

Corporate Governance Code

(January 2020)

IREN Governance assessments

Approved by
the Board of Directors
on 18 December 2020



Corporate Governance Code (January 2020) ¹	Applied	N/A	Not applied	Governance assessments of IREN S.p.A.
Article 1. Role of the board of directors				
Principles				
I. The board of directors leads the company by pursuing its sustainable success.	✓			
II. The board of directors defines the strategies of the company and the group it heads in accordance with principle I and monitors its implementation.	✓			
III. The board of directors defines the corporate governance system that is most functional for carrying out the company's business and pursuing its strategies, taking into account the flexibility offered by the legal framework. If necessary, the board of directors evaluates and promotes the appropriate changes and submit them to the shareholders' meeting when appropriate.		✘		At this time, the Board of Directors believes it would be preferable to study the Code's recommendations in greater detail, also in light of the system of shareholders' agreements (hereinafter referred to simply as the " Agreements "), drawn up and published in accordance with article 122 et seq. of Legislative Decree no. 58/98, most recently amended on 5 April 2019 and still in force, which defines, inter alia, the corporate governance system of IREN S.p.A.
IV. The board of directors promotes dialogue with shareholders and other stakeholders which are relevant for the company, in the most appropriate way.	✓			Given the novelty of principle IV, the Board of Directors will carry out a study for the most appropriate evaluations in order to adopt suitable forms of dialogue with shareholders and other stakeholders.
Recommendations				
1. The board of directors:				
a) reviews and approves the business plan of the company and the group it heads, also on the basis of matters that are relevant for the long-term value generation, carried out with the possible support of a committee whose composition and functions are defined by the board of directors;	✓			In order to ensure that this objective is pursued, a Committee (Control, Risk and Sustainability Committee) has been set up with functions including those relating to sustainability.
b) periodically monitors the implementation of the business plan and assesses the general course of the business, comparing the results achieved with those planned;	✓			
c) defines the nature and level of risk compatible with the company's strategic objectives, including all the elements that can be relevant for the company's sustainable success in its evaluations;	✓			See previous consideration.

¹ This column includes the text of the Corporate Governance Code approved in January 2020 by the Italian Corporate Governance Committee and is available at the following address (<https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>).

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<p>d) defines the corporate governance system of the company and the structure of the group it heads, and assesses the adequacy of the company's organisational, administrative and accounting structure and of its strategically important subsidiaries, with particular reference to the internal control and risk management system;</p>				<p>At present, the Board of Directors considers it preferable to further investigate the Code's indications, also in the light of the system of Agreements that defines, among other things, IREN S.p.A.'s corporate governance system.</p>
<p>e) approves transactions of the company and its subsidiaries that have a significant impact on the company's strategies, profitability, assets and liabilities or financial position; to this end, it establishes the general criteria for identifying significant transactions;</p>	✓			<p>The general criteria for identifying transactions that can be qualified as "significant" are contained in the Bylaws of IREN S.p.A. and its direct and wholly-owned subsidiaries. For the other companies included in the scope of consolidation, if the above criteria are not expressly provided for in the Articles of Association and/or if shortcomings are identified, the Board of Directors will set them.</p>
<p>f) on proposal of the chair in agreement with the chief executive officer, adopts a procedure for the internal management and external communication of documents and information concerning the company, with particular reference to inside information, in order to ensure the correct management of corporate information.</p>	✓			
<p>2. If deemed necessary for the effectiveness of the company's corporate governance system, the board of directors develops specific proposals to be submitted to the shareholders' meeting on the following issues:</p>				
<p>a) choice and characteristics of the corporate model (traditional, "one-tier", "two-tier");</p>				<p>At present, the Board of Directors considers it preferable to further investigate the Code's indications, also in the light of the system set out in the Agreements.</p>
<p>b) size, composition and appointment of the board of directors and term of office of its members;</p>	✓			
<p>c) structure of the shares' administrative and property rights;</p>				<p>See preceding consideration.</p>
<p>d) percentages established for the exercise of the prerogatives set up to safeguard minority shareholders.</p>				<p>See preceding consideration.</p>

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<p>In particular, if the board of directors intends to propose to the shareholders' meeting the introduction of increased voting rights (so-called "voto maggiorato"), it provides adequate reasons for the purpose of this choice in the report that will be submitted to the shareholders. The report indicates the expected effects on the company's ownership and control structure and its future strategies. In the same report, the board discloses the decision-making process followed for the definition of such a proposal and any dissenting opinions voiced within the board.</p>	✓			See consideration under Principle IV.
<p>3. Upon proposal of the chair in agreement with the chief executive officer, the board of directors adopts and describes in the corporate governance report a policy for managing dialogue with the general shareholders, taking into account the engagement policies adopted by institutional investors and asset managers.</p>	✓			
<p>The chair ensures that the board of directors is in any case informed, within the first suitable meeting, of the development and the significant contents of the dialogue that has taken place with all the shareholders.</p>	✓			
Article 2. Composition of the corporate bodies				
Principles				
<p>V. The board of directors is comprised of executive and non-executive directors. All directors possess professional skills and competence that are appropriate to their tasks.</p>	✓			This is an indication that is more pertinent to the shareholder than to the Board.
<p>VI. The number and skills of non-executive directors ensure significant influence in the decision-making process of the board and to guarantee an effective monitoring of management. A significant number of non-executive directors are independent.</p>	✓			This is an indication that, at present, while complying with the regulations in force on the subject, is more pertinent to the shareholder than to the Board. Up to now, the Board of Directors has used the instrument of guidance to shareholders on the qualitative and quantitative composition of the body, in view of each renewal. Furthermore, the current Company Bylaws contain provisions aimed at ensuring the presence, within the management (and control) body, of the least represented gender in an amount equal to the quota established by law.
<p>VII. The company applies diversity criteria, including gender criteria, to the composition of the board of directors, ensuring the primary objective is that of adequate competence and professionalism of its members.</p>	✓			

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VIII. The control body's composition is appropriate for ensuring the independence and professionalism of its function.	✓			This is an indication that is more pertinent to the shareholder than to the Board. In any case, the issuance of shareholder guidelines is planned in view of the renewal of the body scheduled for 2021.
Recommendations				
4. The board of directors defines the delegation of managerial powers and identifies who among the executive directors holds the position of chief executive officer. If the chair is entrusted with the position of chief executive officer or with significant managerial powers, the board of directors explains the reasons for this choice.	✓			At present, in light of the definitions offered by the Code, IREN S.p.A. would appear to be one of the large companies with concentrated ownership (a request for clarification regarding this has been sent to the Italian Corporate Governance Committee). However, for the current term 2019-2021, the percentage of Independent Directors exceeds the minimum percentage specified therein.
5. The number and skills of independent directors are appropriate to the needs of the company and to the proper functioning of the board of directors, as well as to the establishment of board committees.	✓			
The board of directors includes at least two independent directors, other than the chair.	✓			
In large companies with concentrated ownership, independent directors account for at least one third of the board.	✓			
In other large companies, independent directors account for at least half of the board.		✗		
In large companies, independent directors meet, in the absence of the other directors, on a periodic basis and at least once a year to evaluate the issues deemed of interest to the functioning of the board of directors and to the corporate management.	✓			
6. The board of directors assesses the independence of each non-executive director immediately after their appointment. The assessment is also renewed during the mandate, upon the occurrence of circumstances that concern their independence, and at least once a year.	✓			

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To this end, each non-executive director provides all the elements necessary or useful for the assessment from the board of directors. On the basis of all the information available, the board considers any circumstance that affects or could affect the independence of the director.	✓			
7. The circumstances that jeopardise, or appear to jeopardise, the independence of a director are at least the following:				
a) if they are a significant shareholder of the company;	✓			
b) if they are, or were in the previous three financial years, an executive director or an employee:	✓			
- of the company, of its subsidiary having strategic relevance or of a company subject to joint control; - of a significant shareholder of the company;				
c) if they have, or had in the previous three financial years, a significant commercial, financial or professional relationship, directly or indirectly (for example through subsidiaries, or through companies of which they are an executive director, or as a partner of a professional or consulting firm):	✓			The Board of Directors currently in office has decided to "limit" "significant" commercial, financial or professional relations to those which exceed, when considered as a whole, an amount of €90,000.00, without prejudice to any more precise verification regarding (a) the impact of the relations on the economic-financial situation of the person concerned; (b) the importance for their prestige and (c) any connection with important IREN S.p.A. operations.
- with the company or its subsidiaries, or with their executive directors or top management;	✓			
- with a subject who, also together with others through a shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management;	✓			To this end, the Board of Directors will also consider any relations with top representatives and managers of the main Public Shareholder Municipalities which, jointly, by virtue of the Agreements, control the Company.
d) if they receive, or have received in the previous three financial years, from the company, from one of its subsidiaries or from the parent company, significant remuneration other than the fixed remuneration for their position held within the board and for their membership in the committees recommended by the Code or required by law;	✓			The Board of Directors has considered that a significant additional remuneration with respect to the "fixed" emolument of a non-executive director for the issuer constitutes a total remuneration exceeding €67,000. In this regard, consideration will be given to the Q&A of the Code published in November 2020.

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e) if they have served on the board for more than nine years, even if not consecutive, of the last twelve years;



f) if they hold the position of executive director in another company whereby an executive director of the company holds the office of director;



g) if they are a shareholder, quota-holder or director of a company or other legal entity belonging to the network of the external auditor of the company;



h) if they are a close relative of a person who is in any of the circumstances set forth in previous letters.



The board of directors defines ex ante, at least at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the situations set forth above in letters c) and d). If the director is also a partner in a professional or a consulting firm, the board of directors assesses the significance of the professional relationships that may have an effect on their position and role within the professional or consulting firm and in any event those pertaining to important transactions of the company and the group it heads, even regardless of the quantitative parameters.



The chair of the board of directors, who has been nominated for this role according to recommendation 23, can be assessed as independent if none of the circumstances set forth above occur. If the independent chair is a member of the board committees recommended by the Code, such committees are made up with a majority of independent directors, other than the chair. The independent chair of the board of directors cannot chair the remuneration committee or the control and risk committee.



For the purposes of this letter, it is also relevant to have been a Director of issuing companies, whose merger gave rise to IREN S.p.A., for more than nine years in the last twelve years.

The Board of Directors decided to include the following among the so called "close family members": the spouse, relatives or relatives-in-law up to the second degree of kinship, as well as the other subjects mentioned in art. 3.3 of the IREN S.p.A. Procedure for Transactions with Related Parties.

At present, given the assignment of management powers, the Chair is evaluated as an executive director.

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8. The company defines the diversity criteria for the composition of the board of directors and the control body and identifies the most suitable tool for their implementation, taking into account its ownership structures.

✓

At least a third of the board of directors and the control body, where the latter is autonomous, is comprised of members of the less represented gender.

✓

Companies adopt measures to promote equal treatment and opportunities among genders within the entire organisation, monitoring their specific implementation.

✓

9. All members of the control body meet the independence requirements set out in recommendation 7 for directors. The independence assessment is carried out, with the timing and manner provided for by recommendation 6, by the board of directors or by the control body; such an assessment is based on the information provided by each member of the control body.

✓

10. The outcome of the assessments of independence of directors and members of the control body referred to in recommendations 6 and 9 is disclosed to the market immediately after the appointment through a specific press release and, later, in the corporate governance report. In both cases, the outcome of the assessment provides information about the criteria used for the assessment of the significance of the relationships being assessed and, in case of any deviation from the circumstances set forth in recommendation 7, a clear and detailed reason for this choice motivated by the individual situation and characteristics of the director concerned will be provided.

✓

See consideration under Principles VII and VIII.

In the IREN S.p.A. governance system, the assessment is carried out by the Board of Statutory Auditors itself. As highlighted by the Q&A to the Code published in November 2020, the independence assessment is provided to the Board in a form and timeframe that is appropriate to allow for the resulting market disclosure requirements.

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Article 3. Functioning of the board of directors and the role of the chair				
Principles				
IX. The board of directors defines the rules and procedures for its functioning, ensuring in particular an efficient flow of information to directors.	✓			
X. The chair of the board of directors plays a liaison role between executive and non-executive directors and ensures the effective functioning of the board.	✓			
XI. The board of directors ensures an adequate internal division of its functions and establishes board committees with preliminary, propositional and consultative functions.	✓			
XII. Each director ensures adequate time commitment for the fulfilment of their board responsibilities.	✓			
Recommendations				
11. The board of directors develops internal rules that define the functioning of the board and its committees, including the means for recording the minutes of the meetings and the procedures for providing information to directors. These procedures identify the prior notice for the submission of the documentation, ensuring that confidentiality issues are properly managed without affecting the timeliness and completeness of the flow of information.	✓			
The corporate governance report provides adequate information on the main contents of the board of director's internal rules and on compliance with the procedures aimed at ensuring the timeliness and adequacy of the information provided to the directors.	✓			
12. The chair of the board of directors, with the help of the board secretary, ensures that:				

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- a) the pre-meeting information and the complementary information provided during the meetings are suitable to allow directors to act in an informed manner in the enactment of their role; ✓
- b) the activity of the board committees with preliminary, propositional and consultative functions is coordinated with the activity of the board of directors; ✓
- c) in agreement with the chief executive officer, the managers of the company and those of the companies of the group it heads, who are competent on the issues concerned, participate in the relevant board meetings to provide appropriate insights on the items on the agenda, even upon request of one or more directors; ✓
- d) all the members of the board of directors and control body can take part, after the appointment and during the mandate, in initiatives aimed at providing them with adequate knowledge of the industry in which the company operates, the company dynamics and their evolution, also in relation to the company's sustainable success. Such initiatives also cover the risk management issues as well as any relevant part of the regulatory and self-regulatory framework; ✓
- e) the adequacy and transparency of the board review is provided for, with the support of the appointments committee. ✓

13. The board of directors appoints an independent director as lead independent director:

✘

- a) if the chair of the board of directors is the chief executive officer or holds significant managerial powers;
- b) if the office of chair is held by the person who controls, also jointly, the company;

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At present, since the Board's term of office is in progress, the Board of Directors - taking into account that IREN's Independent Directors have identified a "coordinator" among their members - believes it would be preferable not to formally appoint a lead independent director. Any different assessment in this regard may be carried out by the Board of Directors to be appointed for the three-year period 2022-2024.

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c) in large companies, even in the absence of the conditions indicated in letters a) and b), if requested by the majority of independent directors.

14. The lead independent director:

a) collects and coordinates the requests and contributions of non-executive directors and, in particular, of those that are independent;

b) coordinates the meetings of only the independent directors.

15. In large companies, the board of directors expresses its guidelines on the maximum number of offices that can be considered compatible with the effective performance of the office of director of the company, taking into account the commitment resulting from the role held. The relevant offices are those held in corporate bodies of other listed companies and of companies having a significant size.

16. The board of directors sets up internal committees with preliminary, propositional and consultative functions regarding appointments, remuneration and control and risks. These functions can be assigned to the board committees recommended by the Code or distributed in a different manner, or even combined in a single committee. In any case, the company ensures an adequate disclosure on the tasks and activities carried out by each of the assigned functions, as well as a composition of each committee that adheres to Code recommendations.

The functions of one or more committees can be assigned to the board of directors, under the coordination of the chair, provided that:

a) independent directors represent at least half of the board;

b) the board dedicates adequate time in their sessions to the performance of such functions.

In the event that the functions of the remuneration committee are assigned to the board of directors, the last paragraph of recommendation 26 applies.

✘

✘

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✘

✘

See previous consideration.

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

Multiple committees have been established. No function that the Code envisages being carried out by one or more Committees has remained with the Board of Directors.

Appointments and remuneration are both the responsibility of a single Remuneration and Appointments Committee ("CRN").

The issues of internal control, risk and sustainability are all the responsibility of a Committee called "Control, Risk and Sustainability" ("CCRS").

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Companies other than large ones may assign the functions of the control and risk committee to the board of directors even in absence of the condition set forth above in letter a).				
Companies with concentrated ownership, even large ones, may assign the functions of the appointments committee to the board of directors even in absence of the condition set forth above in letter a).				
17. The board of directors defines the tasks of the committees and their composition, favouring the competence and experience of their members and avoiding, in large companies, an excessive concentration of offices.				
Each committee is coordinated by a chair who informs the board of directors about the committee’s activities at the first useful board meeting.				
The chair of the committee may invite the chair of the board of directors, the chief executive officer, the other directors and, by informing the chief executive officer, the managers of the corporate functions that are competent on the matters of the committee meeting, to individual committee’s meetings. The members of the control body can attend the meetings of each committee.				
Board committees can have access to the information and the corporate functions that are necessary for the performance of their duties. Board committees have adequate financial resources and can avail themselves of external consultants according to the conditions set forth by the board of directors.				
18. The board of directors, upon proposal of the chair, provides for the appointment and dismissal of the body secretary and defines their professional requirements and attributes in the board’s internal rules.				
The secretary supports the activities of the chair and provides impartial assistance and advice to the board of directors on all aspects relevant to the proper functioning of the corporate governance system.				
				At present, since the Board of Directors' term of office is in progress, the Board of Directors considers it preferable to refrain from making any such assessments, confirming the assignment of the functions relating to appointments to the CRN that is already set up. Any such evaluation may be carried out by the Board of Directors to be appointed for the three-year period 2022-2024.
				At this point, in view of the content of Article 22 of the current Company Bylaws, the Board of Directors has taken note of the appointment of the Secretary duly made by the Chair.

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Article 4. Appointment of directors and board self-evaluation				
Principles				
<p>XIII. The board of directors ensures, within its competence, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board according to the principles set forth in Article 2.</p>	✓			<p>At present, the evaluation is carried out by means of an annual board evaluation, modulated, at the beginning of the term of office, in such a way as to differentiate it over the term of office.</p>
<p>XIV. The board of directors periodically evaluates, through formalised procedures, its effectiveness and the contribution made by individual directors. The implementation of the board evaluation procedures is supervised by the board itself.</p>	✓			
Recommendations				
<p>19. The board of directors entrusts the appointments committee to support it on:</p>				<p>At present, and in view of the wording of the current Company Bylaws, there is no provision for such a possibility.</p>
<p>a) the self-evaluation of the board and its committees;</p>	✓			
<p>b) the definition of the optimal composition of the board and its committees;</p>	✓			
<p>c) the identification of candidates in case of the director's co-optation;</p>	✓			
<p>d) the possible submission of a slate by the outgoing board, ensuring the transparency of the process that led to the slate's structure and proposition;</p>			✗	
<p>e) the development, updating and implementation of succession plan for the chief executive officer and the other executive directors.</p>			✗	<p>The Board of Directors has not adopted a succession plan for executive directors, as the rules for their appointment and replacement are provided for on the basis of the Bylaws and the Agreements.</p>
<p>20. The majority of directors of the appointments committee are independent.</p>	✓			
<p>21. The board evaluation assesses the size, composition and functioning of the board and its committees. It includes also the board's active involvement in the definition of the company's strategy and in the monitoring of the management of the company's business as well as the appropriateness of the internal control and risk management system.</p>	✓			

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N/A

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22. The board self-evaluation is conducted at least every three years, before the renewal of the board of directors.



In large companies other than those with concentrated ownership, the board self-evaluation is conducted on an annual basis and can be diversified according to the term of the board’s mandate. In such companies, the board considers whether to appoint an independent consultant for its evaluation at least once every three years.



23. In companies other than those with concentrated ownership, the board of directors:



- sets forth guidelines on its quantitative and qualitative board composition deemed optimal before its renewal, considering the outcome of the board evaluation;

- requires anyone submitting a slate with a number of candidates that is higher than half the number of members to be elected to provide adequate information on the compliance of the slate with the board guidelines mentioned above, and with the board diversity criteria set forth in principle VII and recommendation 8. In such cases, the slate also identifies its candidate for the chair of the board, whose appointment is conducted according to the company’s Bylaws. All the information mentioned in this paragraph is disclosed in the documentation attached to the slate during its filing process.

The exiting board’s guidelines are published on the company’s website before the publication of the notice of the shareholders’ meeting convened for the board’s renewal. They identify the managerial and professional profiles and the skills deemed necessary, having due consideration of the company’s sectoral characteristics, the board diversity criteria set forth in principle VII and recommendation 8 as well as the board guidelines on the maximum number of offices set forth in recommendation 15.



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At present, it is planned to continue to carry out this activity on an annual basis until the end of the current Board of Directors' term of office, always using an independent advisor. Any assessment in this regard is deferred to the Board of Directors to be appointed for the three-year period 2022-2024.

Even though, at first glance, IREN S.p.A. is one of the companies with concentrated ownership, the Board of Directors believes that it would be useful to continue the practice, tried and tested in previous mandates, of providing guidance to shareholders on the best possible qualitative and quantitative composition of the board. Any different assessment is referred to the Board of Directors to be appointed for the three-year period 2022-2024.

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<p>24. In large companies, the board of directors:</p> <ul style="list-style-type: none"> - defines, with the support of the appointments committee, a plan for the succession of the chief executive officer and executive directors by identifying, at least, the procedures to be followed in the event of an early termination of office; - ascertains the existence of appropriate procedures for the succession of the top management. 	✓		✗	<p>Since the rules for the appointment and replacement of executive directors are provided for on the basis of the Company Bylaws and the Agreements, the Board of Directors has not yet decided to adopt a succession plan for them.</p>
Article 5. Remuneration				
Principles				
<p>XV. The remuneration policy for directors, members of the control body and the top management contributes to the pursuit of the company's sustainable success and takes into account the need to have, retain and motivate people with the competence and professionalism deemed adequate for their role.</p>	✓			
<p>XVI. The remuneration policy is developed by the board of directors through a transparent procedure.</p>	✓			
<p>XVII. The board of directors ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, considering the results achieved and any other circumstances relevant for its implementation.</p>	✓			
Recommendations				
<p>25. The board of directors entrusts the remuneration committee with the task of:</p>				
<p>a) supporting it in the development of the remuneration policy;</p>	✓			
<p>b) submitting proposals or expressing opinions on the remuneration of executive directors and other directors who hold specific responsibilities, as well as on the setting of performance objectives related to the variable component of this remuneration;</p>	✓			<p>In the IREN S.p.A. governance system, these functions are also extended to the IREN Group's Managers with Strategic Responsibilities.</p>

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c) monitoring the actual application of the remuneration policy and verifying, in particular, the effective achievement of the performance objectives;	✓			This is an indication that is more pertinent to the shareholders than to the Board. In this regard, the Board of Directors reserves the right to conduct a study with a benchmark to be made available to shareholders.
d) periodically assessing the adequacy and overall consistency of the remuneration policy for directors and the top management.	✓			
In order to have people with adequate competence and professionalism, the remuneration of executive and non-executive directors and of the members of the control body is defined with due consideration of the remuneration practices that are common with regards to the company's reference sectors and size. It also considers comparable international practices, with the possible support of an independent consultant.		✘		
26. The remuneration committee is made up of non-executive directors, the majority of whom are independent, and is chaired by an independent director. At least one member of the committee has adequate knowledge and experience in financial matters or remuneration policies; such skills are assessed by the board of directors before their appointment.	✓			
No director takes part in the meetings of the remuneration committee in which proposals relating to their remuneration are made.	✓			
27. The remuneration policy for executive directors and the top management defines:				
a) a balance between the fixed and the variable component which is consistent with the company's strategic objectives and risk management policy. Consistency is assessed taking into consideration the business's characteristics and the industry of the company. The variable component has in any case a significant weight on the overall remuneration;	✓			
b) caps to the variable component payments;	✓			

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<p>c) performance objectives, to which the payment of the variable components is linked, the objectives being predetermined, measurable and predominantly linked to the long-term horizon. They are consistent with the company's strategic objectives and with the aim of promoting its sustainable success and includes non-financial parameters, where relevant;</p>	✓			
<p>d) an adequate deferral of a significant part of the variable component that has been already accrued. Such a deferral period is consistent with the company's business activity and its risk profile;</p>	✓			
<p>e) provisions that enable the company to recover and/or withhold, in whole or in part, the variable components already paid-out or due, where they were based on data which subsequently proved to be manifestly misstated. The company can identify other circumstances in which such provisions are applied;</p>	✓			
<p>f) clear and predetermined rules for possible termination payments, establishing a cap to the total amount that might be paid out. The cap is linked to a certain amount or a certain number of years of remuneration. No indemnity is paid out if the termination of the office is motivated by a director's objectively inadequate results.</p>	✓			
<p>28. The share-based remuneration plans for executive directors and the top management are aligned with the interests of the shareholders over a long-term horizon, providing that a predominant part of the plan has an overall vesting and holding period of at least five years.</p>		✗		No share-based compensation plans have been adopted.

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29. The remuneration of non-executive directors is adequate to the competence, professionalism and commitment required by their role within the board of directors and its committees; this remuneration is not related to financial performance objectives, except for a non-significant part.



This is an indication that is more pertinent to the shareholders than to the Board.
The governance system of IREN S.p.A. does not currently envisage the participation of non-executive directors in incentive plans.

30. The remuneration of the members of the control body is adequate to the competence, professionalism and commitment required by their role and the company's size, industry and current situation.



This is an indication that is more pertinent to the shareholders than to the Board.
In this regard, consideration will be given to making a benchmark available to shareholders at the time of the next renewal of the control body.

31. On the occasion of the termination of office and/or dissolution of the relationship with an executive director or general manager, a press release is published as soon as the internal processes that led to the assignment or the recognition of any indemnities and/or other benefits has been concluded. The press release provides for detailed information on:



- a) the assignment or the recognition of indemnities and/or other benefits, the circumstances that justify their accrual (e.g. due to the expiration of the term of office, its termination or a settlement agreement) and the decision-making process followed for this purpose within the company;
- b) the total amount of the indemnity and/or other benefits, the related components (including non-monetary benefits, the vesting of rights connected with incentive plans, the compensation for non-competitive commitments or any other remuneration allocated for any reason and in any form) and the timing of their disbursement (distinguishing the part paid immediately from the part subject to deferral mechanisms);
- c) the application of any claw-back or malus clauses;

Corporate Governance Code (January 2020)	Applied	N/A	Not applied	Governance assessments of IREN S.p.A.
<p>d) the compliance of the elements indicated in letters a), b) and c) consistently with the remuneration policy, with a clear indication of the reasons and the decision-making process followed in the event of non-compliance, even if only partial, with the policy itself;</p> <p>e) the procedures that have been or will be followed for the replacement of the executive director or the general manager whose office has been terminated.</p>				
Article 6. Internal control and risk management system				
Principles				
<p>XVIII. The internal control and risk management system consists of a set of rules, procedures and organisational structures for an effective and efficient identification, measurement, management and monitoring of the main risks, aimed at contributing to the sustainable success of the company.</p>	✓			
<p>XIX. The board of directors defines the guidelines of the internal control and risk management system in accordance with the company's strategies and annually assesses its adequacy and effectiveness.</p>	✓			
<p>XX. The board of directors defines the principles concerning the coordination and the flow of information among the parties involved in the internal control and risk management system. Such principles aim at maximising the effectiveness of the system itself, reducing the duplication of activities and ensuring the successful performance of the duties of the control body.</p>	✓			
Recommendations				
<p>32. The organisation of the internal control and risk management system, each according to their respective competencies, involves:</p>				
<p>a) the board of directors, which plays a role in guiding and assessing the adequacy of the system;</p>	✓			

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b) the chief executive officer, in charge of establishing and maintaining the internal control and risk management system;

✘

As things stand, considering that the Board of Directors' term is in progress, also in light of what has been highlighted in the Q&A, the Board of Directors has deemed it appropriate to refrain from making decisions on the matter. At present, therefore, they continue to hold the position of Appointed Directors for the Internal Control and Risk Management System ("**Appointed Directors**") the three Directors with executive powers (Chair, Deputy Chair and Chief Executive Officer/General Manager), each with reference to the area to which their respective powers pertain.

Any different assessment is referred to the Board of Directors to be appointed for the three-year period 2022-2024.

c) the control and risk committee set up within the board of directors, with the task of supporting the board of directors' assessments and decisions relating to the internal control and risk management system and the approval of periodical financial and non-financial reports. In companies that adopt the "one-tier" or "two-tier" corporate model, the functions of the control and risk committee can be assigned to the control body;

✔

d) the head of the internal audit function, who is in charge of verifying that the internal control and risk management system is functional, adequate and consistent with the guidelines defined by the board of directors;

✔

e) the other corporate functions involved in the internal control and risk management system (such as the risk management functions and the functions dealing with legal and non-compliance risk) which are articulated in relation to the company's size, sector, complexity and risk profile;

✔

In particular, the Director of Risk Management, who reports hierarchically and functionally to the Deputy Chair of the Company, is responsible for: a) designing and implementing the Group's Enterprise Risk Management system; b) identifying the main business risks and the indicators through which they are monitored, taking into account the characteristics of the activities carried out by IREN S.p.A. and its subsidiaries, and periodically submitting them to the Appointed Directors, the Board of Statutory Auditors and the Control, Risk and Sustainability Committee for their opinions and approval; c) prepares the risk analysis relating to all the risks involved in the Business Plan and in the strategic initiatives.

Corporate Governance Code (January 2020)	Applied	N/A	Not applied
f) the control body, which monitors the effectiveness of the internal control and risk management system.	✓		
33. The board of directors, with the support of the control and risk committee:			
a) defines the guidelines of the internal control and risk management system consistently with the company's strategies and assesses, at least once a year, the adequacy of this system with respect to the company's characteristics and its risk profile, as well as its effectiveness;	✓		
b) appoints and dismisses the head of the internal audit function, defining their remuneration which is consistent with the company policies. The board ensures that they have adequate resources to carry out their duties. If the internal audit function is entrusted, as a whole or by operating segments, to an external entity, the board ensures that it meets the adequate requirements of professionalism, independence and organisation, providing adequate reasons for this choice in the corporate governance report;	✓		
c) approves, at least on an annual basis, the work plan prepared by the head of the internal audit function, after hearing the control body and the chief executive officer;	✓		
d) evaluates the opportunity to take measures to ensure the effectiveness and impartial assistance of the other corporate functions mentioned in recommendation 32(e). To this end, the board verifies that such functions have adequate professionalism and resources;	✓		

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It is also the responsibility of the Company's Board of Directors, subject to the opinion of the Control, Risk and Sustainability Committee, to define:

- i) the "sustainability" policies and principles of conduct in order to ensure the creation of value over time for shareholders and all other stakeholders;
- ii) a sustainability plan (strategic priorities, commitments and objectives) for the development of the Group's economic, environmental and social responsibility.

The IREN S.p.A. Control, Risk and Sustainability Committee reviews the risk analysis performed: (a) with reference to the IREN Group's multi-year Business Plan, prior to its approval by the Board of Directors of IREN S.p.A.; (b) with reference to strategic initiatives, including merger & acquisition operations, carried out by the Company and/or its subsidiaries, where these fall within the competence of the Board of Directors of IREN S.p.A.

Within the IREN Group it is envisaged that the proposal is submitted after hearing from all the Appointed Directors (including the Chief Executive Officer and General Manager).

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e) assigns to the control body or to a specially constituted body the supervisory functions pursuant to Article 6, paragraph 1, letter b) of Legislative Decree No. 231/2001. If the body does not correspond to the control body, the board of directors considers whether to appoint within the body at least one non-executive director and/or a member of the control body and/or the head of a legal or supervisory function of the company, in order to ensure coordination among the various parties involved in the internal control and risk management system;

✓

f) evaluates, after consultation with the control body, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the control body;

✓

g) describes, in the corporate governance report, the main characteristics of the internal control and risk management system and the methods of coordination among the subjects involved. The report provides information about the national and international reference models and best practices adopted and the board's overall assessment of the adequacy of the system itself. Moreover, it provides an adequate explanation of the composition of the control body referred to in letter e) above.

✓

34. The chief executive officer:

a) identifies the main business risks, considering the characteristics of the activities carried out by the company and its subsidiaries, and periodically submit them to the examination of the board of directors;

✓

b) implements the guidelines defined by the board of directors, providing for the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legislative and regulatory landscape;

✓

In the light of the provisions of the Q&A, the solution followed up to now is considered compatible with the Code: IREN S.p.A.'s Supervisory Body continues to be made up of persons external to the Group. Adequate coordination with the other parties involved in the internal control and risk management system is ensured by the support provided by the competent corporate function, among other things, in the necessary information flows. Any different assessment regarding the composition of the Supervisory Body is referred to the Board of Directors to be appointed for the three-year period 2022-2024.

At present, these functions are the responsibility of each Appointed Director according to their respective areas of competence so as to ensure, overall, the achievement of the objectives underlying the behaviours outlined in recommendation 32.

Corporate Governance Code (January 2020)	Applied	N/A	Not applied
c) can entrust the internal audit with the tasks of carrying out specific controls on defined operational areas and on compliance with internal rules and procedures in the implementation of company transactions. Such controls are contextually conveyed to the chair of the board of directors, to the chair of the control and risk committee and to the chair of the control body;	✓		
d) reports promptly to the control and risk committee on problems and critical issues that emerged in the performance of their activities or of which they nevertheless have information so that the committee can take appropriate actions.	✓		
35. The control and risk committee is comprised of non-executive directors, the majority of whom are independent, and is chaired by an independent director.	✓		
The committee has expertise that is consistent with the company's industry and assessment of its risks; at least one member of the committee has adequate knowledge and experience in accounting, finance or risk management.	✓		
The control and risk committee, in assisting the board of directors:			
a) assesses the external auditor and the control body, the correct application of the accounting principles and, in the case of groups, their homogeneity for the purposes of preparing the consolidated financial statement, after hearing from the manager responsible for the corporate financial documents;	✓		
b) assesses whether the periodic financial and non-financial information is suitable to correctly represent the company's business model, its strategies, the impact of its business and the performance achieved, in coordination with the committee mentioned in recommendation 1(a), if established;	✓		
c) examines the content of the periodic non-financial information relevant to the internal control and risk management system;	✓		

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The Control, Risk and Sustainability Committee has also been assigned functions relating to sustainability, detailed in the specific Regulations.

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<p>d) expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the board of directors' assessments and decisions relating to the management of risks deriving from prejudicial facts of which the latter has become aware;</p>	✓			<p>In particular, the IREN S.p.A. Control, Risk and Sustainability Committee expresses opinions on specific aspects concerning Risk Policies, the identification of the main corporate risks and the Audit Plan, as well as on the guidelines of the internal control and risk management system.</p>
<p>e) examines the periodic and particularly relevant reports prepared by the internal audit function;</p>	✓			
<p>f) monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;</p>	✓			
<p>g) can entrust the internal audit function with the task of carrying out specific controls on defined operational areas. Such controls are contextually conveyed to the chair of the control body;</p>	✓			
<p>h) reports to the board of directors, at least upon the approval of the annual and half- yearly financial report, on the activities carried out and on the adequacy of the internal control and risk management system.</p>	✓			
<p>36. The head of the internal audit function is not responsible for any operational area, depends hierarchically on the board of directors and has direct access to all information that is useful for carrying out their duty.</p>	✓			
<p>The head of the internal audit function:</p>				
<p>a) verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning and the suitability of the internal control and risk management system according to the audit plan. The audit plan is approved by the board of directors and is based on a structured process of analysis and prioritisation of the main risks;</p>	✓			
<p>b) prepares periodic reports containing adequate information on its activity, on the ways in which risk management is conducted, as well as on compliance with the plans defined for the containment of risks. The periodic reports contain an assessment of the suitability of the internal control and risk management system;</p>	✓			
<p>c) promptly prepares, at the request of the control body, reports on events of particular relevance;</p>	✓			

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Applied

N/A

Not
applied

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d) submits the reports referred to in letters b) and c) to the chairs of the control body, of the control and risk committee and of the board of directors, as well as to the chief executive officer, except in cases where the matter of these reports specifically concerns the activity of these subjects;



e) verifies, as part of the audit plan, the reliability of the information systems, including the accounting systems.



37. The member of the control body who, on their own behalf or on behalf of third parties, has an interest in a specific transaction of the company, provides prompt and exhaustive information to the other members of the same body and to the chair of the board of directors about the nature, terms, origin and extent of their interest.



The control body and the control and risk committee promptly exchange relevant information for the performance of their respective duties. The chair of the control body, or another member of the control body designated by the chair, takes part in the meetings of the control and risk committee.



Definitions

Corporate Governance code (January 2020)²

directors: members of the board of directors (as defined above) and, in companies that adopt the "two-tier" model, also members of the board with managerial responsibilities (for Italian companies that adopt the so-called "modello dualistico", members of the management board).

Executive directors:

- the chair of the company or a subsidiary with strategic importance, when delegated to manage or develop corporate strategies;
- directors who are recipients of managerial powers and/or hold managerial positions in the company or in a subsidiary with strategic importance, or in the parent company when the position also concerns the company;
- directors who are part of the company's executive committee and, in companies that adopt the "two-tier" model, directors who are part of the board with managerial responsibilities (for Italian companies that adopt the so-called "modello dualistico", members of the management board).

independent directors: non-executive directors who do not enter into, nor have recently had, even indirectly, relations with the company or with subjects related to the latter, such as to alter their current autonomy of judgment (see criteria set forth in Article 2).

significant shareholder: the person who directly or indirectly (through subsidiaries, trustees or third parties) controls the company or is able to exercise significant influence over it or who participates, directly or indirectly, in a shareholders' agreement through which one or more persons exercise control or significant influence over the company.

chief executive officer (CEO): the person primarily responsible for the management of the company.

Committee: the Corporate Governance Committee promoted by Abi, Ania, Assogestioni, Assonime, Confindustria and Borsa Italiana.

board of directors: the collegial body that has the task of deliberating on strategic guidelines, monitoring their implementation, and on transactions of strategic importance.

This corresponds to:

- the board of directors for those companies that adopt the traditional or "one-tier" model (for Italian companies the so-called "modello monistico");
- the supervisory board and, limited to principle VII and recommendations 4 and 8, the management board for those companies that adopt the "two-tier" model (for Italian companies, the so-called "modello dualistico", whereby the Code requires that companies' bylaws assign the so-called "high level" management powers to the supervisory board).

Assessment of application in IREN S.p.A.

These are the Directors of IREN S.p.A.

This category includes the Chair, the Deputy Chair and the Chief Executive Officer.

The Principal Shareholder Municipalities - Municipality of Genoa, Municipality of Turin, Municipality of Reggio Emilia, Municipality of Parma and Municipality of Piacenza - qualify as such.

In the IREN S.p.A. governance system, this is the Chief Executive Officer and General Manager.

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In the IREN S.p.A. governance system, this is the Board of Directors.

² This column includes the text of the Corporate Governance Code approved in January 2020 by the Italian Corporate Governance Committee and is available at the following address (<https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>).

control body: the collegial body in charge of the functions of the "audit committee" (called the "internal control and audit committee" within the Italian framework) pursuant to Directive 2006/43/EC or functions similar to these for companies that have no registered office in a European Union country to which this Directive applies. For Italian companies, the control body is:

- the board of statutory auditors in the traditional model (i.e. "collegio sindacale");
- the management control committee in the so-called "modello monistico" (i.e. "comitato per il controllo sulla gestione");
- the ad hoc committee established within the supervisory board in the so-called "modello dualistico", assigning to the supervisory board the so-called "high level" management powers (i.e. "comitato per il controllo interno e la revisione contabile").

Business Plan: a plan which defines the company's strategic objectives and the actions to achieve them in line with the chosen level of risk exposure, with the aim of promoting the company's sustainable success (such as defined below).

Company with concentrated ownership: companies in which a single shareholder (or a plurality of shareholders which participates in a shareholders' voting agreement) holds, directly or indirectly (through subsidiaries, trustees or third parties), the majority of the votes that can be exercised in the ordinary shareholders' meeting. Companies that lose the status of "company with concentrated ownership" can no longer apply the proportionality measures provided for this category starting from the second financial year following the loss of the status.

large company: a company whose capitalisation was greater than €1 billion on the last Exchange business day of each of the previous three calendar years. Companies that assume the status of "large company" as of 31 December 2020 apply the relevant principles and recommendations starting from the second financial year following the achievement of the "large company" status.

sustainable success: the objective that guides the actions of the board of directors and that consists of creating long-term value for the benefit of the shareholders, taking into account the interests of other stakeholders relevant to the company.

top management: senior managers who are not members of the board of directors and have the power and responsibility for planning, directing and controlling the activities of the company and the group they head.

In the IREN S.p.A. governance system, this is the Board of Statutory Auditors.

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From an initial analysis, IREN S.p.A. would appear to fall into this category, given that the Public Shareholders represent 13 directors out of 15 as a result of the increased vote.

However, a request for further information was submitted to the Italian Corporate Governance Committee concerning this qualification and a reply is awaited.

In fact, at the moment it is ensured by statute that such Shareholders hold the majority at the meeting only for the resolutions for which the increased vote is applied (and not for all decisions).

IREN S.p.A. falls into this category.

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These are the individuals who, pursuant to the regulations governing related-party transactions, fall within the category of Executives with Strategic Responsibilities of the IREN Group.