

Guidelines of the Board of Directors of IREN S.p.A. to the Shareholders on the qualitative and quantitative composition of the Board of Directors for the three-year period 2022-2024

Document approved at the meeting held on 20 April 2022, subject to review by
the Remuneration and Appointments Committee.



Background, purpose and process followed

In compliance with that recommended in Recommendation no. 23 of the Corporate Governance Code (January 2020 edition), effective as of 1 January 2021 (hereinafter the **Code**), regarding which IREN S.p.A. (henceforth also **IREN** or the **Company**) has declared its adherence, taking into account that its term of office expires with the approval of the financial statements at 31 December 2021, the Board of Directors of the Company

- after the Remuneration and Appointments Committee of the Company carried out its assessment, in compliance with the provisions of art. 9.1, letter (b) of the respective Regulation;
- having regard to the results of the self-assessment activities carried out during the three years of the Board's term of office, with the support of the advisor EY, during which the issue of the qualitative and quantitative composition of the Board was addressed;

expresses to the Shareholders, with a view to the renewal of the administrative body scheduled for the Shareholders' Meeting on 21 June 2022:

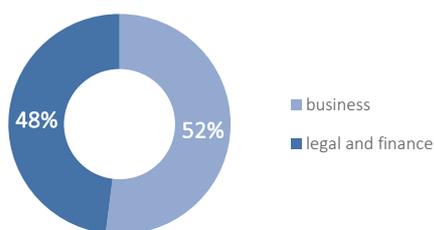
- its thoughts on the size of the new Board of Directors;
- guidelines on the managerial and professional figures whose presence on the new Board of Directors is deemed appropriate, having also taken into account the criteria of diversity, including gender diversity, pursuant to Recommendation no. 8 of the Code, as well as in light of the size and complexity of the Company, its business objectives and its strategic vision; and
- its own assessments concerning the adequacy of the remuneration paid for the office of Director and member of the Board Committees.

This document is being circulated to the market in advance of the legal deadlines, to allow Shareholders to make their own considerations in view of the appointment of the new Board of Directors of IREN for the three-year period 2022-2024.

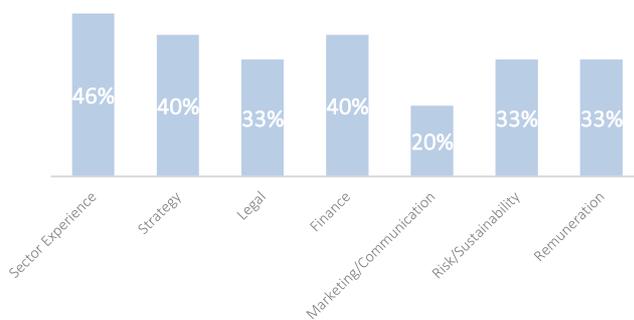
It is recalled that, pursuant to Recommendation no. 23 of the Code, Shareholders are required to submit a slate with a number of candidates that is higher than half the number of members to be elected, to provide adequate information on the compliance of the slate with the Board Guidelines mentioned above, and with the Board diversity criteria set forth in the Code and to identify 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.

Overview of the responsibilities of the current Board and number of meetings of the Board of Directors and its Committees held during the three-year term of office

% of business vs. legal and financial expertise

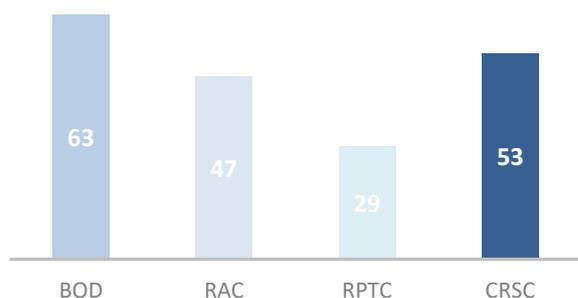


Expertise of Directors serving in the 2019-2021 term



With regard to the number of meetings, it should be underlined that Assonime, as part of the report Notes and Studies 4/2022 carried out on Italian listed companies, pointed out that, in 2021, the average number of meetings:

Board and Committee meetings during the 2019-2021 three-year period



- of the Board of Directors was 12 meetings (compared with 22 meetings of the IREN Board of Directors);
- of the Remuneration Committee was 5.7 meetings (compared with 17 meetings of the IREN Remuneration and Appointments Committee);
- of the Appointments Committee was 6.6 meetings;
- of the Control and Risk Committee was 9.1 meetings (compared with 19 meetings of the IREN Control, Risk and Sustainability Committee).

Quantitative aspects: the size of the Board of Directors and its internal Committees

In accordance with best practices in the field of corporate governance, the number of members of the administrative body must be established to an adequate extent in relation to the size and complexity of the Company's organisational structure, in order to effectively oversee the Company's entire operations, both in terms of management and control.

In view of the IREN organisational size and complexity and the operating dynamics that have emerged over the last three years, the Board of Directors takes a positive view of the current size of the Board of 15 (fifteen) Directors, which is deemed appropriate to allow for an effective ability to work collectively as well as an adequate composition of the Board Committees set up.

In fact, the correct size of the administrative body is also determined in relation to the number and composition of the Board Committees, which have advisory, propositional and investigative functions in which a decisive role is entrusted to non-executive and independent Directors.

The presence of the Committees is a consolidated organisational method within the Company's governance, which has led, in the past three years, to the achievement of a good level of efficiency and effectiveness in carrying out the Board's work.

In general, the Board of Directors considers the structure of the Board Committees to be adequate and, therefore, to be maintained after their renewal.

However, as a result of the annual Board review activity, the opportunity emerged to:

- evaluate an increase in the number of the members of the Board Committees, bringing them to 5 (five) members, with particular regard to the Control and Risk Committee, with the aim of pursuing a better balance of workloads among the Directors who will be appointed as members;
- consider establishing an *ad hoc* Committee on sustainability.

In view of the above, during the past three-year term of office, the IREN Board of Directors has deemed the ratio of executive Directors to non-executive and independent Directors (9 - nine - Directors, representing the



majority of the Directors currently in office) to be adequate, in that it is suited to ensuring the effective functioning of the Board of Directors and to facilitating discussion at Board meetings, creating an appropriate challenging spirit.

The IREN Board of Directors hopes that, also for the next three-year period, an adequate representation of the independent directors¹ will be maintained within the administrative body. This is for the reasons already mentioned, as well as to facilitate the setting up of Board Committees according to the criteria defined by the Code.

Qualitative aspects: the composition of the Board of Directors

All candidates must also meet the requirements of integrity prescribed by current legislation.

Without prejudice to the provisions set out in paragraph 2 of article 18 of the Bylaws, the objective of the Board of Directors with regard to its composition is to combine different professional and managerial profiles, acknowledging the value attributed to the complementarity of experience and skills, together with gender and age diversity, for the proper functioning of the Board.

In general, the Board of Directors expresses the hope that, for the next three years, the complementarity of experience and skills will continue to be guaranteed, to be combined with adequate diversity in terms of age and seniority of office.

With specific reference to gender diversity, taking into account the adjustment, in March 2020, of the Bylaws in implementation of the regulations concerning "gender quotas" (adjustment to Law 157/2019 that converted DL 124/2019), the Board of Directors deemed that this is adequately represented within the current administrative body and - in light of this - expresses the wish that such representation is maintained also in the future.

The opportunity for the Directors who will be appointed for the next three years to have soft skills or competences of a non-technical nature is assessed with particular regard to: (1) the awareness of own role and responsibilities as well as of the IREN Group governance model; (2) the ability to contribute to the creation of a model of culture, values and appropriate conduct within the administrative body; (iii) the ability to go in-depth and the ability to establish a dialectical relationship with management; (iv) the ability to express opinions and considerations with autonomous judgement and substantive independence; (v) the ability to work as part of a team and to manage conflicts constructively, in order to encourage good debate and an adequate Board discussion.

For all members of the Board, including Directors holding specific offices, the following are important and complementary to the aforementioned ones: authoritativeness, personal standing and strong communication skills.

The Board, in order to adequately perform its role, believes that prospective members should overall possess

¹ In line with the provisions of the Corporate Governance Code, the Board of Directors has defined the criteria of significance for the purposes of assessing the independence of Directors. With reference to the criteria set out in Recommendation no. 7 of the Code (i) letter (c), the Board of Directors in office has decided to "limit" "significant" commercial, financial or professional relations to those which exceed, when considered as a whole, an amount equal to Euro 90,000.00, without prejudice to any more precise verification with regard to (a) the impact of the relations on the economic and financial situation of the party concerned; (b) the relevance for the prestige of the person concerned and (c) any connection with important operations of IREN S.p.A.; (ii) letter (c), second bullet, the Board of Directors will also consider, for this purpose, any relations with senior executives and managers of the main Public Shareholder Municipalities that, jointly, by virtue of the Agreements, control the Company; (iii) lett. (d), the Board of Directors considered that significant additional remuneration with respect to the "fixed" emolument of non-executive director of the issuer is total remuneration exceeding Euro 67,000.



the following competencies:

- knowledge of the businesses in which the IREN Group operates, the related scenarios and the strategies of the sectors in which it operates;
- ability to read and interpret economic and financial management and financial statements data, as well as marketing skills;
- financial expertise, extraordinary transactions, M&A;
- competence in strategic orientation (attention and understanding of evolving scenarios and industry opportunities and risks, evolution of competitiveness drivers and competitors, medium/long-term sector and business opportunities and the identification, analysis and evaluation of options and strategic choices);
- entrepreneurial and/or business management experience and business organisation experience;
- business judgement (ability to determine and/or evaluate the criteria to be used and/or used in relation to alternatives of method, appropriateness and conduct of analysis, economic and risk assessment of outcomes and decision-making);
- relations with governmental/institutional and/or public bodies as well as knowledge of the socio-political and/or territorial realities where the IREN Group has a presence and/or strategic ambitions;
- risk management skills;
- knowledge of legal and regulatory frameworks;
- legal and agreement and contracting expertise;
- issues related to digital & data technology and/or cyber security;
- issues related to sustainability and corporate social responsibility.

These skills will be supported by a gradual training, which will take into account the different seniority of office and the possible reappointment of current Directors.

Particularly significant profiles

Chairperson:

- should be a person with adequate authority to carry out the task or, in any case, with characteristics such as to ensure during the term of office, correct and transparent management of the functioning of the Board of Directors, thus representing a guarantee for all Shareholders, as well as a reference figure for the management of the dialogue with them and stakeholders;
- should possess personal characteristics such that a strong team spirit and sense of cohesion is created among the members of the Board of Directors;
- should have previous experience in, and preferably on, the Boards of Directors of listed companies of a size and/or complexity comparable to that of IREN;
- should have specific knowledge of corporate governance issues applicable to a company listed in Italy.

Deputy Chairperson:

- should be a person with adequate authority to carry out the assignment;
- should have previous experience in, and preferably on, the Boards of Directors of listed companies of a size and/or complexity comparable to that of IREN;
- in relation to the current structure of delegated powers, should have specific knowledge of issues relating to corporate governance, risk management, internal control system, sustainability and corporate social responsibility.

Chief Executive Officer:

- in addition to the characteristics relevant to all Directors, taking into account the strategy adopted by the Company, should have specific know-how in the business sectors most relevant to IREN, adequate expertise in economic and financial matters, and corporate strategy;



- should be a person with adequate authority and leadership to carry out the task, who has, in particular, gained significant and successful experience at the top of listed companies of a size and/or complexity comparable to that of IREN and who has a management style that is oriented towards management and the ability to create team spirit among collaborators;
- should have adequate knowledge and experience in the multi-utility sector or other sectors with similarities, affinities, relevance or contiguity;
- should have gained adequate experience in managing relationships with national and international stakeholders and investors as well as high credibility and authority in the market.

Committees that will be established within the Board of Directors that will be appointed for the three-year period 2022-2024

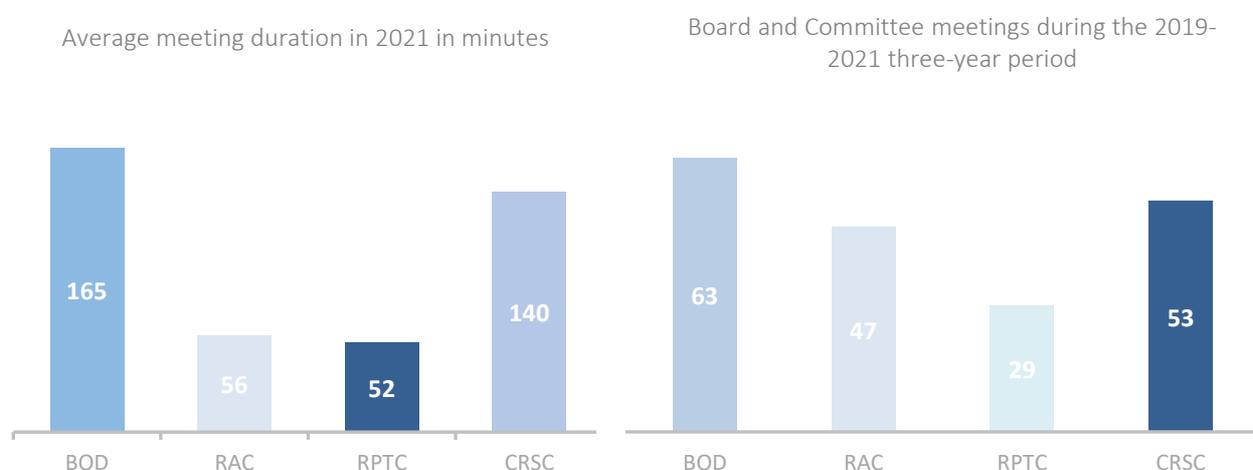
For the purpose of identifying the Directors who will be called upon to serve on the Board Committees by the Board of Directors that will take office after the Meeting of 21 June 2022, it should be noted that, in compliance with the Code:

- at least one member of the Remuneration Committee has adequate knowledge and experience in financial matters or remuneration policies (Recommendation no. 26);
- as a whole, the Control and Risk Committee has adequate expertise in the business sector in which the Company operates, and is able to assess the related risks;
- at least one member of the Committee referred to in the above point has adequate knowledge and experience in accounting and finance or risk management (Recommendation no. 35).

Time commitment

The Board of Directors of IREN points out that it would be advisable for Shareholders to assess the amount of time that candidates for the office of Company Director can dedicate to the diligent performance of their duties, taking into account both the number and quality of the positions they hold on the boards of directors and boards of statutory auditors of other companies and the commitment required of them by the additional work and professional activities they perform and the positions they hold in associations.

In order to allow Shareholders to assess the availability of time to be requested from candidates for Board members and to be able to assess whether they are able to ensure preparation and participation in meetings, the outgoing Board of Directors indicates the number of meetings and the time commitments of Board members and Committees, measured with reference to the financial year 2021:





In addition to time related to meeting attendance, it is also necessary to consider:

- the time spent preparing for each meeting and, for the Chairs of the Board and each of the Committees, also the time spent performing the role and activities of preparing, organising and coordinating Board and Committee meetings;
- the commitment required to attend dedicated induction and recurring training meetings in addition to any off-site events during the three-year period.

The Board of Directors of IREN, again on the proposal of the Remuneration and Appointments Committee, therefore indicates the following guidelines regarding the maximum number of offices held by Directors.

In particular:

- an Executive Director should not hold:
 - i. the position of executive director in another listed company, either Italian or foreign, or in a company with consolidated shareholders' equity or annual turnover higher than Euro 500 million;
 - ii. the office of non-executive director or auditor (or member of another supervisory body) in more than three of the companies indicated in point (i) above;
- the Chief Executive Officer may not serve as a director of another issuer not belonging to the same group, of which another director of the Company is Chief Executive Officer;
- a Non-Executive Director (also Independent), in addition to the office held in the Company, should not hold:
 - iii. the position of executive director in more than one listed company, Italian or foreign, or with a consolidated shareholders' equity or annual turnover higher than Euro 500 million and the position of non-executive director or auditor (or member of another supervisory body) in more than three of the companies indicated; or
 - iv. the office of non-executive director or auditor (or member of another supervisory body) in more than four of the companies indicated in point (iii) above.

For the purposes of calculating the maximum number of offices held, positions held within IREN Group subsidiaries or internal committees are not relevant.

When assessing each subjective position - which shall be carried out in the interest of the Company - the Board may take into account the concrete circumstances and professional commitments (not limited to the office held) of each single Director, both to allow for a possible derogation to the limits of offices and to provide for a possible lowering of the maximum number of offices that can be held. The Board of Directors, if appropriate, will invite the Director to make the resulting decisions.

The attendance of individual Directors expected at Board and Board Committee meetings during the year shall not be less than 80%, unless justified.

Adequacy of the remuneration paid for carrying out the assignment

In view of the renewal of the Board mandate with the approval of the financial statements at 31 December 2021, a benchmark analysis was carried out with reference to the remuneration payable for the office of non-executive director and member of a Board committee in listed companies comparable, in terms of size or business, to IREN, with particular regard to companies in the Energy and Utilities sector, with the support of a qualified independent advisor selected following a competitive procedure (The European House Ambrosetti). The analysis - which was the subject of a specific report to the Board of Directors during the meeting held on 25 March 2021 and whose results were reported in the previous Remuneration Report approved by the Meeting held on 6 May 2021 (see pages 8-9) - shows that the remuneration for the above-mentioned offices is aligned around or below the first decile of the market considered, also taking into account the hourly fee based on the time spent in Board and Committee meetings.



Moreover, it is noted that the remuneration for the above-mentioned offices has remained substantially unchanged since 2013², despite the increasing complexity of the Group, the expansion of the scope of activities and the expansion in the territory, with consequent greater commitment and responsibility for directors, especially as regards the scope of the investigative powers delegated to Board Committees.

In light of the above, following up on what has already been reported to the Shareholders' Meeting of 06 May 2021, it is confirmed that it would be advisable to submit to the assessment of the Shareholders' Meeting, which will soon be called upon to elect the Company's new administrative body and establish its remuneration, also in terms of overall cap, pursuant to art. 21 of the Bylaws, to reconsider:

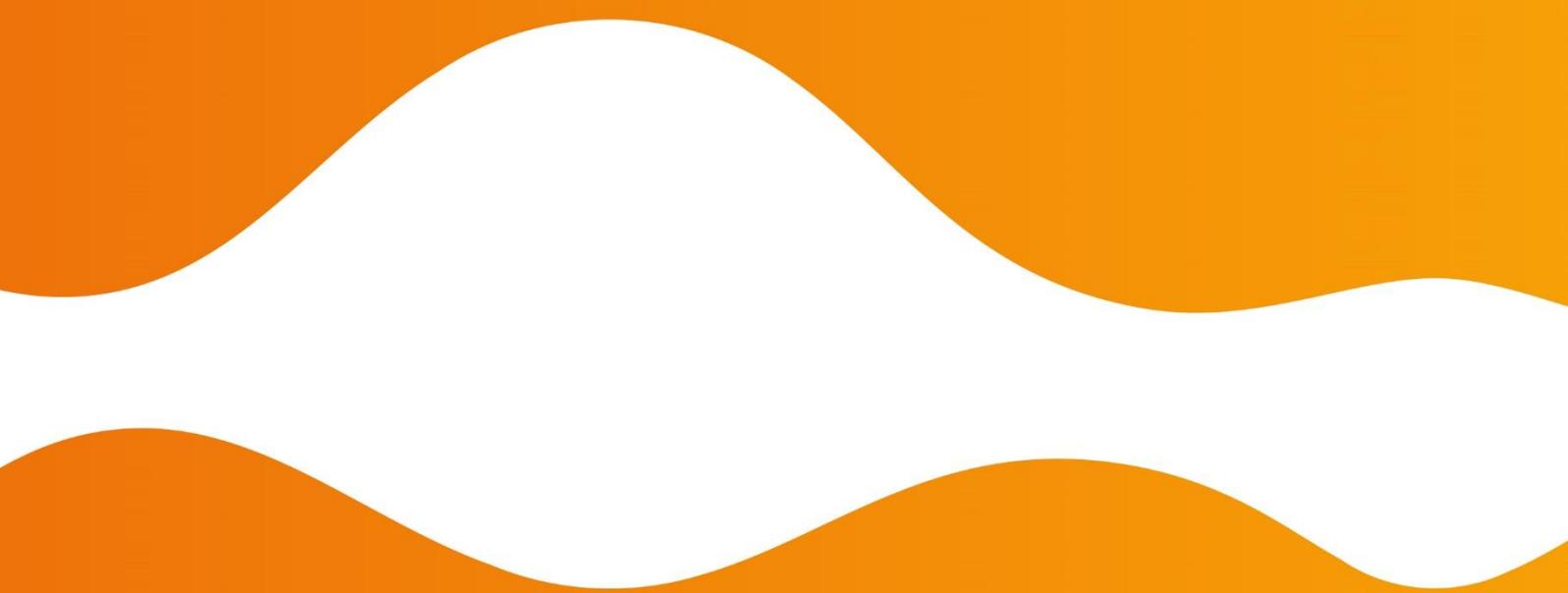
- the amount of remuneration paid to the Board of Directors; and
- in general, the total amount for the remuneration of the entire Board (including also the amounts for directors holding special offices and for Board Committees), in order to allow the Board of Directors that will be appointed for the three-year period 2022-2024 to implement the provisions of these Guidelines.

In particular, the increase - if endorsed by the Shareholders' Meeting in the exercise of its prerogatives - would enable the Board of Directors to:

- improve the position of IREN in the market, facilitating the attraction and stimulating the professional contribution of Directors, starting with those holding particular offices;
- increase the remuneration for participation in the Board Committees with greater alignment to the median of the benchmark carried out, with a view to making the remuneration policy of the Board and the Committees set up within it more consistent with the commitment required to carry out the tasks, possibly differentiating between the various Committees in relation to the intensity of the involvement required of the respective members to carry out the functions assigned (and the related responsibilities);
- allow, if deemed appropriate by the new Board, a different modulation of the Committees in terms of number and composition, always with the aim of remaining in line with the best practices identified.

The Shareholders' prerogatives on the subject of remuneration pursuant to art. 21 of the Bylaws remain unaffected; these prerogatives will be expressed at the Meeting to be convened on 21 June 2022.

² In the 2019-2021 term of office, which is about to expire, the total amount for the remuneration of the entire Board was aligned following the increase in the number of Directors from 13 to 15, and the gross annual fees for participation in the Board Committees were also slightly increased: Euro 11,000 gross per year for the Chairs (compared to Euro 10,000 gross per year in the previous terms of office) and Euro 5,850 for the members (compared to Euro 5,000 gross per year in the previous terms of office).




iren

The logo for 'iren' is located in the bottom left corner. It features a small, white, wavy icon above the lowercase text 'iren' in a clean, sans-serif font.