

IREN SPA GREEN BOND

DNV GL ELIGIBILITY ASSESSMENT

Scope and objectives

IREN S.p.A. ("IREN" or "Issuer"), an Italian utility company, was founded in 2010 and is listed on the Stock Exchange of Milan.

IREN is considering the issuance of a green bond in EURO (henceforth referred to as "BOND") and would like to label the issuance as a "Green Bond" as defined within the Green Bond Principles set out by the International Capital Market Association ("GBP").

The proposed Bond is to be multiple note issues up to a notional value of Euro 507 million.

IREN intends to use the proceeds of the BOND to refinance debts associated with the numerous projects and assets within Italy falling within the following categories:

Renewable Energy:

- Mini Hydro Power;
- Solar PV Energy Generation;
- Energy Network Development;

Energy Efficiency

- Energy Distribution and Management;
- Cogeneration Facilities;

Waste Management Efficiency and Recycling

- Waste collection and sorting upgrades;

Waste Water Treatment

- Wastewater treatment plant upgrades.

DNV GL Business Assurance Italia S.r.l. (henceforth referred to as "DNV GL") has been commissioned by IREN to provide a Green Bond eligibility assessment of the BOND. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

The scope of this DNV GL opinion is limited to the Green Bond Principles 2017 (GBP).

Responsibilities of the Management of IREN and DNV GL

The management of IREN has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform IREN management and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by IREN. DNV GL is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by IREN's management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

We have adapted our Green Bond Principles methodology, which incorporates the requirements of the GBP, to create a IREN-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per our Protocol, the criteria against which the BOND has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by IREN in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an IREN-specific Protocol, adapted to the purpose of the BOND, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by IREN on the BOND and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with IREN management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV GL's opinion

DNV GL's findings are listed below:

- 1. Principle One: Use of Proceeds.** IREN plans to use the proceeds of the BOND to re finance projects and assets including:

Renewable Energy:

- Mini Hydro Power (2.95%);
- Solar PV Energy Generation (3.55%);
- Energy Network Development (25.05%);

Energy Efficiency

- Energy Distribution and Management (4.54%);
- Cogeneration Facilities (41.03%);

Waste Management Efficiency and Recycling

- Waste collection and sorting upgrades (7.88%);

Waste Water Treatment

- Wastewater treatment plant upgrades (15.0%).

DNV GL reviewed the criteria for the project categories above to determine the eligibility of the nominated projects and assets.

- 2. Principle Two: Process for Project Evaluation and Selection.** The BOND's proceeds will be allocated solely to refinance the assets as defined in Schedule 1. DNV GL has reviewed evidence that demonstrates that IREN regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental and social impacts from its operations.
- 3. Principle Three: Management of Proceeds** DNV GL has reviewed evidence showing how IREN plans to trace the proceeds from the Bond, from the time of issuance to the time of disbursement. The full amount of the proceeds will be managed within treasury or equivalent, and thereafter disbursed in accordance with the debt obligation. The details of the disbursement and the outstanding value will be tracked using IREN's internal financial reporting system. At the end of each financial period, IREN will review the outstanding balance of the BOND. As stated above, DNV GL provides no assurance regarding the financial performance of the Bond, the value of any investments in the Bond, or the effects of the transaction.

- 4. Principle Four: Reporting.** IREN has confirmed that it will include a dedicated section on the Green Bond in its Sustainability Report and its website. This will include description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. IREN plans to report on a specified range of KPIs relevant to each of the nominated Projects and Assets within the bond as specified in Appendix 2 of the green Bond Framework. This Appendix also sets out a schedule of performance improvements forecast which IREN will subsequently report on through the term of the bond.

On the basis of the information provided by IREN and the work undertaken, it is DNV GL's opinion that the BOND meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

for DNV GL Business Assurance Italia Srl

10 October 2017



Mark Robinson

Manager, Sustainability Services
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF NOMINATED ASSET TO BE REFINANCED THROUGH IREN GREEN BOND

Project Group and Name	Eligible Green Category	Eligible Category (DNV)	Funded Amount (EUR)
BU Ambiente			247,063,257
Termovalorizzatore per produzione calore per tlr – Comune di Parma	Energy efficiency	Cogeneration Plant	206,616,913
Termovalorizzatore per produzione calore per tlr – Comune di Piacenza	Energy efficiency	Cogeneration Plant	200,000
Raccolta differenziata Torino + Emilia	Waste Management Efficiency & Recycling	Waste Management Efficiency & Recycling	40,246,344
BU Energia			155,552,323
Accumulatori teleriscaldamento del Bit (TO)	Energy efficiency	Energy distribution & management	3,912,992
Accumulatori teleriscaldamento del Martinetto (TO)	Energy efficiency	Energy distribution & management	11,277,657
Accumulatori teleriscaldamento di Mirafiori Nord (TO)	Energy efficiency	Energy distribution & management	1,727,713
Sottostazione scambio termico e pompaggio Lucento	Energy efficiency	Energy distribution & management	1,380,038
Scambio termico e pompaggio TRM Grugliasco e interconnessione con Grugliasco e Beinasco	Energy efficiency	Energy distribution & management	4,485,067
Rete di teleriscaldamento di Piacenza, collegamento e stazione di pompaggio Tecnoborgo (PC)	Renewable energy	Energy Network Development	6,457,433
Rete di teleriscaldamento di Parma (PR)	Renewable energy	Energy Network Development	25,755,151
Sviluppo reti teleriscaldamento Torino (TO)	Renewable energy	Energy Network Development	88,218,738
Sviluppo reti teleriscaldamento Emilia (RE)	Renewable energy	Energy Network Development	6,525,140

Mini Hydro La Loggia	Renewable energy	Mini Hydro	4,309,083
Mini Hydro Pianchette - Noasca	Renewable energy	Mini Hydro	908,629
Mini Hydro Giffoni riattivazione impianto Vassi	Renewable energy	Mini Hydro	594,682
IREN Rinnovabili			18,000,000
Impianti Fotovoltaici Enìa Solaris presso Brindisi	Renewable energy	Solar	18,000,000
BU Reti			86,798,713
MIGLIORAMENTO IMPIANTI GENOVA - fino 2019	Waste Water Treatment	Waste Water Treatment upgrades	57,912,031
MIGLIORAMENTO IMPIANTI REGGIO EMILIA	Waste Water Treatment	Waste Water Treatment upgrades	10,375,831
MIGLIORAMENTO IMPIANTI DI PIACENZA	Waste Water Treatment	Waste Water Treatment upgrades	5,167,081
MIGLIORAMENTO IMPIANTI DI PARMA	Waste Water Treatment	Waste Water Plant Upgrades	2,624,606
CELSIUS - Impianto di turboespansione cogenerativa	Energy efficiency	Cogeneration Plant	1,475,236
Investimenti idroelettrici	Renewable energy	Mini Hydro	9,243,929
Total			507,414,293

SCHEDULE 2: INVESTOR HOLDCO-SPECIFIC GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet - IREN Green Bond Framework <p>Discussions with IREN management</p>	<p>The reviewed evidence confirms that the BOND falls in the category: Green Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet - IREN Green Bond Framework - Sub Project Performance and Financial Documentation <p>Discussions with IREN management</p>	<p>As identified by the BOND Term Sheet the purpose of the BOND is to use the proceeds to finance and refinance credit facilities for projects falling under the following categories:</p> <p>Renewable Energy:</p> <ul style="list-style-type: none"> • Mini Hydro Power (2.95%); • Solar PV Energy Generation (3.55%); • Energy Network Development (25.05%); <p>Energy Efficiency</p> <ul style="list-style-type: none"> • Energy Distribution and Management (4.54%); • Cogeneration Facilities (41.03%);

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>Waste Management Efficiency and Recycling</p> <ul style="list-style-type: none"> Waste collection and sorting upgrades (7.88%); <p>Waste Water Treatment</p> <ul style="list-style-type: none"> Wastewater treatment plant upgrades (15.0%). <p>DNV GL's assessment concluded that these assets would present a low risk of GHG emissions relative to fossil fuels and qualify for inclusion under the Green Bond Principles within the Renewable Energy category.</p>
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>Review of:</p> <ul style="list-style-type: none"> BOND Term Sheet IREN Green Bond Framework IREN Asset Specifications <p>Discussions with IREN management</p>	<p>DNV GL reviewed all the mini hydropower projects proposed to be included within the bond pool and confirmed their capacity to be under 1.5MW.</p> <p>DNV GL concluded that as Run of River and Mini Hydro assets, the risk of GHG emission relative to fossil fuels was considered to be minimal and qualify as Green.</p> <p>DNV GL considers the cogeneration facilities harvesting waste energy from existing operations to qualify as Green.</p> <p>DNV GL considers the improvements in waste collection and processing procedures resulting in 10% more sorted wastes for recycling and 10% less gross unsorted wastes within existing waste management areas to qualify as Green.</p> <p>DNV GL considers the upgrade of existing Wastewater Treatment Facilities to process 30% greater waste loads while</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>meeting the current and forecast discharge standards to qualify as Green.</p> <p>DNV GL considers Solar PV energy generations projects to qualify as Green.</p> <p>DNV GL considers the energy network development associated with delivering energy from renewable energy generation and storage to qualify as Green.</p>
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet - Bond disclosure documentation - BOND Proceeds and reporting framework <p>Discussions with IREN management</p>	The proceeds of the BOND, as below, will be used to refinance the nominated projects assets listed in Schedule 1. This represents 100% of the Green Bond Proceeds and between 55% and 100% refinancing of individual projects and assets.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Investment-decision process	The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation:	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet - IREN Green Bond Framework - Appendix 2 and 3 of the Green Bond Framework 	<p>As per the IREN Green Bond Framework, the issuer has set out the following criteria for project selection:</p> <p>5.2 Process for Project Evaluation and Selection</p> <p>All the Eligible Projects / Activities are selected in respect of "Relevant Eligibility Requirements". The eligible investment</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		<ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles; • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental sustainability objectives 		<p>projects must have a clear positive environmental impact and Shall be aligned with the policies of sustainability and defined by IREN.</p> <p>"Relevant Eligibility Requirements" means the requirements / characteristics Which grant visible, relevant and measurable environmental benefits associated with defined categories such as: Increase of energy production by non-fossil fuels, Increase of energy efficiency, Improvement of plants for waste treatment, Improvement of wastewater treatment plants, Increase of sorting and waste collection and disposal and Reduction of waste disposed in landfills.</p> <p>Appendix 2 and 3 include details on and environmental and social criteria and key performance indicators (KPIs) to be used during the process of evaluation and selection of Eligible Projects / Activities.</p> <p>The Green Bond Committee reviews the half yearly and environmental and social criteria and key performance indicators (KPIs) to be used during the process of evaluation and selection to facilitate the reporting and to Ensure they meet the Green Bond Principles and the Climate Bonds Standard.</p> <p>The internal process for evaluation and selection Involves:</p> <ul style="list-style-type: none"> • Technical assessment: each project is proposed with a technical card describing characteristics, environmental benefits (KPI) and annual financial data; • Accounting / Planning assessment: annual data are checked and reported in respect of accounting and planning procedures; • Sustainability assessment: each project is selected according to Functional sustainability criteria and objectives • Finance assessment: each project is selected according to Functional finance criteria and or objectives

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>At the end of this process, if all assessments are positive, the project will be included in a portfolio of Eligible Projects / Activities (Portfolio of the eligible Projects / Activities).</p> <p>DNV GL confirmed this process to define a clear and repeatable system by which projects maybe identified and included or excluded from the Green Bond project pool. The Criteria making the projects eligible for inclusion contained within Appendix 2 and 3 of the Green Bond Framework were in line with the green Bond Principles eligible categories and can be expected to result in quantifiable environmental benefits as set out and scheduled with KPI metrics in Appendix 2 and 3.</p>
2b	Issuer’s environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.	<p>Review of:</p> <ul style="list-style-type: none"> - IREN Sustainability and CSR Policy and Governance Framework - IREN Sustainability Reporting - IREN Green Bond Framework - Appendix 2 and 3 to the IREN Green Bond Framework <p>Discussions with IREN management</p>	<p>DNV GL reviewed the IREN Environmental and Sustainability Policy in addition to the Sustainability Reporting Framework for IREN and its subsidiary organisations.</p> <p>IREN’s Sustainability and CSR policies and governance frameworks form the basis for clear stakeholder reporting of relevant metrics such a GHG emissions, Energy generation, waste management, technological rollouts and other social and environmental metrics. The proposed reporting associated with the IREN Green Bond is in line with their existing Sustainability Reporting framework and metrics to stakeholders and investors.</p> <p>IREN’s Sustainability reporting is conducted according to GRI G4 Guidelines with external review of their Sustainability Reporting.</p> <p>DNV GL notes that the performance of the nominated assets within the Bond pool is to be reported as a part of IREN’s periodic Sustainability reporting as per the IREN Green Bond Framework.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>The selected reporting performance metrics for the nominated projects and assets as stated within Appendix 2 and 3 of the Green Bond Framework, are in line with the social and environmental governance framework demonstrated by IREN within the information provided on their website.</p> <p>DNV GL notes that in addition to the stated metrics, IREN has provided a forecast schedule of environmental performance for the nominated projects and assets for future reporting and performance evaluation purposes. This is noted to provide an additional layer of reporting and transparency for stakeholders</p> <p>We have also carried out a high-level media review of IREN. We have found no evidence to suggest that IREN or any of the assets are or have been operating in breach of national or local environmental regulations.</p> <p>Based on the evidence reviewed and the discussion we had with senior managers, we found nothing to suggest that IREN’s environmental, social and governance framework is not in line with good practice of the industry in which it operates.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer	Review of: <ul style="list-style-type: none"> - BOND term sheet - BOND Proceeds and reporting framework 	The evidence reviewed shows how IREN plans to trace the BOND’s proceeds, from the time of issuance to the time of disbursement.

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Discussions with IREN management	<p>The full amount of the proceeds will be managed within treasury or equivalent, and thereafter disbursed in accordance with the debt obligations.</p> <p>The details of the disbursement and the outstanding value will be tracked in IREN's internal financial system. At the end of each financial period, the outstanding balance of the BOND will be reviewed.</p>
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	<p>Review of:</p> <ul style="list-style-type: none"> - BOND term sheet - IREN Green Bond Framework <p>Discussions with IREN management</p>	The evidence reviewed shows that IREN plans to trace the proceeds from the BOND, from the time of issuance to the time of disbursement, and reduce the net balance of proceeds by amounts in line with the assets debt repayment schedule. At the end of each financial period, the outstanding balance of the Bond will be reviewed.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Management of Proceeds framework <p>Discussions with IREN management</p>	The net proceeds of the Bond will be managed within treasury or equivalent, tracked and will be fully and immediately disbursed where possible or held in equivalent green investments or cash equivalent until disbursement to the nominated assets as per the IREN Green Bond Framework.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Discussions with IREN management	IREN will include a dedicated section on the Green Bond in its Sustainability Report. This will include description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. IREN plans to report on a number of project performance specific metrics as listed in Appendix 2 and 3 of the Green Bond Framework. In addition, IREN has provided a forecast schedule of environmental performance for the nominated projects and assets to be reported on through the term of the Green Bond.