

**SUPPLEMENT DATED 22 JUNE 2020 TO  
THE BASE PROSPECTUS DATED 17 JULY 2019**



**IREN S.p.A.**

*(a company limited by shares incorporated under the laws of the Republic of Italy)*

**€4,000,000,000**

**Euro Medium Term Note Programme**

This third supplement (the “**Supplement**”) to the base prospectus dated 17 July 2019, as previously supplemented by the first supplement dated 13 September 2019 and the second supplement dated 19 December 2019 (as so supplemented, the “**Base Prospectus**”), constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the “**Prospectus Regulations**”) and is prepared in connection with the Euro Medium Term Note Programme (the “**Programme**”) established by Iren S.p.A. (the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

With effect from the date of this Supplement, each reference in the Base Prospectus to “Base Prospectus” shall be read and construed as a reference to the Base Prospectus as amended and supplemented by this Supplement. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and in the previous supplements dated 13 September 2019 and 19 December 2019, no significant new fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

The language of the Supplement is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

### **Purpose of the Supplement**

The purpose of this Supplement is:

- (i) to incorporate by reference:
  - (a) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2019 contained in the Issuer's Annual Report at 31 December 2019, together with certain other recent developments described in the Directors' Report at 31 December 2019; and
  - (b) the unaudited consolidated interim financial information of the Issuer as at and for the three months ended 31 March 2020 contained in the Issuer's Consolidated Quarterly Report at 31 March 2020 together with certain other recent developments described in the Directors' Report at 31 March 2020.
- (ii) to update the sections of the Base Prospectus entitled "*Risk Factors*", "*Regulation*", "*Taxation*" and "*General Information*".

\* \* \*

## **AMENDMENTS AND ADDITIONS TO THE BASE PROSPECTUS**

### **RISK FACTORS**

#### **Risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes**

*The section entitled "Risk Factors" is amended by the insertion of the following text at the end of the sub-section entitled "Risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes", immediately after the last paragraph at the bottom of page 28:*

#### ***Risks associated with the coronavirus pandemic***

The outbreak of the health crisis deriving from the spread of COVID-19, also known as coronavirus, which was classified as a pandemic by the World Health Organization (WHO) on 11 March 2020, is now having, and may have for an unforeseeable period of time, important health, social and economic consequences worldwide, including Italy where the Group is active. In addition to the worsening of the global macroeconomic scenario and the risk of deterioration of the credit profile of a considerable number of countries (including Italy), the pandemic has already led to significant slowdowns in many business activities. The COVID-19 pandemic and governmental responses to the pandemic have had, and continue to have, a severe impact on global economic conditions, including: (i) significant disruption and volatility in the financial markets; (ii) temporary closures of many businesses, leading to loss of revenues and increased unemployment; and (iii) the institution of social distancing.

The consequences of the coronavirus crisis that are relevant to the business of the Group include the following: reduced consumption of energy and lower energy prices; an increase in non-payment by customers; disruption of supply chains; unavailability of staff and the closure of business premises; more stringent health and safety measures, including both the costs incurred in implementing them and the restrictions imposed on the Issuer's activities; and financial market instability. For an assessment by the Issuer of the actual and potential impact of the crisis on the Group for the current year, see "*Business Outlook*" on page 34 of the Consolidated Quarterly Report at 31 March 2020, which is incorporated by reference (see "*Information Incorporation by Reference*" below).

The ultimate severity and related consequences of the coronavirus emergency is causing significant uncertainty in both domestic and global financial markets and could have an impact on the business environment as well as on the legal, tax and regulatory framework. If the pandemic is prolonged, or other diseases emerge giving rise to similar consequences, the adverse impact on global economy could deepen. At this stage, therefore, it is difficult to predict the impact this situation may have on the Issuer business, operations, financial conditions and results. To the extent the COVID-19 pandemic adversely affects the Group's business, results of operations and financial condition, it may also have the effect of heightening many of the other risks described herein.

\* \* \*

### **INFORMATION INCORPORATED BY REFERENCE**

*The information set out below (i) supplements the section "Information incorporated by reference" on pages 38 and 39 of the Base Prospectus and (ii) does not replace any of the disclosure already contained in the Base Prospectus.*

The following information is incorporated in, and forms part of, this Supplement and the Base Prospectus:

- the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2019 and certain recent developments described in the Directors' Report at 31 December 2019, all of which are contained in the Issuer's Annual Report at 31 December 2019; and
- the unaudited condensed consolidated interim financial information of the Issuer as at and for the three-month period ended 31 March 2020 and certain recent developments described in the Directors' Report at 31 March 2020, all of which are contained in the Issuer's Consolidated Quarterly Report at 31 March 2020.

All references in the Base Prospectus to information incorporated by reference in the Base Prospectus are deemed to include the above information.

### **Access to documents**

The above documents have been previously filed with the Central Bank of Ireland and can be accessed at the following addresses on the Issuer's website:

- Annual Report at 31 December 2019:  
[https://www.gruppoiren.it/documents/21402/467047/Relazioni+e+Bilanci+31.12.2019\\_EN\\_DEF.pdf](https://www.gruppoiren.it/documents/21402/467047/Relazioni+e+Bilanci+31.12.2019_EN_DEF.pdf)
- Consolidated Quarterly Report at 31 March 2020:  
[https://www.gruppoiren.it/documents/21402/486245/Relazione+Trimestrale+Consolidata+31.03.2020\\_EN\\_Def.pdf](https://www.gruppoiren.it/documents/21402/486245/Relazione+Trimestrale+Consolidata+31.03.2020_EN_Def.pdf)

### **Cross-reference list**

The following tables show where the information incorporated by reference in this Supplement and in the Base Prospectus can be found in the above-mentioned documents. Information contained in those documents that is not listed below does not form part of this Supplement or the Base Prospectus and is either not relevant or covered elsewhere in this Supplement and/or in the Base Prospectus.

<b>Document / section</b>	<b>Page number(s)</b>
<b>Annual Report at 31 December 2019</b>	
<i>Directors' Report at 31 December 2019</i>	
Significant events of the period	25 – 28
Significant subsequent events after the reporting period and business outlook	51-52
<i>Consolidated Financial Statements and Notes to the Financial Statements at 31 December 2019</i>	
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<b>Consolidated Quarterly Report at 31 March 2020</b>	
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## **REGULATION**

*The section of the Base Prospectus entitled “Regulation” starting on page 139 is supplemented as set out in further detail below.*

### **Hydroelectric production**

*The following paragraph is added after the last paragraph of the sub-section headed “Hydroelectric production” on page 149:*

With regard to the implementation of the regulatory framework outlined above, it should be noted that ARERA, with resolution no. 490/2019/I/EEL of 26 November 2019, approved the preparatory guidelines for the issue of a non-binding opinion on the regional legal schemes regarding state property fees, which must be issued within 20 days from the date of receipt of said scheme (in the event that ARERA's instructions have been complied with) and within 40 days in other cases. In this respect, ARERA specified that:

- (i) the variable part of the state fee should be equal to a percentage, however defined by the Regions, of the sum of the products between the hourly quantity of electricity fed into the grid and the corresponding hourly zonal price recorded on the “Day Before Market” (MGP); and

- (ii) with reference to the free transfer of energy, its monetization should be preferred instead of its physical supply, based on the hourly zonal price recognized to the plant, to be determined as final balance, as the average of the hourly zonal prices formed on the MGP, weighted on the quantity of energy fed into the grid on an hourly basis.

### **Efficiency in the end use of energy - White Certificates - CAR incentives**

*The penultimate paragraph of the sub-section headed “Efficiency in the end use of energy - White Certificates - CAR incentives” on page 154 is deleted and replaced by the following:*

As a consequence of amendments introduced by Ministerial Decree of 10 May 2018 to Ministerial Decree of 11 January 2017, under Resolution 487/2018/R/efr, ARERA has updated the criteria for calculating the tariff contribution to cover the costs incurred by distributors subject to energy efficiency targets. In this respect, Resolution 487/2018/R/efr, together with the provisions of Decree 10 May 2018 that set a cap to the tariff contribution was annulled by the administrative tribunal of the Lombardy Region (T.A.R Lombardia) with judgment no. 2538/2019. In order to implement the judge's ruling, Arrera, with Resolution no. 529/2019/R/EFR of 10 December 2019, started a procedure aimed at reforming the tariff contribution regulations, which includes the document for consultation 47/2020/R/EFR of February 2020. ARERA is currently evaluating all the answers received by the operators.

### **Distribution**

*The seventh paragraph of the sub-section headed “Distribution” on pages 162 and 163 is deleted and replaced by the following:*

From the tariff point of view, by means of Resolution 570/2019/R/gas, ARERA approved the tariffs regulation for gas distribution and measurement systems for the 2020-2025 regulatory period (“RTDG”). In this respect, through resolution 128/2020, ARERA amended the definition of the different scope of gases (*Ambito gas diversi*) set forth in article 1, paragraph 1, of the RTDG and redefined a number of different gas options approved by Resolution No. 571/2019/R/gas. Furthermore, on 14 April 2020, ARERA, in the context of a material error correction warning, confirmed the application of a constant x-factor within the regulatory period.

### **LNG**

*The sub-section entitled “LNG” on pages 164 and 165 is deleted in its entirety.*

### **REMIT Regulation – Electricity and Gas**

*The following paragraph is added after the paragraph in the sub-section headed “REMIT Regulation – Electricity and Gas” on page 167:*

By means of Resolution 306/2019/R/eel ARERA, updated, for the three-year period 2020-22, ARERA's directives and guidelines for the preparation of plans for the commissioning of second-generation (2G) smart metering systems and defined the cost recognition mechanisms and penalties for failure to implement the plan, or for failure to meet the expected performance levels.

By means of Resolution 568/2019/R/eel, ARERA approved the tariff regulation of electricity supply, distribution and measurement services for the half regulatory period 2020-2023.

Through this resolution ARERA, *inter alia*:

- adopted the *Testo integrato delle disposizioni per l'erogazione dei servizi di trasmissione e distribuzione dell'energia elettrica per il NPR2 2020 - 2023 (TIT)*;
- adopted the *Testo integrato delle disposizioni per l'erogazione del servizio di misura*

*dell'energia elettrica per il NPR2 2020 – 2023 (TIME);*

- adopted the *Testo integrato delle disposizioni delle condizioni economiche per l'erogazione del servizio di connessione per il NPR2 2020 – 2023 (TIC)*.

Furthermore, through resolutions 574/2019, 8/2020 and 95/2020, ARERA has, respectively:

- updated the dispatching considerations for the year 2020;
- provided the modalities and timing for the submission of information for the annual update of transmission service tariffs for the regulatory period 2020 – 2023; and
- updated, from 1 April 2020, the tariff elements covering general system charges and additional tariff elements in the electricity and gas sectors.

### **Tariff method for the period 2016 – 2019**

*The sub-section headed “Tariff method for the period 2016 – 2019” on page 170 is deleted and replaced by the following:*

### **Tariff method for the period 2020 – 2023**

On 27 December 2019, the new tariff method was issued by means of resolution No. 580/2019/R/idr (the “**2020-2023 Tariff Method**” or “**MTI-3**”). The 2020-2023 Tariff Method defines the following service cost components:

- a. costs of fixed assets, understood as the sum of financial charges, tax charges and depreciation;
- b. operating costs, understood as the sum of endogenous operating costs, those that can be updated (relating to electricity, sludge disposal, wholesale supplies, charges relating to loans and fees paid to local authorities and other cost components) and operating costs relating to specific purposes;
- c. any advance for the financing of new investments (under strict requirements);
- d. environmental and resource costs, understood as the economic recovery from the reduction and/or alteration of the functionality of aquatic ecosystems, or the lack of opportunities (current and future) resulting from a given use of a scarce resource;
- e. adjustments, necessary for the recovery of costs approved and relating to previous years.

The guiding principles of the MTI-3 for the period 2020-2023 are:

- (i) overcoming the so-called *Water Service Divide*;
- (ii) increasing the efficiency of operating costs and management;
- (iii) environmental sustainability;
- (iv) increasing citizens' awareness of their habits and their impact on the environment.

### **The Waste Framework Directive**

*The last paragraph of the sub-section headed “The Waste Framework Directive” on page 171 is deleted and replaced by the following:*

In addition, it is important to highlight that a new package of European Directives (No. 2018/849, 2018/850, 2018/851 and 2018/852) regarding waste management and disposal came into force on 4 July 2018. Italy, in common with all EU Member States, must implement them by 5 July 2020. In this

respect, Law no. 117 of 4 October 2019 delegated the Italian Government to transpose the new package of European Directives into Italian law.

### **Environmental Code approach to waste**

*The last paragraph of the sub-section headed “Environmental Code approach to waste” on page 176 is deleted and replaced by the following:*

However, as mentioned above, a new package of European Directives (No. 2018/849, 2018/850, 2018/851 and 2018/852) regarding waste management and disposal came into force on 4 July 2018 and Italy, in common with all EU Member States, must implement them by 5 July 2020. In this respect, Law no. 117 of 4 October 2019 delegated the Italian Government to transpose the new package of European Directives into Italian law.

*The following text is added at the end of the sub-section entitled “The 2018 budget Law and the ARERA”, immediately after the last paragraph at the bottom of page 181:*

### **Special measures adopted by ARERA following the COVID-19 pandemic**

ARERA, through resolution no. 60/2020/R/com, provided that the procedures for suspending the supply of electricity, natural gas and water due to customer/end user non-payment, as well as the contractual clauses relating to the suspension/discontinuation of the supply of non-natural-gas distributed through the urban network, do not apply with reference to the entire period of effectiveness of the Prime Ministerial Decree of 9 March 2020, between 10 March and 3 April 2020. The same resolution also provides for the establishment within the “Cassa per i servizi energetici ambientali” of a specific management account in relation to the extraordinary needs of immediate availability of financial resources to guarantee the sustainability of interventions in favour of electricity, gas and water services end-users.

### **TAXATION**

*The section of the Base Prospectus entitled “Taxation” starting on page 182 is supplemented as set out in further detail below.*

#### **Italian resident Noteholders**

*The third paragraph of the sub-section headed “Italian resident Noteholders” on page 183 is deleted and replaced by the following:*

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

*The seventh paragraph of the sub-section headed “Italian resident Noteholders” on page 184 is deleted and replaced by the following:*

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005 – “**Decree 252**”) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an ad hoc 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are

included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

### **Capital Gains Tax - Italian resident Noteholders**

*The seventh paragraph of the sub-section headed "Italian resident Noteholders" on page 186 is deleted and replaced by the following:*

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

*The last paragraph of the sub-section headed "Italian resident Noteholders" on page 187 is deleted and replaced by the following:*

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of Decree 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017, Article 1 (211-215) of the Finance Act 2019 or Article 13-*bis* of the Finance Act 2020.

### **Wealth tax on Notes deposited abroad**

*The first paragraph of the sub-section headed "Wealth tax on Notes deposited abroad" on page 189 is deleted and replaced by the following:*

Pursuant to Article 19(18-23) of Decree 201, Italian resident individuals, non-commercial entities and certain partnerships including *società semplici* or similar partnerships pursuant to article 5 of Decree 917 holding the Notes outside Italian territory are required to pay an additional tax at a rate of 0.20 per cent. The maximum amount due is set at €14,000 for Noteholders other than individuals.

### **GENERAL INFORMATION**

*In the section of the Base Prospectus entitled "General Information", the sub-section headed "Significant/Material Change" on page 193 is deleted and replaced by the following:*

#### **Significant/Material Change**

Since 31 December 2019, there has been no material adverse change in the prospects of the Issuer and, since 31 March 2020, there has been no significant change in the financial or trading position of the Group.