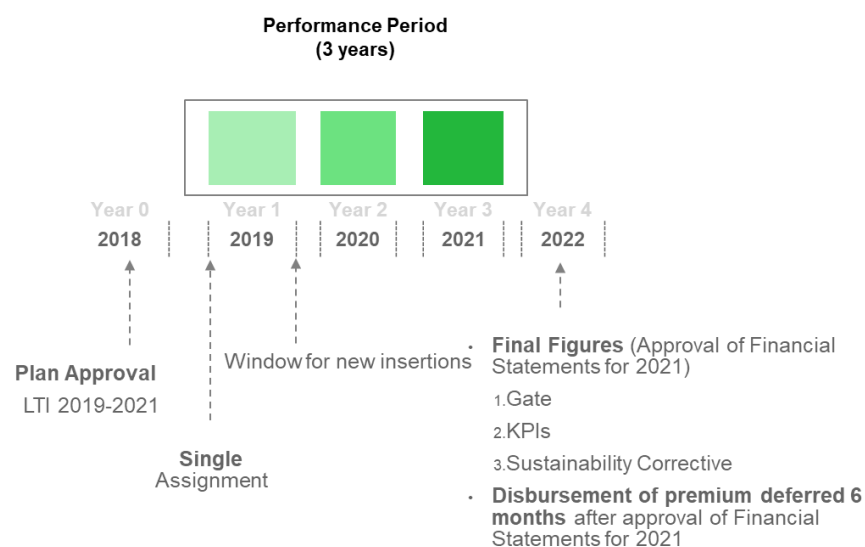
For all Senior Executives with Strategic Responsibilities, payments and accruals as of the end of the relationship have been established in accordance with the law and the relevant national labour contract. No non-competition agreements pursuant to article 2125 of the Civil Code have been established between IREN and the Senior Executives with Strategic Responsibilities.

2019-2021 Long-term Variable Incentives

On 27 November 2018, the IREN Board of Directors then in office confirmed, for 2019-2021, maintaining of a variable remuneration component for top management linked to medium/long-term performance, through the approval of the 2019-2021 LTI Plan, initially applying to IREN Group Senior Executives with Strategic Responsibilities, as well as to other top level employees able to make a significant contribution to the achievement of Business Plan objectives. On the same day, specific Regulations for the 2019-2021 LTI Plan were approved.

On 2 July 2019, the Board of Directors approved the adhesion of the Company's Chief Executive Officer and General Manager to the 2019-2021 LTI Plan, effective as of 1 January 2019, with the approval of an addendum to the 2019-2021 LTI Plan Regulations.

The 2019-2021 LTI Plan includes measurement of performance with reference to the period 2019-2021 (1 January 2019 to 31 December 2021), with performance indicators connected to the Group's 2018-2023 Business Plan.



Specifically, disbursement of the premium is subordinate:

- to the meeting of a “gate” condition, namely maintenance, at the end of 2021, of an investment grade rating from one of the three major ratings agencies (Fitch, Moody’s, Standard & Poor’s), at the level recognised in 2015 (BBB- from Fitch);
- to the achievement of 3 (three) specific objectives¹⁴, independent of each other, identified in line with that established in the Group’s Business Plan (cumulative EBITDA 2019-2021; cumulative Operating Cash Flow Levered 2019-2021; cumulative investments 2019-2021).

Performance Indicator Weight 2019-2021 LTI Plan



⁽¹⁾ The Company reserves the right to not provide the cumulative value of these parameters, as it considers this to be sensitive information. Note that when the Business Plan is presented, the Company will provide the market with information in regards to these parameters.

For all objectives, a threshold level has been defined, equal to 90% of the target as defined, below which no disbursement of the linked premium will be made.

The accrual of the premium is calculated on the basis of a linear function between minimum performance (threshold) and target performance, based on which the maximum premium is determined.

¹⁴ For IREN Group Senior Executives with Strategic Responsibilities with constraints deriving from regulations regarding functional separation, specific performance indicators have been established, governed by the Regulations for the 2019-2021 LTI Plan.

No recipient of the 2019-2021 LTI Plan, including IREN Group Senior Executives with Strategic Responsibilities will see rewarding of overachievement.

However, there is a compensation mechanism in the case of over-performance solely for the cumulative Operating Cash Flow levered indicator, in favour of under-performance in the other two Indicators, up to a maximum of 20%.

As anticipated previously, specific objectives regarding sustainable business management have been taken into consideration in the 2019-2021 LTI Plan. Specifically, an additional form has been introduced which contains sustainability indicators, with possible negative corrective effects (up to a maximum of 10%) on the bonus accrued, taking into account the achievement of the objectives listed above.

This form consists of 4 (four) Key Performance Indicators, measured using an on/off logic, and identified in concert with the Corporate Social Responsibility and Local Committees of IREN, from among those approved by the IREN Board of Directors in the context of the Business Plan:

- gender diversity (composite indicator, which includes i) % women out of total employees; ii) % hires of women out of total hires; iii) % women executives and managers out of total executives and managers; iv) % women participating in training courses out of total participants);
- circular economy (recoverable waste processed in Group plants);
- water resources (water network losses);
- resilient cities (district heating volumes).

With reference to IREN's Chief Executive Officer and General Manager, the maximum monetary incentive achievable at the end of the period is equal to 105% of Gross Annual Salary, in the case that 100% of the targets are achieved. With reference to the Group's Senior Executives with Strategic Responsibilities, the maximum monetary incentive has been set at 75% of individual Gross Annual Salary (taking into account the definition of the time horizon of the 2019-2021 LTI Plan over a three year period).

Without prejudice to the compensation mechanisms described above, the maximum incentive is disbursed if 100% of the strategic targets are met as established for 2019-2021.

Also relative to the 2019-2021 LTI Plan, in line with that recommended in the Corporate Governance Code, for the IREN Chief Executive Officer and General Manager and the IREN Group Senior Executives with Strategic Responsibilities a deferral term has been introduced for payment, equal to 6 (six) months with respect to the date on which the Shareholders' Meeting approves the financial statements for 2021.

As in the past, the results achieved during the performance measurement periods will be monitored annually by the Remuneration and Appointments Committee and the Board of Directors.

The Regulations for the 2019-2021 LIT Plan for IREN Group Senior Executives with Strategic Responsibilities governs certain aspects, including:

- specific situations which may involve changes in the shareholding structure, corporate scope or methods of representing accounting information and their consequent impacts on the Plan;
- termination of employment relationship for one of the beneficiaries during the vesting period, differentiating between a "good leaver" (with the disbursement of the premium as accrued based on a pro-rata temporis criteria) and a "bad leaver" (eliminating the premium disbursement);
- malus and clawback clauses which allow the Company to request restitution, entirely or partially, of bonuses disbursed or to withhold sums not yet disbursed against the occurrence, within 3 (three) years of the end of the vesting period, or a longer time based on applicable law, of specific Trigger Events (fraudulent actions carried out by the beneficiary of the bonus; non-compliance with compliance standards established in the IREN Group Code of Ethics; grave violations of internal regulations or provisions ascertained by the relevant Company bodies or those of its subsidiaries; bonuses determined on the basis of information which is subsequently found to be erroneous, regardless of whether this erroneous assessment is due to the beneficiary).

If the existence of one of the Trigger Events is ascertained, with consequent assessment regarding the activation of the clauses, this is done by the relevant departments with regards to the subject and the various bodies responsible for the internal control and risk management system, which then make the necessary notifications to the relevant bodies within the Company or the subsidiaries, as soon as the

necessary information has been acquired. For the purposes of the assessment, the seriousness of the violations linked to the beneficiary will be assessed, as well as the amount of damage suffered and consequences deriving from a possible legal dispute.

With reference to the beneficiaries of the 2019-2021 LTI Plan classified as IREN Group Senior Executives with Strategic Responsibilities, the decision regarding activation of the clauses is left to the Company's Chief Executive Officer, after hearing from the Remuneration and Appointments Committee.

Again in compliance with the Corporate Governance Code for Listed Companies, the application of malus and clawback clauses was also confirmed by the IREN Chief Executive Officer and General Manager, under the terms expressed above with reference to IREN Group Senior Executives with Strategic Responsibilities. In particular, for the IREN Chief Executive Officer and General Manager:

- notifications regarding the possible occurrence of trigger events must be sent to the Company's Board of Directors;
- the decision regarding application of malus and clawback clauses is left to the Company's Board of Directors, after hearing from the RAC.

CONSISTENCY WITH THE PURSUIT OF THE COMPANY'S LONG TERM INTERESTS AND ITS RISK MANAGEMENT POLICY

The Company's long-term interests and the Group's risk management policy are integral parts of the Group's internal control and risk management system (see Internal Control and Risk Management System Guidelines; current Risk Policies) and the Remuneration Policy was prepared in compliance with this.

On 20 February 2020, a joint meeting was held between the IREN Remuneration and Appointments Committee and the Control, Risk and Sustainability Committee, during which the Guidelines on the remuneration policy for IREN Executive Directors and IREN Group Senior Executives with Strategic Responsibilities for 2020 were examined, relative to the responsibilities assigned to each Committee, preliminarily with respect to the resolutions to be taken by the Company's administrative body.

REFERENCE TO REMUNERATION POLICIES OF OTHER COMPANIES

Both determination of the architecture of the 2019-2021 LTI Plan and adoption of the 2020 Guidelines were preceded by specific remuneration benchmark studies, in part with the support of highly specialised advisors (EY Advisory S.p.A.; Mercer Italia; Eric Salmon & Partners), involving panels of companies similar to IREN in terms of size and/or sector, listed in the following table.

Panel of companies for remuneration benchmark

| Subject of comparison | Advisor | Criteria | Peer Group |
|---|------------------------------|---|---|
| - 2018 - Long-Term Variable Incentive Systems | EY | Companies in the Energy & Utilities sector Companies on the FTSE Italia Mid-Cap index with capitalisation +/- 30% with respect to IREN | A2A, Acea, ACSM-AGAM, Alerion, Ascopiave, Enel, Eni, Erg, Hera, Italgas, Saipem, Saras, Terna. Ansaldo STS, ASTM, Autogrill, Brunello Cucinelli, De Longhi, Enav, Fincantieri, IMA, Interpump Group, Reply, SIAS, Technogym. |
| - 2019 - Remuneration position, IREN Chief Executive Officer and Senior Executives with Strategic Responsibilities | Mercer | Market: All Industry <i>Executive - MERG</i> | A2A, Acea, Enel Distribuzione, Enel Energia, Enel Green Power, Enel Servizio Elettrico, Enel Sole, Enel Trade, GE Italy Power and GE Italy Renewable Energy |
| - 2020 - Performance objectives 2020 | Eric Salmon & Partners | Panel of companies comparable to IREN based on size and/or business sector | A2A, Acea, ACSM, Alerion, Enel, Eni, Hera, Italgas, Saras, Saipem and Terna |
| - 2020 - Positioning Remuneration NED | EY | Panel of companies comparable to IREN based on size and/or business sector | A2A, Acea, Amplifon, Ascopiave, ASTM, Brembo, Buzzi Unicem, Danieli & C., De' Longhi, Edison, ERG, Hera, IMA, Italgas, Maire Tecnimont and Terna |

DEROGATIONS TO THE REMUNERATION POLICY

Under exceptional circumstances and in a non-recurring manner, after hearing from the Remuneration and Appointments Committee, the Board of Directors may make derogations to the policy as described above

(e.g. incentive targets, architecture of incentive systems). This is in any case without prejudice to the application of the rules established in the Related Party Transactions Procedure.

Note that “exceptional circumstances” means situations in which derogation from the present policy is necessary to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to remain on the market. Exceptional circumstances may include extraordinary transactions not previously planned (e.g. restructuring, reorganisation or reconversion), changes to the organisational, management and administrative structure of a company such as to impact its economic/financial results and the creation of value over the long term and actions aimed at attracting/retaining the best talent.

Section Two

Compensation and other information for 2019

Section Two - Compensation and other information relative to 2019

Part One - Implementation of 2019 remuneration policies

Below is a description of compensation disbursed and/or assigned in 2019 to IREN Directors and IREN Group Senior Executives with Strategic Responsibilities.

Implementation of the 2019 remuneration policy, as verified by the Remuneration and Appointments Committee during its regular assessment as foreseen by the Italian Corporate Governance Code, remained in line with the general principles indicated in the resolutions adopted by the Board of Directors. Without prejudice to the fact that during 2019 the administrative body saw a new term start, it is substantially consistent with the Remuneration Policy for the same year.

Non-executive Directors

With regards to IREN Directors, fixed compensation was disbursed for the offices as resolved, for the 2016-2018 term, by the Shareholders' Meeting of 9 May 2016 and, for the 2019-2021 term, by the Shareholders' Meeting of 22 May 2019 equal to, for both terms, 23,000 Euro gross annually, as well as reimbursement of expenses suffered based on the office.

No forms of variable remuneration linked to company results were provided, nor remuneration based on shares.

Recall that, relative to the 2016=2018 term, based on the maximum compensation threshold established by the Shareholders' Meeting on 9 May 2016, in no case did a non-executive Director of the parent company receive total compensation, as a sum of various offices and roles, exceeding 70,000.00 Euro gross annually, without prejudice to that established for the Chairperson and Chief Executive Officer¹⁵.

For all members of the Board of Directors specific company insurance coverage has been established relative to professional civil liability relative to third parties (D&O policies) as well as specific injury insurance (professional component).

Board Committees

In compliance with that resolved by the Board of Directors on 7 June 2016, in 2019 additional compensation was also disbursed for participation on Board committees operating through 22 May 2019 (10,000 Euro gross annually for the Chairperson; 5,000 Euro gross annually for each member).

After renewal of the terms, the administrative body, with a resolution on 4 June 2019, taking into account the maximum established by the Shareholders' Meeting on 22 May 2019, set additional compensation for participation on Board committees as appointed for the three year period 2019-2021 (11,000 Euro gross annually for the Chairperson; 5,850 Euro gross annually for each member).

Directors holding special offices

The remuneration package for Directors with special offices for the parent company (both before and after the start of the new term, which occurred by appointment of the Shareholders' Meeting on 22 May 2019) consists of a fixed component, paid by the year of the term, additional with respect to the Director's compensation for the duration of the term (equal to 23,000.00 Euro gross annually for the 2016-2018 term and confirmed for the 2019-2021 term), reimbursement of expenses suffered for the offices and non-monetary benefits (for these items, please see the dedicated sections herein).

Details of these payments were established by the Board of Directors, based on a proposal from the relevant Committee, taking into account the limits established by the Shareholders' Meeting on 9 May 2016 (for the 2016-2018 term) and on 22 May 2019 (for the 2019-2021 term) and the main Shareholders' Meeting regarding remuneration, already referenced multiple times.

Both for the 2016-2018 term and the current Board term, the Shareholders' Meeting established a maximum total limit for fixed compensation of members of the Board of Directors with special offices under the Articles of Association, setting it at 247,000.00 Euro gross annually.

¹⁵ The IREN Deputy Chairperson in office through 22 May 2019, Ettore Rocchi, held that the principle of the maximum compensation threshold applied to him.

For the three Directors with powers (Chairperson, Deputy Chairperson and Chief Executive Officer), the benefit of a company car is provided, as well as insurance coverage as directors, in addition to the usual benefits established for executives.

Chairperson

With reference to the Chairperson of the IREN Board of Directors in office until 22 May 2019, additional gross annual remuneration established for the powers granted in compliance with the Articles of Association was determined by the IREN Board of Directors on 7 June 2016, based on a proposal from the RAC, after hearing from the Board of Statutory Auditors.

The Chairperson of the Board of Directors in office until 22 May 2019 made use of the following non-monetary benefits: company car, specific insurance coverage for injuries (professional component), corporate insurance coverage for professional civil liability relative to third parties (as a member of the Board of Directors) and a healthcare plan.

With reference to the Chairperson of the IREN Board of Directors currently in office, additional gross annual remuneration established for the powers granted in compliance with the Articles of Association was determined by the IREN Board of Directors on 4 June 2019, based on a proposal from the RAC, after hearing from the Board of Statutory Auditors.

In line with that resolved by the Board of Directors on 4 June 2019, in 2019 the Chairperson of the Board of Directors currently in office made use of the following non-monetary benefits: company car, specific insurance coverage for injuries (professional component), corporate insurance coverage for professional civil liability relative to third parties (as a member of the Board of Directors) and a healthcare plan.

For individuals who served as Chairperson of the Board of Directors during the course of 2019 no variable remuneration component was established.

Deputy Chairperson

With reference to the Deputy Chairperson of the IREN Board of Directors in office until 22 May 2019, additional gross annual remuneration established for the powers granted in compliance with the Articles of Association was established by the IREN S.p.A. Board of Directors on 7 June 2016, based on a proposal from the RAC, after hearing from the Board of Statutory Auditors.

Based on an express declaration made by the interested party after appointment, this remuneration was voluntarily made subject to the principle of the maximum compensation threshold resolved by the Shareholders' Meeting of 9 May 2016 for the 2016-2018 term. As occurred in previous years, again in 2019, through a renunciation of the same manner, the Deputy Chairperson in office through 22 May 2019 did not make use of any benefits nor any reimbursement of expenses suffered in relation to the office. For the Deputy Chairperson in office through 22 May 2019, specific insurance coverage for injuries was provided (professional component) as well as corporate insurance coverage relative to civil liability with regards to third parties.

With reference to the Deputy Chairperson of the IREN Board of Directors currently in office, additional gross annual remuneration established for the powers granted in compliance with the Articles of Association was established by the IREN S.p.A. Board of Directors on 4 June 2019, based on a proposal from the RAC, after hearing from the Board of Statutory Auditors.

During the course of 2019, the Deputy Chairperson in office was provided specific insurance coverage for injuries was provided (professional component) as well as corporate insurance coverage relative to civil liability with regards to third parties. This individual did not make use of any other benefits, nor reimbursement of expenses as would be allowed relative to the office.

For individuals who served as Deputy Chairperson during the course of 2019 no variable remuneration component was established.

CEO and General Manager

Through 30 June 2019 the provisions of the employment contract between Massimiliano Bianco and the Company, as approved by the Board of Directors on 3 December 2014, were in effect, reported on in previous Remuneration Reports, submitted annually to the Shareholders' Meeting.

As of 1 July 2019, the date on which the new fixed term employment relationship began between Massimiliano Bianco and the Company, the economic/contractual conditions approved by the Board of Directors at its meeting of 2 July 2019 took effect, following a favourable opinion from the RAC, and pursuant to the regulations on related party transactions, summarised in Section One of this Report.

More specifically, as of 1 July 2019, the fixed component of the remuneration package for the IREN Chief Executive Officer and General Manager includes, in addition to the payments established pursuant to article 2389, paragraph 3, Italian Civil Code, for the position of Chief Executive Officer of the Company¹⁶, equal to 57,000 Euro, Gross Annual Salary of 272,000 Euro is also included, which replaces any other type of remunerative payment established by any source of collective regulations for employment relationships.

With a resolution on 2 July 2019, the IREN Board of Directors determined the Annual Gross Variable Remuneration for the Company's Chief Executive Officer and General Manager, in the form of the target value, equal to approximately 35% of Gross Annual Salary.

2019 performance objectives for Massimiliano Bianco were assigned by the Board of Directors on 5 April 2019 and confirmed, after the appointment of the new Board of Directors, on 2 July 2019.

In the same resolution, the IREN Board of Directors established, also for the IREN Chief Executive Officer and General Manager, application of the mechanism, described in the Remuneration Report for 2019, which provides the possibility to compensate for non-achievement of objectives or to increase the amount disburseable (up to a maximum of 20%), in the case the Group EBITDA target is exceeded by +1.5%, on the condition that performance for objectives in the 2019-2021 LTI Plan on an annual basis is in line with expectations.

On 25 March 2020, after a study by the RAC, the Board of Directors verified the achievement of the 2019 objectives by the IREN Chief Executive Officer and General Manager.

The annual incentive for the IREN Chief Executive Officer and General Manager for 2019 was accrued against a positive assessment relative to the achievement of the objectives set for that year, measured at 114.2%.

More specifically, against overall achievement of objectives measured at 94.2%, the Committee and Board of Directors acknowledged the verification of the conditions to activate the compensation/increase mechanism (+20%) also established for the Company's Chief Executive Officer and General Manager by the Company's Board of Directors on 2 July 2019, based on the fact that the Group's EBITDA objective had been exceeded by a wide margin.

These bonuses will not be disbursed until 3 (three) months after the date on which the final calculations were made by the relevant bodies.

Summary of % short-term objective achievement for 2019, assigned to the IREN Chief Executive Officer and General Manager, taking into account the final calculated figures reported below and that these final figures, in order to be consistently compared with the target figures, were then recalculated holding the perimeter equal.

| KPIs | Weight | % achieved | Trend |
|---|--------|------------|-------|
| Group EBITDA - achievement of established target (final 2019 figure - 917 million Euro) | 20% | 100% | ↗ |
| Group IFN/EBITDA - achievement of established target (final 2019 figure - 2.95x) | 20% | 100% | ↗ |
| Group Operating Cash Flow Levered - achievement of established target (final 2019 figure - 692 million Euro) | 20% | 71% | ↘ |
| Revision of Business Plan | 25% | 100% | → |
| Sustainability objectives - achievement of objective target for 2019 (Objective target "T" = ∑ sustainability indicators points – 6 indicators) | 15% | 100% | → |

↘ Below the Target → At Target ↗ Exceeds the Target

¹⁶ Without prejudice to that indicated with reference to the fixed compensation for the position (unchanged for the 2016-2018 and 2019-2021 terms), for Massimiliano Bianco, as an employee of the Company, the principle of comprehensive remuneration was binding for the executive employment relationship, as indicated in the resolutions made by the Shareholders' Meetings held on 9 May 2016 and 22 May 2019.

During 2019, as indicated in the 2018 Remuneration Report submitted to the Shareholders' Meeting on 22 May 2019, the IREN Board of Directors verified the full achievement of the performance indicators established in the 2015-2018 Long Term Incentive Plan.

As noted in Section One, on 2 July 2019 the IREN Board of Directors resolved the adhesion of the Company's Chief Executive Officer and General Manager to the 2019-2021 Long Term Monetary Incentive Plan (effective as of 1 January 2019), recognising the conclusion of the vesting period with a monetary incentive equal to 105% of Gross Annual Salary, in its target value.

During 2019, in line with the IREN Board of Directors resolution of 2 July 2019 and with company policies and practices, the IREN Chief Executive Officer and General Manager was granted, as non-monetary benefits, a company car, the use of leased housing, executive injury insurance for the IREN Group (professional and non-professional components), IREN Group executive life insurance (death and permanent disability) and civil liability coverage as the head of household (granted to executives as of 1 July 2019). For 2019, a specific welfare amount was also granted to the Chief Executive Officer and General Manager.

Senior Executives with Strategic Responsibilities

During 2019, the Directors of the Business Units, the Director of Administration, Finance and Control and the Director of Personnel, Organisation and Information Systems for the Company were classified as Group Senior Executives with Strategic Responsibilities.

Below are the remuneration packages implemented during 2019 for these individuals, in aggregate form. With reference to the remuneration package for Group Senior Executives with Strategic Responsibilities, in 2019 this consisted of Gross Annual Salary as well as short-term variable remuneration established (at a maximum) at approximately 35% of the aforementioned fixed remuneration, which in 2019 remained unchanged.

Taking into account the transfer requirement, the (fixed and variable) compensation established for taking on the position of Director with powers for Companies in the Group, or in relation to strategic organisational positions held within the Group was recognised as an ad hoc item included in remuneration for the employee relationship.

The annual individual incentive for Group Senior Executives with Strategic Responsibilities relative to 2019 will be paid after a positive assessment, by the Company's Chief Executive Officer, after a study by the RAC, at the meeting on 20 March, continuing the work on 23 March 2020, with regards to the achievement of the objectives determined for the same year for that category of individuals in the amount, on average, of 113.8%.

Also for IREN Group Senior Executives with Strategic Responsibilities, against overall achievement of objectives equal to 93.8% on average, the requirements for applying the compensation/increase mechanism were met, pursuant to the Guidelines on remuneration policy for the year in question, taking into account the positive results achieved by the same with reference to the Group EBITDA value (and that of the Networks Business Unit, for individuals classified as Independent Operators).

Also for these individuals, payment of the bonuses will not occur 3 (three) months after the date on which the final calculations were made by the relevant bodies.

IREN Group Senior Executives with Strategic Responsibilities are included among recipients of the 2019-2021 Long Term Monetary Incentive Plan approved by the IREN Board of Directors on 27 November 2018, recognising a monetary incentive at the end of the vesting period equal to 75% of the respective Gross Annual Salary.

Additionally, as non-monetary fringe benefits, the Group executives also received a company car, injury insurance granted to Group executives and, in one case, the use of leased housing, IREN Group executive life insurance (death and permanent disability), coverage for civil liability as head of household (granted to executives as of 1 July 2019), and participation in the welfare plan established for all Executives, with an increase in the specific amount, with an eye to total compensation.

Severance indemnities for end of office or termination of employment

During 2019 no end of office and/or termination of employment indemnities were resolved and/or disbursed relative to Directors or other Senior Executives with Strategic Responsibilities.

Part Two – Compensation due for 2019

The tables below indicate by name compensation for the IREN Directors and Auditors and, in aggregate, compensation for IREN Group Senior Executives with Strategic Responsibilities.

All individuals are included who during the course of 2019 served, even for a fraction of the period, as a member of the IREN administration or control body or as an IREN Group Senior Executives with Strategic Responsibilities.

An indication is also provided of compensation received from subsidiaries and/or associate companies, either in the note or in the table.

TABLE 1. TOTAL COMPENSATION DUE TO MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND TO SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES DURING THE REFERENCE PERIODS.

(gross amounts in thousands of euros, rounded up)

| Name and surname | Office | Period in which office was held | Expiration of office | Fixed compensation ¹⁷ | Fees for participation on Committees ¹⁸ | Bonuses and other incentives ¹⁹ | Non-monetary benefits ²⁰ | Other remuneration | Annual total of compensation resolved | Severance indemnities for end of office or termination of employment ²¹ |
|---|-------------------------|---------------------------------|------------------------------------|----------------------------------|--|--|-------------------------------------|--------------------|---------------------------------------|--|
| DIRECTORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | | | | | |
| Renato Boero | Chairperson | 22/05-31/12/2019 | Approval Financial Statements 2021 | 158.9 | - | - | 2.4 | - | 161.3 | - |
| Massimiliano Bianco | CEO and General Manager | 01/01-31/12/2019 | Approval Financial Statements 2021 | 316.5 | - | 108.5 | 15 | - | 440 | - |
| Moris Ferretti | Director | 01/01-22/05/2019 | Approval Financial Statements 2021 | 89 | 1.9 | - | - | - | 90.9 | - |
| | Deputy Chairperson | 22/05-31/12/2019 | Approval Financial Statements 2021 | | | | | | | |
| Sonia Maria Margherita Cantoni | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.6 | 3.6 | - | - | - | 25.2 | - |
| Enrica Maria Ghia | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | 3.6 | - | - | - | 17.6 | - |
| Pietro Paolo Giampellegrini | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 39.5 | 6.5 | - | - | - | 46 | - |
| Alessandro Giglio | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.7 | 3.6 | - | - | - | 25.3 | - |
| Francesca Grasselli | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | 3.4 | - | - | - | 17.4 | - |
| Maurizio Irrera | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.7 | 3.6 | - | - | - | 25.3 | - |
| Cristiano Lavaggi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | 3.6 | - | - | - | 17.6 | - |
| Ginevra Virginia Lombardi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | 3.4 | - | - | - | 17.4 | - |
| Giacomo Malmesi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.7 | 10 | - | - | - | 31.7 | - |
| Gianluca Micconi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 | - |
| Tiziana Merlini | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 | - |
| Licia Soncini | Director | 01/01-31/12/2019 | Approval Financial Statements 2021 | 23 | 8.5 | - | - | - | 31.5 | - |
| DIRECTORS LEAVING OFFICE DURING 2019 | | | | | | | | | | |
| Paolo Peveraro | Chairperson | 01/01-22/05/2019 | Approval Financial Statements 2018 | 66.8 | - | - | 1.2 | - | 68 | - |
| Ettore Rocchi | Deputy Chairperson | 01/01-22/05/2019 | Approval Financial Statements 2018 | 24.4 | - | - | - | - | 24.4 | - |
| Lorenza Franca Franzino | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 16.8 | 1.9 | - | - | - | 18.7 | - |
| Alessandro Ghibellini | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 | 1.9 | - | - | - | 10.8 | - |
| Fabiola Mascardi | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 25 | - | - | - | - | 25 | - |
| Marco Mezzalama | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 | 1.9 | - | - | - | 10.8 | - |
| Paolo Pietrogrande | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 | 3.8 | - | - | - | 12.7 | - |
| Marta Rocco | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 12.8 | 3.8 | - | - | - | 16.6 | - |
| Isabella Tagliavini | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 12.8 | 1.9 | - | - | - | 14.7 | - |
| Barbara Zanardi | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 12.8 | 3.8 | - | - | - | 16.6 | - |
| Total compensation due to Board of Directors | | | | 995.7 | 70.7 | 108.5 | 18.6 | - | 1,193.5 | - |
| AUDITORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | | | | | |
| Michele Rutigliano | Chairperson | 01/01-31/12/2019 | Approval Financial Statements 2020 | 84.9 | - | - | - | - | 84.9 | - |
| Simone Caprari | Standing Auditor | 01/01-31/12/2019 | Approval Financial Statements 2020 | 40.2 | - | - | - | - | 40.2 | - |
| Cristina Chiantia | Standing Auditor | 01/01-31/12/2019 | Approval Financial Statements 2020 | 53 | - | - | - | - | 53 | - |
| Total compensation due to Board of Statutory Auditors | | | | 178.1 | - | - | - | - | 178.1 | - |
| SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES²² | | | | | | | | | | |
| Total compensation for Senior Executives with Strategic Responsibilities | | | | 1,264.7 | - | 490.1 | 9.5 | - | 1,764.3 | - |
| of which IREN | | | | 1,264.7 | - | 490.1 | 9.5 | - | 1,764.3 | - |
| of which subsidiaries/associated companies | | | | - | - | - | - | - | - | - |

¹⁷ The fixed compensation indicated here include: (i) payments resolved by the Shareholders' Meeting accruing during the year, even if not yet paid; (ii) attendance payments; (iii) lump sum expense reimbursement; (iv) compensation received for holding special offices, pursuant to article 2389, paragraph 3, Civil Code; (v) fixed remuneration from employee relationships gross of social security and tax charges applying to the employee, excluding obligatory collective social security charges under the responsibility of the company and post-employment benefits withholdings (TFR), detailed herein in **Table 2**, indicating in the notes the compensation paid through subsidiaries and/or associated companies.

¹⁸ Recall that on 4 June 2019, the Board of Directors, based on the limits established by the Shareholders' Meeting, assigned compensation of 11,000 Euro gross annually for the position of Chairperson of an internal Board committee and of 5,850 Euro gross annually for the position of member. See **Table 3** herein for an indication of the Committees on which Directors are members, as well as the compensation due for participation on the same during the reference periods, on an accrual basis.

¹⁹ The column "Bonuses and other incentives" includes the portions of remuneration theoretically accrued (vested) during the course of the year, for objectives achieved during the year in question, relative to monetary incentive plans, even if not yet paid. This value corresponds to the sum of the amounts indicated in **Table 4** (columns 2 (A), 3 (B) and 4, to which the reader is referred).

²⁰ The amount of fringe benefits is indicated here, including any insurance policies (based on a criteria of taxability). Non-monetary benefits refer to insurance coverage stipulated by the Company in favour of the individual, the conventional value of the car used by the individual and any leasing of housing, for the reference period. As they are not taxable, the amounts for life, IP and extra-professional injury insurance collectively stipulated for the Chief Executive Officer and General Manager and the SSRE are not included (estimated at 22,000 Euro) and those for company welfare (€ 33,165 total); additionally, for SSRE, taxable amounts for company cars (€ 23,010 approximately) are eliminated through the corresponding amount withheld from the pay cheque based on Group policy.

²¹ Indemnities accrued in favour of directors due to end of office during the financial year in question are indicated, even if not yet paid, with reference to the financial year in course during which the effective termination of the position occurred. The estimated value of any payment of non-monetary benefits is also indicated, as well as the amount of any consulting contracts and indemnities relative to non-competition agreements.

²² The figure is provided with reference to 7 individuals who served, throughout 2019, as IREN Group Senior Executives with Strategic Responsibilities, excluding the Company's Chief Executive Officer and General Manager. All Senior Executives with Strategic Responsibilities are employees of IREN.

TABLE 2. BREAKDOWN OF FIXED COMPENSATION DUE TO MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS DURING THE REFERENCE PERIODS²³.

(gross amounts in thousands of euros, rounded up)

| Name and Surname | Position Held | Period during which position was held | Expiration of office | BREAKDOWN OF FIXED COMPENSATION | | | | | Total fixed compensation |
|--|-------------------------|---------------------------------------|------------------------------------|--|--------------------|--------------------------|------------------------------------|--|--------------------------|
| | | | | Payments resolved by the Shareholders' Meeting | Attendance payment | Fixed payment for office | Lump sum reimbursement of expenses | Fixed remuneration through employee relationship | |
| DIRECTORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | | | | |
| Renato Boero | Chairperson | 22/05-31/12/2019 | Approval Financial Statements 2021 | 24.1 ²⁴ | - | 134.8 ²⁵ | - | - | 158.9 |
| Massimiliano Bianco | CEO and General Manager | 01/01-31/12/2019 | Approval Financial Statements 2021 | (23) | - | 57 ²⁶ | - | 259.5 | 316.5 |
| Moris Ferretti | Director | 01/01-22/05/2019 | Approval Financial Statements 2021 | 34.5 ²⁷ | - | 54.5 ²⁸ | - | - | 89 |
| | Deputy Chairperson | 22/05-31/12/2019 | Approval Financial Statements 2021 | | | | | | |
| Sonia Maria Margherita Cantoni | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.6 ²⁹ | - | - | - | - | 21.6 |
| Enrica Maria Ghia | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 |
| Pietro Paolo Giampellegrini | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.7 ³⁰ | - | 17.8 ³¹ | - | - | 39.5 |
| Alessandro Giglio | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.7 ³² | - | - | - | - | 21.7 |
| Francesca Grasselli | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 |
| Maurizio Irrera | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.7 ³³ | - | - | - | - | 21.7 |
| Cristiano Lavaggi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 |
| Ginevra Virginia Lombardi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 |
| Giacomo Malmesi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 21.7 ³⁴ | - | - | - | - | 21.7 |
| Gianluca Micconi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 |
| Tiziana Merlini | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 14 | - | - | - | - | 14 |
| Licia Soncini | Director | 01/01-31/12/2019 | Approval Financial Statements 2021 | 23 | - | - | - | - | 23 |
| DIRECTORS LEAVING OFFICE DURING 2019 | | | | | | | | | |
| Paolo Peveraro | Chairperson | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 | - | 57.9 | - | - | 66.8 |
| Ettore Rocchi | Deputy Chairperson | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 ³⁵ | - | 15.5 ³⁶ | - | - | 24.4 |
| Lorenza Franca Franzino | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 16.8 ³⁷ | - | - | - | - | 16.8 |
| Alessandro Ghibellini | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 | - | - | - | - | 8.9 |
| Fabiola Mascardi | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 12.8 ³⁸ | - | 12.2 ³⁹ | - | - | 25 |
| Marco Mezzalama | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 | - | - | - | - | 8.9 |
| Paolo Pietrogrande | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 8.9 | - | - | - | - | 8.9 |
| Marta Rocco | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 12.8 ⁴⁰ | - | - | - | - | 12.8 |
| Isabella Tagliavini | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 12.8 ⁴¹ | - | - | - | - | 12.8 |
| Barbara Zanardi | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 12.8 ⁴² | - | - | - | - | 12.8 |
| Total fixed compensation, Board of Directors | | | | 386.5 | - | 349.7 | - | 259.5 | 995.7 |
| AUDITORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | | | | |
| Michele Rutigliano | Chairperson | 01/01-31/12/2019 | Approval Financial Statements 2020 | 84.9 ⁴³ | - | - | - | - | 84.9 |
| Simone Caprari | Standing Auditor | 01/01-31/12/2019 | Approval Financial Statements 2020 | 40.2 ⁴⁴ | - | - | - | - | 40.2 |
| Cristina Chiantia | Standing Auditor | 01/01-31/12/2019 | Approval Financial Statements 2020 | 53 ⁴⁵ | - | - | - | - | 53 |
| Total fixed compensation, Board of Statutory Auditors | | | | 178.1 | - | - | - | - | 178.1 |
| EXECUTIVES WITH STRATEGIC RESPONSIBILITIES | | | | | | | | | |
| Total fixed compensation for Senior Executives with Strategic Responsibilities⁴⁶ | | | | (73.7) | - | (30) | - | 1,264.7 | 1,264.7 |
| of which IREN | | | | - | - | - | - | 1,264.7 | 1,264.7 |
| of which subsidiaries/associated companies | | | | (73.7) | - | (30) | - | - | - |

²³ Compensation not received on the basis of the principle of comprehensive remuneration through the employee relationship is shown in parentheses.

²⁴ Includes compensation due for the office of Director of IREN as of 22 May 2019 (€ 23,000 gross annually), of REN Energia S.p.A. through 28 June 2019 (€ 8,000 gross annually) and of TRM S.p.A. through 29 October 2019 (€ 7,500 gross annually).

²⁵ Includes compensation due for the office of Chairperson of IREN as of 22 May 2019 (€ 150,000 gross annually), of REN Energia S.p.A. through 28 June 2019 (€ 25,000 gross annually) and of TRM S.p.A. through 29 October 2019 (€ 37,500 gross annually).

²⁶ Corresponds to the compensation due for the position of IREN Chief Executive Officer.

²⁷ Includes compensation due for the office of Director of IREN (€ 23,000 gross annually), of IREN Mercato S.p.A. through 28 June 2019 (€ 8,000 gross annually) and of IREN Energia S.p.A. through 28 June 2019 (€ 15,000 gross annually).

²⁸ Includes compensation due for the office of Deputy Chairperson of IREN (€ 40,000 gross annually), of Chairperson of IREN Mercato S.p.A. through 28 June 2019 (€ 25,000 gross annually) and of IREN Energia S.p.A. through 28 June 2019 (€ 35,000 gross annually).

²⁹ Includes compensation due for the office of Director of IREN as of 22 May 2019 (€ 23,000 gross annually) and of IRETI S.p.A. as of 1 July 2019 (€ 15,000 gross annually).

³⁰ Includes compensation due for the office of Director of IREN as of 22 May 2019 (€ 23,000 gross annually) and of IREN Mercato S.p.A. as of 28 June 2019 (€ 15,000 gross annually).

³¹ Corresponds to compensation due as Chairperson of IREN Mercato S.p.A. as of 28 June 2019 (€ 35,000 gross annually).

³² Includes compensation due for the office of Director of IREN as of 22 May 2019 (€ 23,000 gross annually) and of IREN Energia S.p.A. as of 28 June 2019 (€ 15,000 gross annually).

³³ Includes compensation due for the office of Director of IREN as of 22 May 2019 (€ 23,000 gross annually) and of IREN Mercato S.p.A. as of 28 June 2019 (€ 15,000 gross annually).

³⁴ Includes compensation due for the office of Director of IREN as of 22 May 2019 (€ 23,000 gross annually) and of IREN Ambiente S.p.A. as of 28 June 2019 (€ 15,000 gross annually).

³⁵ Corresponds to the compensation due for the position of Director of IREN through 22 May 2019. For the position of Director of IREN Smart Solutions S.p.A., held until 22 May 2019, no compensation was resolved.

³⁶ Corresponds to the compensation due for the position of Deputy Chairperson of IREN through 22 May 2019. For the position of Chairperson of IREN Smart Solutions S.p.A., held until 22 May 2019, no compensation was resolved.

³⁷ Includes compensation due for the office of Director of IREN through 22 May 2019 (€ 23,000 gross annually) and of IREN Ambiente S.p.A. and IRETI S.p.A. through 28 June and 1 July 2019 (€ 8,000 gross annually for each of the aforementioned offices).

³⁸ Includes compensation due for the office of Director of IREN through 22 May 2019 (€ 23,000 gross annually) and of IREN Ambiente S.p.A. through 28 June 2019 (€ 8,000 gross annually).

³⁹ Corresponds to compensation due as Chairperson of the Board of Directors of IREN Ambiente S.p.A. through 28 June 2019 (€ 25,000 gross annually).

⁴⁰ Includes compensation due for the office of Director of IREN through 22 May 2019 (€ 23,000 gross annually) and of IREN Energia S.p.A. through 28 June 2019 (€ 8,000 gross annually).

⁴¹ Includes compensation due for the office of Director of IREN through 22 May 2019 (€ 23,000 gross annually) and of IRETI S.p.A. as of 1 July 2019 (€ 8,000 gross annually).

⁴² Includes compensation due for the office of Director of IREN through 22 May 2019 (€ 23,000 gross annually) and of IREN Mercato S.p.A. through 28 June 2019 (€ 8,000 gross annually).

⁴³ Includes compensation due for the office of Chairperson of the IREN Board of Statutory Auditors (€ 45,000 gross annually), compensation due for the office of Standing Auditor of IRETI S.p.A. and of IREN Mercato S.p.A. through 28 June 2019 and of IREN Energia S.p.A. through 28 June 2019 (€ 20,000 gross annually for each of the aforementioned offices).

⁴⁴ Includes compensation due for the office of Standing Auditor of IREN (€ 30,000 gross annually) and of IREN Ambiente S.p.A. as of 28 June 2019 (€ 20,000 gross annually).

⁴⁵ Includes compensation due for the office of Standing Auditor of IREN (€ 30,000 gross annually) and of IREN Mercato S.p.A. as of 28 June 2019 (€ 20,000 gross annually), AMIAT S.p.A. as of 4 July 2019 (€ 12,000 gross annually) and San Germano S.p.A. (€ 7,500 gross annually).

⁴⁶ The figure is provided with reference to 7 individuals who served, throughout 2018, as IREN Group Senior Executives with Strategic Responsibilities, excluding IREN's Chief Executive Officer and General Manager.

TABLE 3. BREAKDOWN OF COMPENSATION DERIVING FROM PARTICIPATION ON INTERNAL BOARD COMMITTEES DUE TO MEMBERS OF THE BOARD OF DIRECTORS DURING THE REFERENCE PERIOD.
(gross amounts in thousands of euros, rounded up)

| Name and Surname | Position Held | Period during which position was held | Expiration of office | BREAKDOWN OF COMMITTEE PARTICIPATION | | | Compensation per-capita, Committee participation |
|--|-------------------------|---------------------------------------|------------------------------------|--------------------------------------|-----------------------------|-----------------------------|--|
| | | | | Participation payments RAC | Participation payments CRSC | Participation payments RPTC | |
| DIRECTORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | | |
| Renato Boero | Chairperson | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | - | - | - |
| Massimiliano Bianco | CEO and General Manager | 01/01-31/12/2019 | Approval Financial Statements 2021 | - | - | - | - |
| Moris Ferretti | Director | 01/01-22/05/2019 | Approval Financial Statements 2021 | 1.9 | - | - | 1.9 |
| | Deputy Chairperson | 22/05-31/12/2019 | | | | | |
| Sonia Maria Margherita Cantoni | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | 3.6 | - | 3.6 |
| Enrica Maria Ghia | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | 3.6 | - | 3.6 |
| Pietro Paolo Giampellegrini | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 6.5 | - | - | 6.5 |
| Alessandro Giglio | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | - | 3.6 | 3.6 |
| Francesca Grasselli | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 3.4 | - | - | 3.4 |
| Maurizio Irrera | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | 3.6 | - | - | 3.6 |
| Cristiano Lavaggi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | 3.6 | - | 3.6 |
| Ginevra Virginia Lombardi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | - | 3.4 | 3.4 |
| Giacomo Malmesi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | 6.6 | 3.4 | 10 |
| Gianluca Micconi | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | - | - | - |
| Tiziana Merlini | Director | 22/05-31/12/2019 | Approval Financial Statements 2021 | - | - | - | - |
| Licia Soncini | Director | 01/01-31/12/2019 | Approval Financial Statements 2021 | - | - | 8.5 | 8.5 |
| DIRECTORS LEAVING OFFICE DURING 2019 | | | | | | | |
| Paolo Peveraro | Chairperson | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | - | - | - |
| Ettore Rocchi | Deputy Chairperson | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | - | - | - |
| Lorenza Franca Franzino | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | - | 1.9 | 1.9 |
| Alessandro Ghibellini | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | 1.9 | - | 1.9 |
| Fabiola Mascardi | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | - | - | - |
| Marco Mezzalama | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | 1.9 | - | 1.9 |
| Paolo Pietrogrande | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | 3.8 | - | 3.8 |
| Marta Rocco | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 3.8 | - | - | 3.8 |
| Isabella Tagliavini | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | 1.9 | - | - | 1.9 |
| Barbara Zanardi | Director | 01/01-22/05/2019 | Approval Financial Statements 2018 | - | - | 3.8 | 3.8 |
| Total | | | | 21.1 | 25 | 24.6 | 70.7 |

TABLE 4. MONETARY INCENTIVE PLANS FOR MEMBERS OF THE ADMINISTRATIVE BODY AND OTHER SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

(gross amounts in thousands of euros, rounded up)

| Name and Surname | Position Held | Plan | 2. Yearly bonus | | | 3. Bonus, previous years | | | 4. Other bonuses ⁵¹ |
|---|-------------------------|---|--------------------------------|----------------------------|---------------------|-------------------------------------|--------------------------------|--------------------|--------------------------------|
| | | | (A) Payable/Paid ⁴⁷ | (B) Deferred ⁴⁸ | (C) Deferral period | (A) No longer payable ⁴⁹ | (B) Payable/Paid ⁵⁰ | (C) Still deferred | |
| DIRECTORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | | | | |
| Massimiliano Bianco | CEO and General Manager | 2019 Short Term Variable Incentive Plan (Board of Directors, 5 April and 2 July 2019) | 108.5 | - | - | - | - | - | - |
| | | 2019-2021 Long Term Monetary Incentive Plan (portion accruing during the year) (Board of Directors, 27 November 2018 and 2 July 2019) | - | 95 | 3 years | - | - | - | - |
| SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES⁵² | | | | | | | | | |
| | | 2019 Short Term Variable Incentive Plan | 490.1 | - | - | - | - | - | - |
| | | of which IREN | 490.1 | - | - | - | - | - | - |
| | | of which subsidiaries/associated companies | - | - | - | - | - | - | - |
| | | 2019-2021 Long Term Monetary Incentive Plan (portion accruing during the year) (Board of Directors, 27 November 2018) | - | 316.2 | 3 years | - | - | - | - |
| | | of which IREN | - | 316.2 | - | - | - | - | - |
| | | of which subsidiaries/associated companies | - | - | - | - | - | - | - |

⁴⁷ "Column 2A" shows the bonuses accruing during the year for objectives achieved during the year, disbursable after verification by the relevant bodies of effective achievement, with payment deferred 3 months after approval of the 2019 Financial Statements by the Shareholders' Meeting. The amount indicated includes the figure deriving from activation of the compensation/increase mechanism in the case the EBITDA target is exceeded by +1.5%.

⁴⁸ "Column 2B" shows the long-term incentive (portion accruing during the year) that will be disbursed in 2022 (6 months after approval of the financial statements for 2021 by the Shareholders' Meeting) against achievement of 100% of the objectives established, and complying with all the conditions set out in the Plan Regulation.

⁴⁹ "Column 3A" shows the sum of bonuses deferred in previous years to be disbursed at the beginning of the financial year and no longer payable due to non-achievement of the underlying conditions.

⁵⁰ "Column 3B" shows the sum of bonuses deferred in previous years still to be disbursed at the beginning of the year and either disbursed during the year or still payable.

⁵¹ The column "Other Bonuses" shows bonuses accruing during the year and not explicitly included in specific plans defined before the fact.

⁵² The figure is provided with reference to 7 Senior Executives with Strategic Responsibilities, exclusive of the Chief Executive Officer and General Manager.

TABLE 5. TABLE OF EQUITY INVESTMENTS HELD BY DIRECTORS, MEMBERS OF THE BOARD OF STATUTORY AUDITORS AND SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

| Name and surname | Position held | Company | Shares held at 31 December 2018 | Shares acquired | Shares sold | Shares held at end of 2019 |
|---|-------------------------|-------------|---------------------------------|-----------------|-------------|----------------------------|
| DIRECTORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | |
| Renato Boero | Chairperson | - | - | - | - | - |
| Massimiliano Bianco | CEO and General Manager | IREN | 50,000 | - | - | 50,000 |
| Moris Ferretti | Deputy Chairperson | - | - | - | - | - |
| Sonia Maria Margherita Cantoni | Director | - | - | - | - | - |
| Enrica Maria Ghia | Director | - | - | - | - | - |
| Pietro Paolo Giampellegrini | Director | - | - | - | - | - |
| Alessandro Giglio | Director | - | - | - | - | - |
| Francesca Grasselli | Director | - | - | - | - | - |
| Maurizio Irrera | Director | - | - | - | - | - |
| Cristiano Lavaggi | Director | - | - | - | - | - |
| Ginevra Virginia Lombardi | Director | - | - | - | - | - |
| Giacomo Malmesi | Director | - | - | - | - | - |
| Gianluca Micconi | Director | - | - | - | - | - |
| Tiziana Merlino | Director | - | - | - | - | - |
| Licia Soncini | Director | - | - | - | - | - |
| DIRECTORS LEAVING OFFICE DURING 2019 | | | | | | |
| Paolo Peveraro | Chairperson | - | - | - | - | - |
| Ettore Rocchi | Deputy Chairperson | - | - | - | - | - |
| Lorenza Franca Franzino | Director | - | - | - | - | - |
| Alessandro Ghibellini | Director | - | - | - | - | - |
| Fabiola Mascardi | Director | - | - | - | - | - |
| Marco Mezzalama | Director | - | - | - | - | - |
| Paolo Pietrogrande | Director | - | - | - | - | - |
| Marta Rocco | Director | - | - | - | - | - |
| Isabella Tagliavini | Director | - | - | - | - | - |
| Barbara Zanardi | Director | - | - | - | - | - |
| AUDITORS IN OFFICE AT 31 DECEMBER 2019 | | | | | | |
| Michele Rutigliano | Chairperson | - | - | - | - | - |
| Simone Caprari | Standing Auditor | - | - | - | - | - |
| Cristina Chiantia | Standing Auditor | - | - | - | - | - |
| Donatella Busso | Supplementary Auditor | - | - | - | - | - |
| Marco Rossi | Supplementary Auditor | - | - | - | - | - |
| 7 SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES⁵³ | | IREN | 94,690 | - | - | 94,690 |

⁵³ The figure is provided in cumulative form, as established in form 7-ter of the CONSOB Issuer Regulations, with reference to 7 individuals who, for all of 2019, served as Senior Executives with Strategic Responsibilities for the Group. The Chief Executive Officer of IREN is not included.

Proposal for Resolution

Dear Shareholders,

the Shareholders' Meeting is called to express, respectively:

- a binding vote on Section One of the Report on the 2020 Remuneration Policy, relative to the Company's policies on remuneration of the members of administrative bodies and of Senior Executives with Strategic Responsibilities at least for the year in course and on the procedures used to adopt and implement these policies;
- a consulting vote on Section Two of the Report with reference to compensation paid during 2019.

This Report was prepared in compliance with that indicated in the current provisions of the law and regulations and those found in the Corporate Governance Code to which IREN adheres.

If you agree with the content of the same, we propose:

- a favourable vote on Section One (*"2020 Remuneration Policies"*) of the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019, adopting the following resolution:

"The Shareholders' Meeting,

- *acknowledging the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019, prepared by the Board of Directors, in application of that established under article 123-ter of Italian Legislative Decree 58/98, as amended, and the indications found in article 84-quater introduced by CONSOB in the Issuer Regulations with resolution 18049 of 23 December 2011, as amended;*
- *having examined "Section One" in particular, which contains the information pursuant to paragraph 3 and 3 bis of article 123-ter of Italian Legislative Decree 58/98, as amended;*
- *acknowledging the Corporate Governance Code for Listed Companies, to which the Company adheres;*

resolves

to approve Section One ("2020 Remuneration Policies") of the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019".

- additionally, relative to Section Two (*"Compensation paid in 2019"*) of the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019, if you agree with the content, we propose you make a favourable consulting vote, adopting the following resolution:

"The Shareholders' Meeting,

- *acknowledging the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019, prepared by the Board of Directors, in application of that established under article 123-ter of Italian Legislative Decree 58/98, as amended, and the indications found in article 84-quater introduced by CONSOB in the Issuer Regulations with resolution 18049 of 23 December 2011, as amended;*
- *having examined "Section Two" in particular, which contains the information pursuant to paragraph 4 of article 123-ter of Italian Legislative Decree 58/98, as amended;*
- *acknowledging the Corporate Governance Code for Listed Companies, to which the Company adheres;*

resolves

to express a favourable opinion of "Section Two" ("Compensation Paid in 2019") of the Report on the 2020 Remuneration Policy and on Compensation Paid in 2019".

Glossary

Benefits (or fringe benefits)

This refers to elements included under the non-monetary component of compensation, aimed at increasing the individual and household well-being of workers, both economically and socially. All resources intended to satisfy social security and health needs fall within this category (complementary social security, healthcare assistance, insurance coverage), as well as so called “perks”, consisting of goods and services made available to IREN employees.

Comprehensive remuneration

This is the principle, most recently confirmed by the Shareholders' Meeting of 22 May 2019, at the time the Company's administrative body was appointed for 2019-2021, effective for all Group employees, on the basis of which all positions held within Group companies/entities must be filled without any additional compensation/or with transfer of the same, as they fall within the required responsibilities.

With reference to the current composition of the administrative body, in its current term, this Principle applies to the Chief Executive Officer and General Manager.

Cumulative EBITDA

Performance of the EBITDA performance indicator measured as the sum of the official values in the annual financial reports for individual years for the entire duration of the 2019-2021 LTI Plan.

Cumulative Operating Cash Flow levered

Performance of the Operating Cash Flow levered indicator measured as the sum of the OCF levered on the basis of the official values in the annual financial reports for individual years for the entire duration of the 2019-2021 LTI Plan.

Consolidated Law on Finance (TUF)

The Consolidated Law on Finance, or Italian Legislative Decree 58 of 24 February 1998 (as amended). TUF introduced legislation on financial aspects known as “as principles”, dictating only general lines as a regulatory foundation and leaving the definition of detailed rules to the regulatory authorities (e.g. CONSOB).

Continuity bonus

Bonus disbursed through the recognition of one time annual payments, to increase retention of certain Senior Executives with Strategic Responsibilities.

Corporate Governance Code

The Corporate Governance Code for Listed Companies (July 2018 edition) approved by the Italian Corporate Governance Committee.

Corrective factor “K”

Multiplier or demultiplier of the percentage value determined in individual objective sections, in order to take into account and incentives the value of creation by the Group with respect to planned targets.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)

An indicator which measures Company profitability on the basis of its ability to generate value through business management (net of interest payable, taxes and depreciation and amortisation).

End of term (or office) indemnity

Monetary sum to be paid to a Director upon termination of the administrative relationship.

Executive Directors

Directors holding special offices on the Board of Directors (Chairperson, Deputy Chairperson, Chief Executive Officer).

Gates

Binding conditions introduced in the existing variable incentive systems for the IREN Chief Executive Officer and the Group's Senior Executives with Strategic Responsibilities, with the objective of strengthening the consistency between performance requirements and aligning with the behaviour rewarded by the variable remuneration systems.

Group IFL Rating/FFO

This measures the ratio between Group gross financial debt coverage (IFL rating) with cash flows generated by operating management (FFO).

Gross Annual Salary (RAL)

Includes all annual fixed compensation, gross of taxes and social security charges applying to the employee, and hence not including annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses and any other form of remuneration which is variable or occasional.

Guidelines for remuneration policy for Executive Directors and Senior Executives with Strategic Responsibilities of the Group

The document which governs the policy followed by the Company with reference to remuneration of the above individuals, during the reference years. It is adopted by the Board of Directors, after a study by the Remuneration and Appointments Committee, in compliance with the Corporate Governance Code and in compliance with the RPT Procedure, and is also needed to prepare this Report.

IFN/EBITDA

This ratio measures coverage of financial debt with operating margins created by the Company.

Independent Directors

IREN Directors who meet the requirements of independence established under article 148, paragraph 3, of the Consolidated Law on Finance, and under article 3 of the Corporate Governance Code.

Investment Grade

Indicator of the reliability of shares or other financial instruments. Investment grade is generally expressed through a rating from specific ratings companies.

It represents a “gate” condition in the short and long term variable incentive systems for the IREN Chief Executive Officer and for the Senior Executives with Strategic Responsibilities.

Investments

Indicator which measures short and prospective growth, as well as management’s operating and strategic abilities. Represents the amount intended for the realisation/acquisition of tangible and intangible assets (capex) and for execution of M&A transactions.

Issuers Regulations

CONSOB Issuer Regulation No. 11971 of 14 May 1999, which contains the rules relating to issuers of financial instruments.

Long-term variable incentive

The Board of Directors has approved the 2019-2021 LTI Plan. This Plan gives beneficiaries the right to receive a monetary premium which is disbursed, after ascertainment of achievement, in relation to results accomplished at the end of the vesting period (see “vesting”).

Malus and clawback clauses

Contractual clauses which allow the Company to request the restitution, entirely or partially, of bonuses disbursed or to withhold sums not yet disbursed upon the occurrence of Trigger Events within a given period.

Maximum compensation threshold

The principle, resolved by the Shareholders' Meeting on 9 May 2016 with reference to the 2016-2018 term, based on which in no case can a non-executive member of the Board of Directors receive total compensation, for offices held in Group companies/entities or, in any case by designation of the Group (including positions held in IREN), exceeding 70,000.00 Euro gross annually, without prejudice to that established for directors with powers.

Non-executive Directors

Directors of IREN not holding special offices on the Board of Directors and not having any special management powers.

Operating Cash Flow levered (OCF)

Indicator which measures the generation of value destined for growth. This value is determined by adjusting EBITDA by taxes, financial expense/income and changes in Net Working Capital.

Overall investments

Performance of the Investment indicator measured as the sum of the official values in the annual financial reports for individual years for the entire duration of the 2019-2021 LTI Plan.

Pay Mix

The percentages of fixed remuneration, short term variable incentives and medium/long-term variable incentives paid at the target level.

Related Party Transactions

Transactions classified as such pursuant to and in accordance with the Regulation containing provisions on transactions with related parties, adopted by CONSOB with its Resolution no. 17221 of 12 March 2010, as amended.

Remuneration and Appointments Committee

Consists of three non-executive directors, the majority of which independent (including the Chairperson) and has powers of consultation and proposal relative to the Board of Directors with regards to the remuneration of Directors and Senior Executives with Strategic Responsibilities. In particular, among other things, the Committee submits the annual Remuneration Report to the Board for approval, as well as formulating proposals and expressing opinions with regards to remuneration and, pursuant to the RPT Procedure, is responsible for investigating transactions which involve the remuneration of Group’s Directors and Senior Executives with Strategic Responsibilities.

Remuneration policy

The combination of remuneration programmes in terms of fixed and variable remuneration implemented at the company level in order to support the achievement of strategic objectives.

Senior Executives with Strategic Responsibilities

Based on IAS 24, there are *“persons who, directly or indirectly, have the power and responsibility for the planning, direction and control of the Company’s operations”*.

With the exception of IREN Directors and Auditors, there are 7 individuals classified as such in the IREN Group.

Short-term variable incentive

This is the Short Term Incentive Plan which, for beneficiaries, gives the right to receive an annual cash premium on the basis of results achieved during the previous year, with respect to defined objectives, after final figures are determined by the relevant bodies and departments.

Stakeholders

All subjects, individuals or organisations, actively involved in an economic initiative (project, company), the interests of which are negatively or positively influenced by the result of the execution or performance of the initiative and whose action or reaction in turn influences the stages or completion of the project or the destiny of an organisation.

Again in 2020, performance indicators relative to short term variable incentive systems for the IREN Chief Executive Officer and General Manager in office as well as for IREN Group Senior Executives with Strategic Responsibilities take into account aspects relative to relationships with stakeholders.

Sustainability corrective

Mechanisms with a negative corrective effect on accrued bonuses, based on sustainability indicators (gender diversity, water resources, resilient cities), introduced with the 2019-2021 LTI Plan.

Target level

The level of achievement of objectives, that entitles the person to receive 100% of the incentive.

Termination indemnity

Monetary sum to be paid to a worker at the time the executive employment contract ends.

Threshold value

Represents the minimum level to be reached, below which no incentive will be paid.

Variable Remuneration

Consists of short term variable incentives and long term incentives.

Vesting (vesting period)

Period which passes between the assignment and completion of the right to receive a premium.

Analytical index by subject

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| O | Whether the remuneration policy is defined using remuneration policies of other companies as a reference, and if so, the criteria used to determine these companies. | p. 35 |
| SECTION TWO | | |
| PART ONE | | |
| 1.1 | A detailed description is provided for each component part of the remuneration, including treatments foreseen in the case of termination of office or termination of the employment contract, coherently highlighting the relative remuneration policy. | pg. 38-42; |
| 1.2 | With particular reference to agreements which provide indemnities in the case of early termination of the relationship, companies indicate: <ul style="list-style-type: none"> - the existence of these agreements, adding information denying the existence if this is the case; - criteria used to determine the indemnity due to each individual person. If the indemnity is expressed as a function of years served, indicate in detailed manner the components of these years; - the presence of performance criteria to which assignment of the indemnity is linked; - any effects of the termination of the relationship on rights assigned under incentive plans based on financial instruments or to be disbursed in cash; - cases in which the right to the indemnity arises; - the existence of agreements which provide for the assignment or maintenance of non-monetary benefits in favour of individuals who have terminated their position or the stipulation of consulting contracts for a period after the termination of the relationship; - the existence of agreements which involve compensation for non-competition agreements; - with reference to directors who terminated their position during the year, any discrepancies in the determination of the indemnity with respect to the provisions of the agreement in question; - if no specific agreements have been established, indicate the criteria used to determine the end of term indemnities accrued. | p. 42 |
| PART TWO | | |
| 1.2 | Compensation paid during the reference year paid for any reason and in any form by the company and its subsidiaries/associated companies is reported analytically. | pg. 43-48; |



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