



**DISCLOSURE DOCUMENT REGARDING OPERATIONS OF MAJOR SIGNIFICANCE
WITH RELATED PARTIES**

*prepared pursuant to article 5 and in compliance with the schedule pursuant to
Annex 4 of the Regulation adopted by CONSOB with resolution 17221 of 12 March
2010, as amended*

29 March 2018

Disclosure Document made available to the public at the registered offices of IREN S.p.A. (via Nubi di Magellano 30, 42123 Reggio Emilia, Italy), on the IREN S.p.A. website (www.gruppoiren.it) and the authorised storage mechanism 1Info Sdir Storage (<https://www.1info.it/PORTALE1INFO>).

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INTRODUCTION

This disclosure document (the “**Disclosure Document**”) was prepared by IREN S.p.A. (“**IREN**” or the “**Company**”) in accordance with and pursuant to article 5 of the Regulation containing provisions on transactions with related parties, adopted by CONSOB with resolution 17221 of 12 March 2010, as amended (the “**CONSOB Regulation**”), as well as pursuant to the Internal Regulation on Transactions with Related Parties approved by the IREN Board of Directors on 30 November 2010, as amended on 6 February 2013, 3 December 2013 and, most recently on 13 March 2015 (the “**TRP Regulation**”) and in compliance with article 3.5 of the Operating Procedure to Manage Transactions with Related Parties approved by the IREN Board of Directors on 15 March 2016 (the “**Operating Procedure**”).

On 27 March 2018, as was made known to the market through a press release, the City of Turin Municipal Council (“**City of Turin**” or the “**Municipality**”) approved the contents of a preliminary agreement that had been proposed to it in terms substantially identical to those of IREN, as the agent of AMIAT - Azienda Multiservizi Igiene Ambientale Torino S.p.A. (“**AMIAT**”), Iren Energia S.p.A. (“**Iren Energia**”) and Iren Mercato S.p.A. (“**Iren Mercato**”), authorising the Mayor to sign it.

The preliminary agreement (the “**Preliminary Agreement**”) contains the essential elements, terms and conditions of the definitive contract (the “**Definitive Agreement**”) which the parties undertake to negotiate in good faith and define by 30 June 2018, in line with the provisions of the Preliminary Agreement itself.

More specifically, the Preliminary Agreement governs the main terms and conditions of the operation which the parties intend to undertake to (i) govern the progressive repayment of the receivables due to AMIAT, Iren Energia and Iren Mercato from the Municipality of Turin in a single deed; (ii) punctually reconcile certain receivable items that are currently contested or not viewed in the same way and, on this occasion, (iii) review and redefine certain obligations envisaged in the existing contractual relationships (the “**Operation**”).

The Operation constitutes a transaction with a related party in that the City of Turin holds, through a company controlled equally with the Municipality of Genoa, Finanziaria Sviluppo Utilities S.r.l. (“**FSU**”) - invested in through Finanziaria Città di Torino Holding S.p.A. (“**FCT Holding**”), of which it is the sole shareholder - an equity investment equal to 33.3013% of IREN share capital, represented by 424,999,233 ordinary shares subject to a shareholders’ agreement signed on 9 May 2016, as updated following the conversion of savings shares as of 11 January 2018.

As illustrated below, the Operation is a transaction of major significance pursuant to article 4, paragraph 1, letter a) of the CONSOB Regulation and article 4 of the TRP Regulation and, consequently, in compliance with the provisions of article 9, paragraph 1, letter (c) of the TRP Regulation, as envisaged in article 8, paragraph 1, letter c) of the CONSOB Regulation and article 3.4 of the Operating Procedure, it was approved by the IREN Board of Directors after receiving a favourable opinion from the Committee for Transactions with Related Parties (the “**Related Parties Committee**” or the “**Committee**”).

More specifically, the Operation was approved by the IREN Board of Directors after the issuing of favourable opinions by the Committee on 20 February 2018 and 5 March 2018, on the basis of the resolutions made by

the parent company, and the respective administrative bodies of AMIAT, Iren Energia and Iren Mercato, each of which granted a specific proxy to IREN to sign the contract.

In approving the Operation, the IREN Board of Directors granted a proxy to the Chief Executive Officer to carry out all necessary actions to complete the Operation, including signing of the Preliminary Agreement and the deeds inherent and consequent to the same, granting the Chief Executive Officer the power to make any non-substantial changes to the text which were necessary during the fine-tuning stage.

The presence of certain small specifications and changes in the text approved by the Municipality, with respect to that approved by the IREN Board of Directors on 20 February 2018, made it necessary to carry out specific analysis. Upon completion of this, the approval process for the Operation was completed with the issuing of an update to the opinion issued by the Committee, confirming the assessment already made by said Committee and indicating the non-substantial nature of the specifications/changes made in the text approved by the Municipality.

The Disclosure Document was prepared on the basis of the provisions found in the Preliminary Agreement, the content of which, as indicated, was approved by the relevant bodies for both parties and in this way obtained all necessary authorisations to move forward to completion.

Completion of the Preliminary Agreement will occur in the next few days following an exchange of correspondence. IREN's Chief Executive Officer will formally sign the Preliminary Agreement proposal, which will be delivered to the Municipality, and the Mayor of the Municipality of Turin will sign in acceptance.

In consideration of the fact that the Preliminary Agreement, due to its nature, commits the parties to negotiate in good faith and sign a definitive contract specifically defining the terms and conditions of the Operation, in the case that the Definitive Agreement contains any substantial changes or clauses are introduced which change the overall structure, IREN will prepare and make available to the public, in accordance with the terms of the law and regulations applicable, an addition to this Disclosure Document, containing the additional information contained in the Definitive Agreement.

This Disclosure Document is made available to the public on 29 March 2018 at the registered offices of IREN S.p.A. (via Nubi di Magellano 30, 42123 Reggio Emilia, Italy), on the IREN S.p.A. website (www.gruppoiren.it) and the authorised storage mechanism 1Info Sdir Storage (<https://www.1info.it/PORTALE1INFO>).

DEFINITIONS

To facilitate reading, below is a list of the main terms used in the Disclosure Document.

The terms found below have the meaning indicated herein, if not otherwise specified. When the context requires it, terms defined in the singular maintain the same meaning even when used in plural form, and vice versa.

“Definitive Agreement”: indicates the definitive agreement which will completely and definitively govern the terms and conditions of the Operation and which the Municipality, on the one hand, and IREN, as the agent of AMIAT, Iren Energia and Iren Mercato, on the other, undertake to negotiate in good faith and come to a conclusion on the basis of the provisions found in the Preliminary Agreement.

“Preliminary Agreement”: indicates the text of the preliminary agreement that governs the main terms and conditions of the Operation, proposed to the Municipality by IREN, as the agent of AMIAT, Iren Energia and Iren Mercato, the signing of which was authorised by the City of Turin Municipal Council with a resolution on 27 March 2017.

“2012 Agreement”: indicates the agreement made by the City of Turin and IREN, also in the name of and on the account of Iride Servizi S.p.A. (now Iren Energia) and Iren Mercato, approved by the IREN Board of Directors on 14 November 2012 and by the Municipality of Turin Municipal Council on 27 November 2012, by which certain existing relationships between the Group and the City of Turin were renegotiated relative to energy services and involving a gradual reduction in the debt that the City of Turin had accrued relative to the provision of services to arrive at a balance in the Iren Energia Current Account of no more than Euro 30 million at 31 December 2020, while simultaneously revising the contract (relative to interest applied) and deferring the expiry date relative to the awarding of certain services. This agreement was later followed by and added to by addenda stipulated with the City of Turin in financial years 2013, 2014 and 2015.

“AMIAT”: indicates AMIAT – Azienda Multiservizi Igiene Ambientale Torino S.p.A., with registered offices in Turin, via Germagnano no. 50, tax ID code, VAT no. and registration with the Companies’ Register of Turin 07309150014, a mixed company indirectly controlled by IREN through Iren Ambiente S.p.A. and AMIAT V S.p.A., which holds an equity investment equal to 80% and invested in by the Municipality which holds the remaining 20% through FCT Holding.

“City of Turin” or the **“Municipality”**: indicates the Municipality of Turin, with its institutional offices in piazza Palazzo di Città no. 1, 10122 Turin, Italy.

“Related Parties Committee” or the **“Committee”**: indicates the committee for transactions with related parties, composed exclusively of IREN independent directors, called upon to express its Opinion, following the preliminary investigation carried out pursuant to the Operating Procedure, in compliance with that provided for in the CONSOB Regulation.

“AMIAT Current Account”: indicates the current account contract signed between AMIAT and the City of Turin, taking effect on 1 January 2015 and expiring in April 2033.

“Iren Energia Current Account”: indicates the current account contract stipulated by Iren Energia with the City of Turin on 10 September 2007, taking effect on 7 March 2007 and expiring on 31 December 2036, as modified by the 2012 Agreement and subsequent additions.

“Disclosure Document”: indicates this disclosure document, prepared pursuant to article 5 and in compliance with the schedule in Annex 4 to the CONSOB Regulation.

“FCT Holding”: indicates Finanziaria Città di Torino Holding S.p.A., with registered offices in Turin, piazza Palazzo di Città no. 1, tax ID code and registration with the Turin Register of Companies no. 08765190015, a fully publicly-owned company whose sole shareholder is the City of Turin.

“FSU”: indicates Finanziaria Sviluppo Utilities S.r.l., with registered offices in Genoa, via SS. Giacomo e Filippo no. 7, tax ID code and VAT no. and registration with the Companies’ Register of Genoa 01602020990, whose share capital is equally held by the City of Turin and the Municipality of Genoa.

“Group”: indicates the multi-utility group operating in the sectors of electricity, gas, thermal energy for district heating, and management of integrated water, environmental and technological services, headed by IREN and which includes, among others, AMIAT, Iren Energia and Iren Mercato, all three of which subject to management and coordination by IREN, pursuant to that established in article 2497 and subsequent of the Italian Civil Code.

“IREN” or the **“Company”**: indicates IREN S.p.A., with registered offices in Reggio Emilia, via Nubi di Magellano no. 30, tax ID code and VAT no. and registration with the Companies’ Register of Reggio Emilia 07129470014.

“Iren Energia”: indicates Iren Energia S.p.A., with registered offices in Turin, Corso Svizzera no. 30, tax ID code and registration with the Companies’ Register of Turin 07129470014, whose sole shareholder is IREN.

“Iren Mercato”: indicates Iren Mercato S.p.A., with registered offices in Genoa, via SS. Giacomo e Filippo no. 7, tax ID code and registration with the Companies’ Register of Genoa 01178580997, whose sole shareholder is IREN.

“Operation”: indicates the operation described in chapter 2, paragraph 2.1 of this Disclosure Document.

“Committee Opinion” or the **“Opinion”**: indicates the justified opinion on the interest of IREN in the Operation, as well on the expediency and substantial correctness of the relative conditions, issued on 20 February 2018 by the Related Parties Committee, in compliance with the CONSOB Regulation and article 9.1 (c) of the TRP Regulation, as updated on 28 March 2018.

“Operating Procedure”: indicates the Operating Procedure for the Management of Transactions with Related Parties approved by the IREN Board of Directors on 15 March 2016, after a favourable opinion from the TRP Committee on 3 March 2016.

“CONSOB Regulation”: indicates the Regulation Containing Provisions on Transactions with Related Parties, adopted by CONSOB with resolution 17221 of 12 March 2010, as amended.

“TRP Regulation”: indicates the Internal Regulation on Transactions with Related Parties, resolved by the IREN Board of Directors on 30 November 2010 and amended on 6 February 2013, 3 December 2013 and 13 March 2015.

1. CAUTIONS

1.1 Risks associated with potential conflicts of interest deriving from the Operation

The Operation pursuant to this Disclosure Document constitutes a transaction with related parties, as defined in article 1 of Annex 1 to the CONSOB Regulation, in that the City of Turin indirectly holds, through FSU - equally controlled with the Municipality of Genoa and invested in through FCT Holding - an equity investment equal to 33.3013% of IREN share capital, represented by 424,999,233 ordinary shares subject to a shareholders' agreement signed on 9 May 2016, as updated following the conversion of savings shares as of 11 January 2018, based on which it exercises control over IREN jointly with other signers of the shareholders' agreement.

The City of Turin is also the Group's largest customer, with annual invoices totalling around Euro 200 million.

The Operation is also a transaction of major significance between related parties pursuant to the CONSOB Regulation and article 4.1, letter (a) of the TRP Regulation, in that it exceeds the significance thresholds established in Annex 3 to the CONSOB Regulation, as specified in chapter 2, paragraph 2.5 of this Disclosure Document. As a consequence, IREN began procedures to manage these situations in order to ensure transparency and substantial and procedural correctness for the Operation.

In particular, the Related Parties Committee was promptly informed by the relevant company structures of the terms and conditions of the Operation and was involved in the preliminary and negotiation stages through meetings, conversations and, in general, through the sending of continuous, complete and timely information. This allowed the Committee to examine documents, carry out any necessary investigations, make observations and, on 20 February 2018, unanimously issue the favourable Opinion regarding IREN's interest in carrying out the Operation, as well as on the expediency and substantial correctness of the relative conditions and to confirm the conclusions it had come to in the update, rendered necessary following the non-substantial specifications and changes made to the text approved by the Municipality. The Committee's Opinion is annexed to this Disclosure Document together with the update.

The Operation does not present any particular risks associated with potential conflicts of interest other than those typically associated with transactions between related parties, or any other risks in addition to those inherent to operations of a similar type.

2. INFORMATION ABOUT THE OPERATION

2.1 Characteristics, methods, terms and conditions of the Operation

The Operation intended to be carried out through the signing of the Preliminary Agreement between IREN (as the agent of AMIAT, Iren Energia and Iren Mercato) and the City of Turin is aimed at governing, with an overarching structure, the progressive repayment of the receivables due to the aforementioned companies from the Municipality of Turin, as well as specifically reconciling certain receivable items currently contested or viewed differently and, on the occasion, reviewing and redetermining some of the obligations established in the existing contractual relationships.

The Operation falls within the scope of various existing relationships between the Municipality of Turin, which is the Group's largest customer, and the aforementioned companies.

More specifically, it involves:

- AMIAT, to which the Municipality of Turin has awarded a twenty-year contract for integrated management services for urban waste and winter road management, as well as services and work relative to the closure and post-operational management of the Basse di Stura controlled landfill plant and other services associated with and/or complementary to the aforementioned services;
- Iren Energia (as the result of a series of extraordinary operations), to which the Municipality of Turin has awarded public street lighting and traffic light services, as well as management of municipal heating and electrical systems that service the community;
- Iren Mercato, which provides the Municipality of Turin with thermal energy for district heating, in relation to the supplies previously provided in favour of the Municipality in terms of electricity for public street lighting and traffic lights.

Note that, in the context of these relationships, Current Account relationships were implemented with the Municipality by Iren Energia and subsequently by AMIAT as well, in which the receivables deriving from invoices issued were recorded, relative to fees regarding services and supplies rendered by the aforementioned companies unpaid by the contractually envisaged deadlines.

Below is the situation relative to receivables due in comparison to invoices issued at 31 December 2017:

Aggregato crediti Iren Energia, AMIAT, Iren Mercato al 31.12.2017 (€000.000)				
	Iren Energia	AMIAT	Iren Mercato	Totale
Crediti in c/c	36,2	98,6	0,0	134,8
Crediti scaduti non in c/c	1,4	10,8	6,0	18,2
Crediti scaduti per interessi c/c	1,9	5,5	0,0	7,4
Totale crediti scaduti	39,5	114,9	6,0	160,4
Crediti correnti non scaduti	18,3	42,6	2,0	62,9
Totale crediti	57,8	157,5	8,0	223,3

The Operation represents a new development in the agreements made at the Group level with the

Municipality between 2012 and 2015 and, in particular, the 2012 Agreement, which was already the subject of a public disclosure document, pursuant to article 5 of the Regulation, published on 7 December 2012.

With respect to this agreement (to which AMIAT was not a party), no new effects are envisaged. Instruments will be introduced to provide for orderly receipt of receivables, facilitating collection and allowing for easier management of any forcible collection.

Specifically, with the signing of the Preliminary Agreement, the Municipality and IREN, as the agent of its subsidiaries AMIAT, Iren Energia and Iren Mercato, undertake to stipulate the Definitive Agreement by 30 June 2018, which will govern the terms and conditions of the Operation in a more detailed and specific manner.

As noted, the Operation was conceived as an overarching concept and, as such, involves a combination of obligations in return for reciprocal concessions and advantages aimed in particular at obtaining:

- the recognition by the Municipality of the receivables due to AMIAT, Iren Energia and Iren Mercato, also in accordance with and pursuant to articles 1988 and 2944 of the Italian Civil Code;
- the definition, also in accordance with and pursuant to article 1965 of the Italian Civil Code, of receivable items due to Iren Energia and Iren Mercato which are contested or not viewed in the same way by the parties for a total amount of around Euro 4.7 million, with the Municipality recognising a portion of around Euro 3.4 million and, against this, Iren Energia renouncing its claims for ISTAT adjustment on ordinary maintenance fees for services provided in 2015, equal to around Euro 250 thousand, never invoiced and for interest relative to 2014, equal to around Euro 800 thousand, as well as Iren Mercato renouncing a receivable of around Euro 150 thousand relative to supplies provided relative to no longer active contracts;
- a commitment from the Municipality to gradually reduce the amount of payables (equal, as illustrated, to a total of Euro 223.3 million at 31 December 2017, of which Euro 160.4 million overdue) through the approval and signing of specific repayment plans relative to the overdue portion, which does not involve a write-off of the amount due, to be formalised with authenticated private deeds, and involving the payment of an initial instalment of Euro 25 million in 2018 and, in subsequent years through 2026, annual instalments of an average value of Euro 16.7 million;
- a commitment from the Municipality to comply with specific annual balance objectives established to incentivise punctual payment of receivables relative to current operations issued by AMIAT and Iren Energia and make it possible to eliminate the Current Account balances by the end of 2026;
- the definition of an offsetting method relative to receivable and payable items and the Municipality's consent to grant credit to it;
- the introduction of protection mechanisms relative to possible breach by the Municipality, with application of interest on arrears (increasing the interest on the Current Accounts) to a degree differentiated on the basis of the significance of the breach and, in case of serious breach, the ability to invoke the acceleration clause relative to the Municipality and eliminate the Current Accounts.

With this occasion, the parties will also:

- confirm the interest rates applied to the Current Accounts; as well as
- review the obligations envisaged in the contracts/agreements between the Municipality and
 - (i) AMIAT, with the completion of the ordinary three-year revision process envisaged in the services contract and extension of the door-to-door service;
 - (ii) Iren Energia, with the execution, on the basis of existing services contracts, of certain industrial energy efficiency projects (Revamping 3 regarding increased efficiency for thermal power stations, LED 2 involving the replacement of lighting and traffic lights with LED devices, Teatro Regio and Piscina Cecchi) and rationalisation of other services.

Against the advantages that these actions will involve,

- AMIAT accepts an amendment in the existing contractual conditions with a reduction in fees for a maximum amount of Euro 3.3 million per year, to be restored at the end of the three year period in the case of significant breach by the Municipality with respect to the commitments undertaken;
- Iren Energia accepts to reformulate the fees relative to certain energy efficiency projects and to reduce the fees for certain services by the amount of Euro 3.1 million per year, to be restored at the end of the three year period in the case of significant breach by the Municipality with respect to the commitments undertaken.

As already indicated, the Preliminary Agreement commits the parties to negotiate in good faith and stipulate, by 30 June 2018, the Definitive Agreement, on the basis of the essential elements and based on the content and structure already defined in the Preliminary Agreement.

2.2 Indication of the related parties involved in the Operation and the nature of the relation

The City of Turin, as specified in chapter 1, paragraph 1.1, is a related party of IREN pursuant to article 1 (a) (iii) of Annex 1 to the CONSOB Regulation, in that it indirectly exercises control over IREN, through FSU and jointly with other subjects, based on the shareholders' agreement signed on 9 May 2016, as updated following the conversion of the savings shares as of 11 January 2018.

2.3 Indication of the economic motivations and expediency of the Operation

The Operation was primarily established in order to serve the need to govern the progressive repayment of the credit exposure the Group as relative to the Municipality, also following a worsening in the amounts received from the latter during the second quarter of the last financial year.

By defining repayment plans and determining specific annual balance objectives, the Operation in fact aims at achieving, over the period of the plan, full repayment of the receivables due to the Group (we note that at 31 December 2017 the full exposure amounted to Euro 223.3 million, with overdue amounts totalling Euro 160.4 million), eliminating the balances in the AMIAT and Iren Energia Current Accounts by the end of the

plan, while simultaneously giving the companies of the Group improved tools with respect to their current situation.

In particular, the plan involves full repayment of the receivables due, eliminating the overdue debt relative to Iren Mercato by the end of the current year, with the objectives set in the 2012 Agreement maintained relative to Iren Energia, and prompt payment of receivables arising from current operations of AMIAT and Iren Energia.

The plan is structured over a period of nine years, held to be sustainable for the Municipality, able to allow it to eliminate its current debtor position, without renouncing the interest which will continue to accrue on the current account balances, and to ensure prompt payment for the public services and public utilities that will continue to be rendered by the companies of the Group, maintaining the existing relationships.

Any breach by the Municipality will be sanctioned through the introduction of mechanisms based on increases in the interest on arrears rate, with the level correlated with the significance and gravity of the breach and with the right, in the most significant cases, to activate the acceleration clause relative to the Municipality and terminate the existing Current Account contracts, allowing for - in extremis - easier and faster recourse to legal methods with respect to that which is possible at present.

Additionally, within the context of the plan receivable items currently contested or interpreted in different ways by the parties will be defined, with the Municipality of Turin recognising around Euro 3.4 million against a total amount of around Euro 4.7 million.

At the same time, the parties also intend to review and redetermine some of the obligations established in existing contractual relationships, completing the ordinary three-year review procedure for the contract with AMIAT and starting, on the basis of existing service contracts, industrial energy efficiency projects (Revamping 3, LED 2, Teatro Regio and Piscina Cecchi) of interest to Iren Energia and the extension of door to door of interest for AMIAT.

The Operation, as structured on the basis of the Preliminary Agreement, provides a balanced combination of reciprocal commitments and advantages and, relative to IREN, allows it:

- to obtain formal recognition from the Municipality of the Group's creditor position, also pursuant to and in accordance with articles 1988 and 2944 of the Italian Civil Code;
- to define, also pursuant to and in accordance with article 1965 of the Italian Civil Code, the items contested or interpreted differently by the two parties;
- to agree upon a repayment plan with the Municipality, formalising it with a private authenticated deed, and to set annual balance objectives which the Municipality undertakes to respect, to provide orderly receipt of receivables and an improvement in the Group's gross financial position;
- to introduce offsetting mechanisms for items and to obtain consent from the Municipality for the granting of credit relative to it;
- to introduce protective mechanisms in the case of breach by the Municipality, including the detailed

application of interest on arrears (increasing the interest applied to the Current Accounts), based on the significance of the breach, and the ability to activate the acceleration clause relative to the Municipality, terminating the Current Accounts, as well as returning to the original fees at the end of the first three-year period;

and, at the same time:

- to gain the ability to carry out new industrial projects; and
- to positively complete the ordinary three year review procedure envisaged in article 15.1 (b) of the AMIAT services contract.

In addition, in a context of reciprocal commitments and advantages, the Operation makes it possible to satisfy the need manifested by the City of Turin to regularise legal actions with the investee companies, within the context of the action plan requested by the Court of Auditors, and to renegotiate the services contract relative to said investee companies, with the establishment of certain actions aimed at rationalising spending by the Municipality.

2.4 Method used to determine the fee for the Operation and assessments regarding its congruence relative to market values for similar operations

The fee for the Operation, in terms of the commitments made by the Group companies involved, as reported in paragraph 2.1 above, was determined by taking into account the need for reciprocity in the respective concessions made by the parties.

As already indicated, the Operation in fact involves a balanced combination of reciprocal commitments and advantages aimed at aligning the respective interests of the parties, with a duration set for the repayment plan that takes into account the overall prospective commitments of the debtor with respect to that historically disbursed by it.

Given the atypical nature and complexity of the Operation as a whole, its unified structure and the multitude of agreements contained therein, the congruence of its conditions with respect to the market was assessed with reference to the returns expected from the contractual changes as a whole, it not being possible to examine market values for the individual actions envisaged.

In addition, the Operation also foresees, in favour of IREN:

- protective mechanisms in the case of breach by the Municipality;
- mechanisms to restore the fees in the case of breach by the Municipality;
- the possibility to offset creditor and debtor items, as well as authorisation from the Municipality for the granting of credit, for the purposes of facilitating repayment;
- against changes to existing contractual relationships and the provision of services, conditions which make it possible to achieve profitability values in lines with the profit objectives defined at the Group level in the 2017 - 2022 Business Plan, and with returns expected by comparable companies

operating in the same segments as the Group companies involved.

2.5 Illustration of the economic, equity and financial effects of the Operation

The value of the Operation, as a whole, is equal to Euro 448.5 million, determined as follows.

Quantification of the economic value of the New Agreement (€000,000)	
a) Amount of the receivable relative to the Repayment Plan and reconciliation of debtor/creditor items	160.4
<i>Of which Iren Energia</i>	39.5
<i>Of which AMIAT</i>	114.9
<i>Of which Iren Mercato</i>	6.0
b) Amount of interest envisaged within the scope of the Repayment Plan and not included in point a)	20.8
<i>Of which Iren Energia</i>	6.1
<i>Of which AMIAT</i>	14.6
c) Amount of revenue differentials from planned contractual changes	267.3
<i>Of which Iren Energia</i>	84.0
<i>Of which AMIAT</i>	183.4
Economic value of the New Agreement (a+b+c)	448.5

The significance index for the value, as envisaged in Annex 3 of the CONSOB Regulation, therefore exceeds the threshold of 5% of IREN capitalisation at 29 September 2017.

Operation Value 448,500,000 (A)

IREN capitalisation at 29 September 2017 2,897,032,267 (B)

(A) / (B) = 15.48%

For the sake of completeness, we note that IREN's consolidated shareholders' equity at 30 September 2017 was equal to Euro 2,422,671,645, as in the Consolidated Quarterly Report approved by the IREN Board of Directors on 13 November 2017.

In terms of the economic, equity and financial consequences produced as an effect of the Operation, as already illustrated, signing of the Definitive Agreement will mainly allow the Group companies to obtain progressive repayment of their credit exposure with:

- a total reduction in the receivable of Euro 177.4 million from 2017 to 2026, going from Euro 223.3 million in 2017 to an estimated Euro 45.9 million at the end of 2026;
- cumulative expected receipts between 2017 - 2026 of Euro 2,006 million (average annual value of Euro 200.6 million), mainly relative to ordinary operations;
- elimination of the balance in the Current Accounts;
- an improvement in the gross financial position.

Additional, reconciliation of the items contested and/or lacking agreement, with recognition of Euro 3.4 million by the Municipality, will generate a positive economic effect of the same amount in terms of EBIT.

Redefinition of existing contractual relationships and the execution of new industrial projects/extension of services, able to compensate for negative effects deriving from the revision of the fees requested from the Municipality, will make it possible to keep returns in line with both the profit objectives defined at the Group level in the 2017 - 2022 Business Plan and with profits expected from comparable companies operating in the same segments as the Group companies involved, with a positive margin differential expected at the level of the individual Group companies involved.

2.6 Any impact on the fees paid to members of the Company's administrative body and/or its subsidiaries as a consequence of the Operation

No changes in the fees paid to directors of IREN and/or its subsidiaries are expected as a consequence of the Operation.

2.7 Interests of members of the administrative and control bodies, of general managers and senior managers of the Company

The Operation does not involve members of the Board of Directors, the Board of Statutory Auditors and/or senior managers of IREN as related parties.

2.8 Approval process for the Operation

As already noted, the Operation was created to deal with the worsening amounts received from the Municipality seen during the second quarter of 2017 by formalising a repayment plan.

The Committee received preliminary information about the characteristics of the agreement that was to be proposed to the Municipality and was promptly informed of communications and negotiations in course with the Municipality, receiving the relative documentation from the relevant company structures, as well as a complete illustration of the methods, terms and conditions of the Operation and its economic motivations, as well as its expedience and economic, equity and financial effects.

The Committee investigated and made observations both during the preliminary stage and the negotiations, requesting specific assistance in analysing contractual documents and to assess the differential in the Group's overall position pre and post-Operation from Natalino Irti and Francesco Arnaud, who served as legal consultants.

On 20 February 2018, after a favourable opinion received from the Committee, the IREN Board of Directors voted unanimously to approve the Operation, already examined in terms of its general outline at previous meetings on 23 January and 13 February 2018, granting the Chief Executive Officer a proxy to carry out all necessary actions to complete the Operation including, among other things, signing of the Preliminary Agreement, with the power to make any non-substantial changes to the approved text rendered necessary during the fine-tuning process.

Following this resolution by the Board, the draft Preliminary Agreement proposal was submitted to the Municipality which, with a decision made by the Council on 27 March 2018, decided to approve a text which contained certain specifications and changes of a formal nature and to authorise the Mayor to sign it.

The specifications and changes made in the text approved by the Municipality with respect to that approved by the IREN Board of Directors were submitted to the Related Parties Committee which, after verifying the non-substantial nature of these, made an addition to its Opinion, fully confirming the conclusions already expressed therein.

Following the favourable update to the Opinion, IREN's Chief Executive Officer will formally sign the Preliminary Agreement proposal, which will be delivered to the Municipality of Turin and the Mayor of the Municipality of Turin will sign for acceptance.

2.9 If the significance of the Operation derives from the accumulation, pursuant to article 5, paragraph 2, of several operations carried out during the course of the year with the same related party, or with parties related to both the latter and the Company, the information provided in the previous points must also be provided with reference to all the previous operations

The case in question in this paragraph does not apply to the Operation.

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Pursuant to article 5 of the CONSOB Regulation, the favourable opinion issued by the Committee on 20 February 2018 and its update of 28 March 2018 are annexed.

Reggio Emilia, 29 March 2018

IREN S.p.A.

Annexes

Opinion of the Related Parties Committee and the relative update

IREN S.p.A.
COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

Opinion pursuant to article 9, paragraph 1, letter (c) of the Internal Regulation on
Transactions with Related Parties

relating

to the operation with major significance that the subsidiaries AMIAT – Azienda
Multiservizi Igiene Ambientale Torino S.p.A., Iren Energia S.p.A. and Iren Mercato
S.p.A. intend to propose to the City of Turin in order to regulate the progressive
recovery of its receivables in respect of the latter, punctually reconcile certain
receivable items that are currently under dispute or that are not viewed in the same
way, and proceed with redefining the activities envisaged in existing agreements and/or
contracts

The Committee for Transactions with Related Parties (the “**Committee**”) of IREN S.p.A. (“**Iren**” or the “**Company**”) expresses its opinion on the operation with the prospective related parties, as detailed below, pursuant to article 9, paragraph 1, letter (c) of the Internal Regulation on Transactions with Related Parties (the “**Internal Regulation**”), approved by the Company’s Board of Directors on 30 November 2010, and subsequent amendments (most recently on 13 March 2015), in accordance with the provisions under article 8, paragraph 1, letter c) of CONSOB Regulation no. 17221 of 12 March 2010, and subsequent amendments (the “**CONSOB Regulation**”), and with paragraph 3 of the Operating Procedure for managing transactions with related parties approved by the Company’s Board of Directors on 15 March 2016 to implement the aforementioned CONSOB Regulation (the “**Procedure**”), in compliance with the provisions under article 2391-*bis* of the Italian Civil Code.

** ** *

1. DESCRIPTION OF THE OPERATION

The operation subject to review by the Committee originates principally from the requirement by the management of AMIAT - Azienda Multiservizi Igiene Ambientale Torino S.p.A. (“**AMIAT**”), Iren Energia S.p.A. (“**IEN**”) and Iren Mercato S.p.A. (“**IME**”) to regulate payments by the City of Turin and to address the worsening status of collections recorded during 2017.

This operation qualifies as a transaction with related parties due to its counterparty, namely the City of Turin (“**CoT**” or the “**Municipality**”), which through its subsidiary holds equally with the Municipality of Genoa, Finanziaria Sviluppo Utilities S.r.l. (in which FCT Holding S.p.A. has a stake as the sole member) a 33.3013% stake in the share capital of Iren, represented by 424,999,233 ordinary shares forming the subject of a shareholders’ agreement signed on 9 May 2016, as updated subsequent to the conversion of the savings shares with effect from 11 January 2018, and based on which the Municipality, through Finanziaria Sviluppo Utilities S.r.l., exercises control over Iren jointly with the other signatories to the agreement.

The prospective operation falls within the scope of the different accounts that exist with the Municipality, which is one of the Iren Group’s major customers with sales of around Euro 200 million a year, having developed on the basis of the agreements in place between 2012 and 2015, and in particular, the agreement signed at the end of 2012 by Iren (also in the name and on behalf of IEN, at the time, Iride Servizi S.p.A., and IME), which had already been the subject of an evaluation by the Sub-Committee for Transactions with the Related Party the Municipality of Turin, in the composition relevant at the time, and disclosure to the public pursuant to article 5 of the Regulation with the document published on 7 December 2012.

Specifically, the operation envisages that with the signing of a preliminary agreement (the “**Preliminary**”), Iren, as the agent for its subsidiaries AMIAT, IEN and IME, proposes to the Municipality to enter into an agreement (the “**Agreement**”) aimed principally at governing on the basis of a single structure, (i) the progressive recovery of the aforementioned companies credit exposure in respect of the CoT; (ii) the punctual reconciliation of certain receivable items that are currently under dispute or not viewed in the same way, and (iii) the revision and redefinition of some of the obligations set out in the existing service contracts and agreements, with the reduction in certain fees and extension of certain services (the “**Operation**”).

The Operation was conceived as a single entity and comprises a series of reciprocal commitments and benefits, aimed specifically at:

- (a) the Municipality recognising the credit rights of AMIAT, IEN and IME pursuant

and to all effects of articles 1988 and 2944 of the Italian Civil Code;

- (b) the definition, pursuant to and to all effects of article 1965 of the Italian Civil Code, of the credit items subject to dispute between the parties for a total of around Euro 4.7 million, with the Municipality recognising approximately Euro 3.4 million and confirmation of the economic conditions applied to existing current account relations;
- (c) a commitment from the Municipality to gradually reduce its debit stock (at 31 December 2017 totalling Euro 160.4 million) with the approval and signing of specific recovery plans and the introduction of annual balance targets set to reach a zero balance in the Municipality's debt exposure and relevant current account balances by the end of 2026;
- (d) the definition of an offsetting method relative to receivable and payable items and the Municipality's consent to grant credit to it;
- (e) revising the scope of activities currently included in the contracts/agreements between the Municipality and IEN, with new energy efficiency projects (Revamping 3, LED 2, Regio Theatre and Cecchi swimming pool);
- (f) revising the scope of activities currently included in the service contract between the Municipality and AMIAT, in order to conduct the ordinary three-year revision process stipulated in the contract itself, with the extension of the door-to-door service.

The Preliminary commits the parties to negotiate in good faith and define the terms and conditions of the Agreement in a comprehensive and definitive manner, based on the content and structure already set out in the Preliminary.

It is the Company's intention to propose that the Municipality sign the Preliminary as soon as possible, undertaking to finalise the Agreement by the end of June 2018.

2. QUALIFICATION OF THE OPERATION

According to what was reported by the Competent Entities on the basis of the Procedure, and as already agreed by the Committee, the Operation qualifies as a Transaction of Major Significance pursuant to article 4, paragraph 1, letter (a) of the Internal Regulation, given that the Significance Index for the Amount, calculated with reference to the Operation (represented by the ratio between the total amount for the receivables forming the subject of the recovery plan, including reconciled items, interest that will be paid by the Municipality and differential revenue subsequent to the contract revisions and start of the new industrial projects, on the one hand, and the capitalisation of Iren at 29 September 2017, on the other), exceeds the 5% threshold set in Annex 3 of the CONSOB Regulation, and under article 4, paragraph 1, letter (a) of the Internal Regulation.

3. PRELIMINARY ACTIVITY PUT IN PLACE BY THE COMMITTEE

The issue of accounts between the Iren Group and the Municipality of Turin with special focus on the existing credit exposure was the subject of discussion during a number of Committee meetings held during 2017 (most recently, in the sessions on 17 November and 18 December 2017) and the Board of Directors' meetings (most recently, in the sessions on 26 September 2017 and 13 November 2017).

To examine the Operation, the Committee held six (6) meetings, prior to formal notice (namely on 18 January, 24 January, 2 February, 12 February, 13 February and 19 February, with work carried out on 20 February 2018) as well as one (1) informal discussion meeting, held on 16 February 2018. The meetings were attended by the

Chairperson of the Board of Statutory Auditors of Iren and/or at least one Standing Auditor from Iren.

More specifically, as anticipated, on 18 December 2017, the Committee was informed of the start of discussions with the Municipality, and received certain preliminary information from management regarding aspects of the Operation.

To support the examination of the Operation, the Company appointed KPMG through the Associated Legal and Tax Consulting Office as its advisor on the different profiles characterising the Operation itself.

On 18 January 2018, management provided the Committee with a more complete overview of the terms and conditions of the prospective operation, outlining the economic basis and an assessment of the characteristics and content of the possible agreement, and its overall economic soundness and reasonableness in the light of the specific nature of the debtor.

During that session, the Committee, in exercising the powers contemplated by article 9, paragraph 1, letter (d) of the Internal Regulation (that states "*The COPC (...) will be involved during the negotiation phase and preliminary phase (...) with the authority to request information and formulate observations to the delegated bodies and parties appointed to conduct the negotiations and the preliminary activities*"), requested clarification aimed at assessing the effective advantages of the prospective operation in more detail, on the basis of income and cash flows, as well as legal issues and the underlying risks.

During the meeting held on 23 January 2018, the Company's Board of Directors was informed of the contact that had been initiated with the Municipality, receiving its first report on the Operation from the Committee, which undertook to provide additional information relating to the procedures and the assessments followed.

The details requested by the Committee were outlined during the subsequent meeting held on 24 January 2018, when the main terms and characteristics of the operation were discussed, which were to be represented in a termsheet that would be submitted to the Municipality, asking them to issue adequate bank guarantees.

In the meeting on 2 February 2018, the management informed the Committee that it had submitted the termsheet to the Municipality and was waiting to receive their comments, noting that there had immediately been objections raised regarding the issuing of bank guarantees, given the relative collateral and the constraints in place, and in the light of the Municipality's commitments with the recovery plan. The Committee asked for clarification for the basis of these objections and that additional improvement measures be sought regarding the contractual conditions, in addition to examining the profitability of the new initiatives and the impact of the propositions on cash flows, correlating the effects so as to make an overall assessment of the different agreements.

On 12 February 2018, the Committee met again to receive updates from management on the progress with negotiations, and in addition to receiving the requested information, also received the Municipality's comments on the termsheet. Furthermore, discussion was also requested regarding the issuing of bank guarantees, without which, the Company was asked to further analyse the agreement's economic sustainability for the Municipality, and to submit a formal request to the latter for improvement measures (in terms of offsetting and the possible assignment of the receivables from the Municipality).

On 13 February 2018, at the end of the Board meeting where the Operation was outlined in full, with the results of the analysis and reasons why it was viable, the

Committee met again asking for an update on the termsheet that reflected the current status of negotiations. This included the amendment proposals requested by the Municipality that were deemed acceptable, together with the Municipality's commitment to introduce the required improvement measures and equal balance in the compensatory measures, particularly with regard to the reduction in fees due to the revision of existing contractual relations. The Committee also went on to formalise the appointment as the independent legal consultant of its choice, pursuant to article 9, paragraph 1, letter (d) of the Internal Regulation, of the Irti Legal Offices (Prof. Natalino Irti and Attorney Francesco Arnaud) to receive dedicated support in analysing the contract documentation. The independence of the appointed legal consultant that during 2017 had conducted work for the Committee on the issue of relations between the Iren Group and the Municipality of Turin, was verified with a positive outcome.

During the informal meeting held on 16 February 2018, while waiting for a response from the Municipality regarding the required improvement measures, the Committee examined the overall assessment of the Operation done by the Company and specified the areas where it had asked for support from Prof. Irti, in particular to check on the correctness of the conditions of the prospective operation. This was to ascertain whether there were any clauses that could entail significant risks for the companies involved or the Group, to confirm the soundness of the clauses in the case of disputes, to conduct an assessment on the differential of the overall position regarding rights *pre* and *post* agreement and to check on the significant aspects that are relevant for the purposes of formulating this opinion.

The Committee met again on 19 February 2018 to examine the opinion issued by the appointed consultant together with the attorney Arnaud from the Irti Legal Office, and discuss the conclusions therein. The meeting also received an update from management regarding the comments and proposals from the Municipality relating to the request for improvement measures. The meeting was suspended and postponed to the next day, 20 February 2018, to allow for the content in the termsheet and suggestions on the opinion from the Irti Legal Office to be combined in a preliminary agreement, and to clarify certain accounting obligations of the Municipality, and relative constraints.

On 20 February 2018, the doubts regarding the accounting entries for the Municipality's undertakings were clarified on the basis of accounting and financial standards for local authorities, and a draft preliminary agreement was submitted to the Committee, which had been prepared on the basis of the termsheet, together with the conclusive assessments made by management on the Operation as a whole and its viability.

In noting that it was not feasible to pursue the assumption that the Municipality would issue bank guarantees or other forms of guarantees like earmarked accounts, it was however reported that the Municipality was prepared to check together with the Iren Group on the actual implementation procedures to utilise offsetting and propose making the default interest rate harsher as a form of guarantee for especially serious non-compliance.

During its preliminary work, the Company's management provided the Committee with comprehensive and extensive information on the Operation, including the analyses and assessments made, together with the draft contract documentation submitted to the Municipality during negotiations. The Committee involved the Company's management, its legal consultant appointed to assist with the examination of the Operation in its meetings, asking for clarification and information, and received a constant, complete and prompt flow of information regarding developments around the negotiations. This allowed the Committee to make a detailed and documented review of its motives for the Operation and to examine the Company's interests on its completion, as well as its

feasibility and the substantial correctness of the relevant conditions.

This opinion is based not only on the verbal discussions during the aforementioned meetings, but also on an examination of the presentations made available to the Committee, and in particular the documents analysing the proposed agreements in its various drafts, up until the updated version of 20 February 2018, in addition to the draft termsheets and preliminary agreement.

The Committee also took into consideration the results of the studies conducted on request by the Irti Legal Offices, which were outlined during the meeting held on 19 February 2018.

This opinion is prepared to complement the checks carried out to be submitted to the Board of Directors' meeting of 20 February 2018.

In discharging its responsibilities, and given the complexity of the Operation and multiple agreements envisaged, as previously stated, the Committee made use of the legal support provided by the Irti Legal Office.

4. PURPOSE OF THE OPINION

After having fully evaluated the Operation proposed as a single unit and the motivation behind it, the Committee is called to express its opinion as to whether this serves the corporate purpose on its completion, and the feasibility and correctness of the relative conditions, in accordance with article 9, paragraph 1, letter (c) of the Internal Regulation, and more specifically, by article 3.2 of the Procedure.

As this refers to an operation with major significance, the Committee's opinion is binding for the Board of Directors, without prejudice to the latter's responsibility and competence in deciding to approve the Operation.

5. ANALYSIS CONDUCTED

5.1 REGARDING THE INTERESTS OF THE OPERATION

In order to assess whether the interests of each company involved in the Operation will be served, we need to make some general observations on the current situation.

Total credit exposure in respect of the Municipality (at the end of 2017, amounting to Euro 223.3 million of which Euro 160.4 million referred to past-due receivables) related for the most part (for Euro 134.8 million) to payables annotated on current accounts where they are regularly annotated if they are not paid within the contract deadlines, the receivables relating to invoices issued for services rendered by AMIAT and IEN, and only to a lesser degree, to past-due receivables not channelled into the current account. Included among these is around Euro 6 million relating to receivables referring to IME mainly for terminated contracts.

Following the analysis done by management in relation to this situation and the worsening in credit performance during the second quarter of 2017, which highlighted the constraints associated with the nature of the services provided to the Municipality (where provision may not be suspended due to default in terms of article 1460 of the Italian Civil Code) beyond the limits, and the contractual forms available (especially the non-enforceability of the receivables annotated in the current accounts), the need arose to regulate the progressive recovery in the Iren Group's credit exposure in respect of the Municipality.

According to management, the main objective of the Operation is to progressively recover the credit exposure of the various companies involved over a predetermined time frame, deemed reasonable and also sustainable for the Municipality, and to bring the balance on the current accounts to zero, while at the same time benefiting from

certain advantages.

In particular,

(A) AMIAT would obtain:

- in addition to a gradual reduction in the Municipality's debt stock (which at the end of 2017 amounted to Euro 114.9 million) with a zero balance reached on this and on the current account over the plan's time frame, based on the introduction of an annual balance target, where compliance would be guaranteed by economic disincentive mechanisms, classified in relation to the significance of the non-compliance that occurs,
- the recognition of existing receivables, also pursuant and to all effects of articles 1988 and 2944 of the Italian Civil Code;
- the three-year ordinary revision of the services contract, with certainty regarding the outcome, and the extension of the door-to-door collection service with the relevant margins.

(B) IEN would obtain:

- in addition to confirmation from the Municipality regarding the balance target of Euro 30 million by the end of 2020, already contemplated by the 2012 agreements, the introduction of a commitment to bring this down to a zero balance over the plan's time frame and set intermediate balance targets, where compliance would be guaranteed by economic disincentive mechanisms classified in relation to the significance of the non-compliance that occurs,
- the recognition of existing receivables, also pursuant and to all effects of articles 1988 and 2944 of the Italian Civil Code;
- the finalisation of items currently subject to dispute for a total of around Euro 4.3 million, with the Municipality recognising more than Euro 3 million and a positive effect in economic terms for the same amount;
- new energy efficiency projects (Revamping 3, LED 2, Regio Theatre and Cecchi swimming pool), with the relevant added margins.

(C) IME would obtain:

- the recognition of existing receivables, also pursuant and to all effects of articles 1988 and 2944 of the Italian Civil Code;
- the finalisation of items not agreed on for Euro 373 thousand, with the recovery of Euro 223 thousand.

For the sake of completeness, it is noted that there are currently no alternative practical solutions that could provide the same result as the Operation.

Without the Operation, the existing situation would remain unchanged, whereby the Municipality would not be obliged to gradually reduce the balances on the current accounts, except for IEN up to the target of Euro 30 million by 2020, with the balance then remaining unchanged (and even increasing) with regard to IEN, and the limit on the overdraft provided by AMIAT being utilised up until the expiries of the contracts themselves, both of which would be subsequent to the expiry of the plan.

Considering the complex negotiation structure envisaged by the Operation, as reflected in the Preliminary and the numerous agreements contained therein, the Committee evaluated the Operation from the viewpoint of the interests achieved on its conclusion, based on its overall logic. It ascertained that it has a positive outlook, as it is functional to achieving the intentions being pursued, promoting the gradual recovery of the credit

exposure. Additionally, with regard to the new industrial initiatives to be initiated and the revision of existing contracts, the Committee ascertained that it corresponds with the corporate and strategic objectives and targets of the companies directly involved.

5.2 REGARDING THE FEASIBILITY OF THE OPERATION##

In order to assess the feasibility of the Operation, taking into account that this involves a series of obligations in relation to mutual concessions and benefits, various analyses were undertaken, *in primis*, to check on whether the overall situation in the rights of the companies involved would improve compared to their *status quo ante*.

In this regard, referring to what has already been stated under paragraph 5.1, it is noted that the Operation has no novation effects in relation to previous agreements, and compared to these, allows for:

- specific recovery plans for the past-due to be agreed on, with these formalised in authenticated private deeds with the relative effects (see article 474, paragraph 2, no. 2 of the Civil Procedure Code), with the Municipality's recognition of the receivables of the various companies involved pursuant and to all effects of articles 1988 and 2944 of the Italian Civil Code, thus interrupting the risk, *inter alia*, of their prescription;
- anticipate the zero balance on the current accounts to a date prior to the expiry of the relative contracts, making receivables payable at the expiries of the plan, which currently are not due to their annotation on current accounts, with the introduction of a mechanism of annual balance targets, aimed at ensuring compliance with payment terms and the current account;
- the introduction *ex novo* of financial penalty measures focusing on ensuring compliance by the Municipality of its undertakings, in addition to procedures to facilitate collections (such as offsetting and prior consent to assigning receivables);
- items to be recognised that had already been written down;
- individual companies to be provided with more flexible and immediate tools to initiate recovery action (even of partial amounts, and directly through enforcing action) or to facilitate collection (through offsetting or assigning receivables).

The Operation does not make provision for a structural reduction with the final settlement of the debt (except for an amount of around Euro one millions by IEN and approximately Euro 150,000 by IME, associated with the reconciliation of items under dispute), but rather the formulation of a multiple-year recovery plan, broken down over a medium-long time frame (of 9 years) that was deemed appropriate so as to allow the Municipality to settle its current debt position, also taking into account the costs for public services or public utilities that will continue to be provided in the meantime, together with other measures.

The following is also envisaged within the scope of the prospective Operation:

- revising the scope of activities currently included in the service contract between the Municipality and AMIAT, in order to conduct the ordinary three-year revision process stipulated in the contract itself, with a reduction in fees for winter road management and services on request and the extension of the door-to-door service
- revising the scope of activities currently included in contracts/agreements between the Municipality and IEN, with the redefinition of the payment terms of certain charges, a reduction in the fees for ordinary maintenance of facilities and new energy efficiency projects (Revamping 3, LED 2, Regio Theatre and Cecchi swimming pool)

that, in relation to each company, they would have overall returns corresponding to internal profitability targets, defined at Iren Group level in the 2017 – 2022 Business Plan, and with reference to the market, verified by a comparison done with the

parameters expected by comparable companies, or those operating in the same sectors as the companies involved.

Considering the atypical nature of the overall negotiation structure envisaged by the Operation, as reflected in the Preliminary and numerous agreement contained therein, the Committee evaluated the Operation, from the viewpoint of its overall feasibility, having verified the reasonableness and overall viability of its conditions in respect of each of the companies involved in relation to the market with reference to the expected returns from the contract changes as a whole, as it is not possible to ascertain the market values of the individual measures envisaged.

5.2 REGARDING THE SUBSTANTIAL CORRECTNESS OF THE OPERATION'S CONDITIONS##

With reference to the substantial correctness of the conditions of the Operation for the companies that intend implementing it, it is noted that this envisages a combination of mutual undertakings and benefits aimed at striking a balance between the parties' respective interests, with the exclusion of anomalous clauses or contract provisions that would imply taking on specific risks, as verified with the support of the Irti Legal Office.

The term of the debt recovery plan was determined by taking into consideration the Municipality's prospective commitments in relation to what they had historically provided, with there being no similar operations to reference in the market.

Given the number and atypical nature of the agreements envisaged to complete the Operation, the appropriateness of its conditions was evaluated as a whole, having verified that an in-depth and extensive examination was done by the relevant corporate structures, with the support of external consultants, in addition to having verified that provision will be expressly be made for:

- economic disincentive mechanisms, making the default interest rate harsher in the case of non-compliance by the Municipality, classified in relation to the significance of the default, in addition in this case, for the benefit of the deadline to lapse in respect of the Municipality, and to terminate the current account earlier;
- mechanisms aimed at restoring the fees in the case of non-compliance by the Municipality after a certain period of time;
- offsetting procedures;
- obtaining prior consent from the Municipality to the assignment of receivables, to assist with their recovery;
- conditions that permit profitability figures that correspond with the market in respect of comparable companies with regard to the different changes to existing contractual forms for the rendering of services.

6. CONCLUSIONS

Therefore,

- (a) having ascertained that the Committee was promptly and constantly informed regarding the start and progress in negotiations relating to the Operation;
- (b) having acknowledged receipt of the documentation and information needed to issue a motivated opinion in the Company's interests on the completion of the Operation, as well as its feasibility and the substantial correctness of the relevant terms and conditions, as detailed above;
- (c) having noted that during the meetings held to examine the Operation, the Committee in exercising the powers provided by the Internal Regulation, requested information and details from the Company's management, its

consultants and appointed legal consultant, formulating observations and requesting clarification, which were met during the preliminary activities, both with documents being submitted and participation in the aforementioned meetings;

- (d) finally, taking into account the opinions of the Irti Legal Office, as the independent legal consultant chosen by the Company, in the context of the opinion filed in the Company's records;

the Committee unanimously issues a favourable opinion pursuant to article 9, paragraph 1, letter (c) of the Internal Regulation regarding the signing of the Preliminary, having verified that the Operation being concluded is in the interests of the companies involved, individually and on Group level, as a whole, and the economic feasibility and substantial correctness of the Operation at least on the basis of the agreements reached by the parties as reported in the Preliminary. It should be noted that prior to signing the Agreement, it will be necessary also in order to definitely confirm the content of this opinion, to conduct a check limited to the profiles it is competent for, that the Agreement reflects what is set out in the Preliminary, without any significant changes having been made to the terms and conditions contained therein.

19-20 February 2018

Committee for Transactions with Related Parties

Barbara Zanardi (Chairperson)

Lorenza Franca Franzino

Licia Soncini

IREN S.p.A.
COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

Update to the opinion issued on 20 February 2018 pursuant to article 9, paragraph 1,
letter (c) of the Internal Regulation on Transactions with Related Parties

relating

to the operation of major significance which the subsidiaries AMIAT – Azienda
Multiservizi Igiene Ambientale Torino S.p.A., Iren Energia S.p.A. and Iren Mercato
S.p.A. intend to carry out with the City of Turin to govern the progressive repayment of
the receivables due from the latter, specifically reconciling certain receivable items
currently contested or not viewed in the same way, and redefine the activities
envisaged in the existing agreements and/or contracts.

INTRODUCTION

On 20 February 2018, the Committee for Transactions with Related Parties (the “**Committee**”) of IREN S.p.A. (“**Iren**” or the “**Company**”), pursuant to article 9, paragraph 1, letter (c) of the Internal Regulation on Transactions with Related Parties (the “**Internal Regulation**”), unanimously issued its opinion in favour of the signing of a preliminary agreement between the City of Turin (or the “**Municipality**”) and Iren, as the agent of its subsidiaries AMIAT – Azienda Multiservizi Igiene Ambientale Torino S.p.A. (“**AMIAT**”), Iren Energia S.p.A. (“**IEN**”) and Iren Mercato S.p.A. (“**IME**”).

The preliminary agreement contains the essential elements, terms and conditions of the definitive contract which the parties undertake to stipulate and which will govern, completely and definitively, the progressive repayment of the receivables due to the aforementioned companies from the Municipality, with specific reconciling of receivable items contested or not viewed in the same way, and the review and redefinition of some of the obligations envisaged in the existing contractual relationships.

The Iren Board of Directors, having obtained a favourable opinion from the Committee, on 20 February 2018 unanimously approved the draft preliminary agreement proposal to be submitted to the Municipality, granting a proxy to sign the contract to the Chief Executive Officer.

The draft preliminary agreement proposal was submitted to the Municipality of Turin which, with a resolution made by the Municipal Council on 27 March 2018, substantially approved its contents and authorised the Mayor to sign the relative contract.

** ** *

1. ADDITIONAL PRELIMINARY ACTIVITY PUT IN PLACE BY THE COMMITTEE

The Committee was kept abreast by Company management with regards to informal discussions with functionaries of the Municipality for the purposes of concluding the contract.

More specifically, the Committee was informed of requests coming from Municipality functionaries to increase the specificity of certain provisions in the draft preliminary agreement proposed and to make certain changes to the same of a substantially literal aspect.

On 23 March 2018, the Committee was informed of the intention indicated by the Municipality’s functionaries to submit the text for approval, with the requested changes, at the Municipal Council meeting planned for the morning of 27 March 2018, and received an updated draft agreement with the expected changes highlighted relative to the version approved on 20 February 2018, together with a brief note illustrating the same, and the preliminary internal evaluation of these, obtained with support from consultants external to the Company.

On 27 March 2018, the Committee met, with the Chairperson of the Board of Statutory Auditors present, to review these proposed changes, and was informed that the modified preliminary agreement text had been approved by the Council. It took note of the Council’s resolution and viewed the annexed text of the agreement sent in an informal manner to the Company.

For the purposes of carrying out its responsibilities of verification and assessment and given the changes made to the text approved on 20 February 2018, the Committee asked Company management to illustrate these changes in detail, explaining the implications and any effects and decided to continue to make use of the assistance of the independent legal consultant it had selected, pursuant to article 9, paragraph 1, letter (d) of the Internal Regulation, specifically the Irti Law Firm (Prof. Natalino Irti and

Attorney Francesco Arnaud), requesting that the new contractual text be sent to them, adjourning the meeting until the next day.

On 28 March 2018, the Committee met again, once more in the presence of the Chairperson of the Board of Statutory Auditors, to examine the note containing the information requested from its legal consultant regarding the changes found in the text advanced to the Company following approval by the Municipal Council.

The Committee confirms that, also in this further preliminary phase, it has continued to receive complete and exhaustive information and documents from Company management, as well as prompt and exhaustive responses to its requests.

This update is based on the review of the preliminary agreement text sent to the Company as an annex to resolution 2018 01109/064, carried out with the support of its legal consultant and verbal conversations with Company management and its external consultants.

This update is issued to complete the verifications performed and as an addition to that presented to the Board of Directors on 20 February 2018.

2. ANALYSIS PERFORMED AND CONSEQUENT EVALUATIONS

In order to confirm the assessment already provided in its opinion issued on 20 February 2018, the Committee analysed the amendments inserted in the preliminary agreement text approved by the Municipal Council on 27 March 2018 with respect to the text approved in the Committee's favourable opinion issued on 20 February 2018, with assistance from its legal consultants.

It determined that the contents of the agreement remained essentially unchanged and that the modifications were of a strictly formal nature and had no impact on the determination of the expediency of the agreement already made by the relevant company bodies, such that their assessments remained perfectly valid and were fully confirmed, as already expressed in the previous opinion.

** ** *

3. CONCLUSIONS

The Committee,

- (a) in the light of the analysis performed, also taking into account the opinion of Irti Law Firm, the independent legal consultant selected by the Committee, in the context of the opinion filed with the Company's deeds;
- (b) referencing and confirming its assessments regarding the existence of an interest in signing the preliminary agreement and carrying out the transaction, the expediency and substantial correctness of the relative terms and conditions, already found in the opinion issued on 20 February 2018;

unanimously issues, updating its aforementioned opinion of 20 February 2018, its opinion in favour of signing the preliminary agreement with the text approved on 27 March 2018 by the Municipal Council, having verified its substantial compliance with the text approved by the Company on 20 February 2018 and, consequently, confirming again the existence of the prescribed requirements of expediency and substantial correctness as established in article 8, paragraph 1, letter c) of CONSOB Regulation 17221 of 12 March 2010, as amended, and in article 9, paragraph 1, letter (c) of the Internal Regulation.

28 March 2018

Committee for Transactions with Related Parties

Barbara Zanardi (Chairperson)

Lorenza Franca Franzino

Licia Soncini