

# Report on Remuneration Policy 2022 and Compensation Paid 2021

## Approved by the Board of Directors on 28 April 2022

The Report is available in the sections "Investors – Corporate Governance – Shareholders' Meeting" and "Investors – Corporate Governance – Remuneration Policy" of the Company's website ([www.gruppoiren.it](http://www.gruppoiren.it)).

**This is a translation of the Italian original “Relazione sulla Politica in materia di Remunerazione 2022 e sui compensi corrisposti 2021” and has been prepared solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail. The Italian original is available at the website [www.gruppoiren.it](http://www.gruppoiren.it)**

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Letter from the Chairperson of the  
Remuneration and Appointments Committee



## Letter from the Chairperson of the Remuneration and Appointments Committee

Dear Shareholders,

As the Chairperson of the Remuneration and Appointments Committee for IREN, I am pleased to present you with the Report on Remuneration Policy 2022 and Compensation Paid 2021 for the IREN Group, together with Directors Francesca Grasselli and Maurizio Irrera.

As occurred the previous years, based on your appreciation of the same, this Report begins with an Executive Summary, with the aim of confirming, maintaining and rendering stable the constructive “dialogue” we have established with all Shareholders and, more generally, all stakeholders of the IREN Group.

The document consists of two Sections: i) Section One “Remuneration Policy 2022”, which describes the main guidelines in our approach to remuneration and incentive systems for 2022 and; ii) Section Two “Compensation and other Information Relative to 2021”, which provides details on compensation paid during the previous year.

The positive results achieved by the Group in 2021, highlight the effectiveness of both the business model and the variable remuneration systems, even in the face of the uncertain economic context.

The Business Plan at 2030 approved in November 2021, in its 10-year duration, expresses a series of strategic choices driven by the desire to grow as a Group and to take on the responsibility of being a stimulus and engine of sustainable development for territories and communities.

The Remuneration and Appointments Committee's efforts have been aimed at formulating clear, effective and transparent remuneration policies, which are a key tool for achieving strategic objectives and creating long-term value in the interests of all Shareholders.

Moreover, when defining the remuneration policies, account was taken of the expiry of the Board mandate with the approval of the financial statements as at 31 December 2021.

The main changes contained in Section One of the Remuneration Report concern the variable components of short- and long-term remuneration, with a commitment to a gradual adjustment to the median of the reference remuneration market for the fixed component of the remuneration of the Group's Senior Executives with Strategic Responsibilities.

More specifically, with regard to the short-term variable remuneration component, in line with the aforementioned Business Plan objectives, a further increase in the weight of ESG (Environment, Social, Governance) objectives is envisaged, as well as the inclusion, among the project objectives, of business

initiatives aimed at achieving medium/long-term ESG objectives.

The variable component of long-term remuneration was confirmed with the adoption of a new Long-Term Monetary Incentive Plan for the three-year period 2022-2024, the one previously launched having come to an end. Also within the scope of this Plan, which has evolved with respect to the past, ESG targets are to be included among the objectives, which were previously only a corrective factor.

The Plan will be intended for company resources that contribute and may contribute significantly to achieving the objectives of the Business Plan, including IREN Group Senior Executives with Strategic Responsibilities as well as Directors holding special offices in the Company who will be appointed by the competent bodies for the three-year period 2022-2024. It is also the Group's intention to maintain the long-term incentive tool for the entire duration of the Business Plan, with a sequential succession of closed, monetary plans, subject to Regulations to be reviewed at the beginning of each three-year period.

More generally, among the main changes to the remuneration policy, always in line with the challenges of the new Business Plan and considering their remuneration positioning compared to the market reference, a gradual adjustment to the median will be made for the Group's Senior Executives with Strategic Responsibilities, taking into account the specific individual positioning.

Moreover, as part of the remuneration policy, an invitation is made to the Shareholders' Meeting - called to vote on Section One of this Report - to assess the advisability of reviewing the amount of the remuneration of the Directors and, in general, the total amount for the remuneration of the entire Board, with particular regard to fixed remuneration and the remuneration for participation in Board Committees.

Finally, in Section Two of this Report, disclosure has been strengthened, especially with regard to the financial and non-financial objectives of the incentive schemes, in relation to the expectations of the market, institutional investors and proxy advisors.

The Committee, after approval by the Board of Directors, presents the Report on the Remuneration Policy 2022 and Compensation Paid in 2021 to the Shareholders, which are called upon to express their opinion through a binding vote on Section One and a consulting vote on Section Two, with the hope of having clearly represented the Group's remuneration system and its contribution to generating value for all stakeholders.

The policy will be concretely implemented during FY 2022 - following the Shareholders' Meeting and the renewal of the Board's term of office - by both the new Board of Directors and the competent Delegated Bodies, in compliance with what will

be established by the Shareholders during the Shareholders' Meeting that will renew the administrative body, in the exercise of their prerogatives (i) with regard to both the appointment of Directors and of those holding top positions (ii) and with regard to the remuneration of Directors and Directors holding specific offices, who will be appointed for the next three-year period.

Lastly, it should be noted that, in the course of 2021, there were significant changes in the Group's management structure, including that of the Chief Executive Officer and General Manager and that of the Director of Administration, Finance and Control, and that these changes were managed in

compliance with the policies and instruments already approved, in compliance with the regulations and commitments to Shareholders.

This Committee—therefore takes leave, having concluded its three-year mandate, during which the contributions of all its members have grown exponentially, in terms of professionalism and cohesion achieved.

To you, the Shareholders, I extend the Committee's and the Company's thanks for your attention and time in reading our 2022 Policy, confident in your appreciation.

23 April 2022

Pietro Paolo Giampellegrini

Chairperson of the Remuneration and Appointments Committee

# Introduction

## Regulatory references, purposes and structure

This Report, approved by the Board of Directors of IREN S.p.A. (hereafter “IREN” or the “Company”) on 28 April 2022, based on a proposal by the Remuneration and Appointments Committee (hereafter, also “RAC”)<sup>1</sup>, was created in observance and application of the current legal and regulatory requirements<sup>2</sup>.

The Report illustrates, in a clear and understandable manner:

- in Section One<sup>3</sup>, the Remuneration Policy adopted for 2022 by IREN for the remuneration of the Company's Directors and the IREN Group's Senior Executives with Strategic Responsibilities<sup>4</sup> (hereafter, also “SESR”) and, without prejudice to that established in article 2402 of the Italian Civil Code, the members of the Company's Board of Statutory Auditors, specifying the general purposes pursued, the bodies/entities involved, the method in which it contributes to the corporate strategy and the pursuit of the Company's long-term interests and sustainability, and the procedures used to adopt and implement the Policy, as well as changes which have occurred with regards to 2021;
- in Section Two, the compensation paid in 2021 to the Directors and Auditors, by name, and to IREN Group Senior Executives with Strategic Responsibilities, in aggregate form, as well as the shareholdings in IREN held by members of the administration and control bodies and by other SESR, as well as non-legally separated partners and minor children, directly or through subsidiaries, trust companies or third parties.

The Policy illustrated in Section One of this Report has also been adopted by the Company, as established in Consob Regulation 17221/2010, as amended, on related party transactions, also in accordance with and pursuant to article 6, letter (f) of IREN's Related Party Transaction Procedure, most recently updated by the Company's Board of Directors on 28 June 2021, effective 1 July 2021 (hereafter, the “RPT Procedure”).

It assumes, as general reference guidelines for remuneration policies, the principles and Recommendations expressed in article 5 of the current Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee in January 2020 and effective as of 1 January 2021 (hereinafter also the “Corporate Governance Code” or “Code”), to which the Company adhered on 18 December 2020.

The Report on the 2022 Remuneration Policy and on Compensation Paid provides information intended to increase the knowledge and awareness of Shareholders and, more generally of investors and the market, as well as CONSOB. When preparing this Report, the Board of Directors and the Company's Remuneration and Appointments Committee took into account the recommendations received in December 2021 from the Chairperson of the Italian Corporate Governance Committee.

The two sections of the Report are preceded by a summary of the main information (“Executive Summary”), in order to provide the market and investors with an immediate overview of the key elements contained in the Guidelines for the remuneration policies for Directors and Auditors of IREN and Senior Executives with Strategic Responsibilities for the Group in 2022 (“Guidelines” or “2022 Guidelines”).

The text of this Report is made available to the public at the Company's registered offices, on the Company's website<sup>5</sup>, on the storage website 1Info and on that of Borsa Italiana by the twenty-first day prior to the date of the Shareholders' Meeting called to approve the financial statements for financial year 2021, and asked to

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<sup>1</sup> In addition to the Remuneration and Appointments Committee, the Control, Risk and Sustainability Committee also carried out the preliminary investigation for the parts under its responsibility. The Board of Statutory Auditors has been heard only with regard to the sections concerning the related remuneration.

<sup>2</sup> Article 123-ter of Legislative Decree no. 58/98 and subsequent amendments and additions. (“Consolidated Law on Finance”), article 84-quater of the Consob Issuers' Regulation, adopted with resolution no. 11971/99 and subsequent amendments and additions. (“Consob Issuers' Regulation”) and Annex 3A - Schedules 7-bis and 7-ter Consob Regulation, as amended by Consob with Resolution no. 21623 of 11 December 2020 in order to implement Directive (EU) 2017/828 on the encouragement of long-term Shareholder engagement (“SRD II”).

<sup>3</sup> Article 123-ter, paragraph 3, letters a) and b), Consolidated Law on Finance.

<sup>4</sup> The Chief Executive Officer of the Company has identified (and indicated to the Remuneration and Appointments Committee) as Senior Executives with Strategic Responsibilities of the IREN Group the persons disclosed in compliance with Annex 1 of the Consob Regulation adopted by Resolution no. 17221 of 12 March 2010 and subsequent amendments and additions, within the meaning of IAS 24. More specifically, at the date of this Report, with the exception of the Directors (executive or otherwise) and the Standing Auditors, these are the Directors of the Energy, Market, Networks and Environment Business Units, the Director of Administration, Finance and Control, the Director of Personnel and Organisation, the Director of Information Technology and Systems and the Director of Procurement, Logistics and Services of IREN.

<sup>5</sup> [www.gruppoiner.it](http://www.gruppoiner.it), Investors – Corporate Governance – Shareholders' Meeting section.

express itself, through a binding vote, on Section One and, through a consulting vote, on Section Two of this Report, based on that established in the current regulations.<sup>6</sup>

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<sup>6</sup> Article 123-ter, respectively paragraph 3-ter and paragraph 6, Consolidated Law on Finance.



## *Executive Summary*

# Executive Summary

## Overview

### Remuneration Policy 2022

| Component                                 | Purpose and characteristics  | Criteria and parameters   | Recipients/Gross annual amounts   |
|---|--|---|---|
| <b>Fixed remuneration</b>                 | Reflect the technical, professional and managerial skills and complexities and responsibilities of the role  | Definition of the remuneration positioning assesses both the evolution of the organisation and market benchmarks carried out  | <b>IREN Chief Executive Officer/General Manager</b><br>457,000 Euro, of which: <ul style="list-style-type: none"> <li>• 400,000 Euro Gross Annual Remuneration (of which 50,000 Euro related to the assignment)</li> <li>• 57,000 Euro for the position of Chief Executive Officer<sup>7</sup></li> </ul> <b>IREN Group Senior Executives with Strategic Responsibilities</b><br>Salary determined based on the complexity and responsibilities of the role performed and the skills required, to be gradually aligned to market median |
| <b>Short-Term Incentive Plan 2022</b>     | <ul style="list-style-type: none"> <li>• Recognise and reward the achievement of annual objectives assigned</li> <li>• Focus performance on achieving company objectives</li> </ul> (Plan subject to malus and clawback clauses) | <b>Gate:</b> maintain Investment Grade status<br><b>2022 Objectives</b><br><b>IREN Chief Executive Officer/General Manager</b> <ol style="list-style-type: none"> <li>1. Group net investments (weight: 20%)</li> <li>2. Group IFN/EBITDA (weight: 20%)</li> <li>3. Group strategic projects (weight: 30%)</li> <li>4. Relationship with stakeholders, sustainability, environmental issues, governance (ESG) (weight: 30%)</li> </ol> <b>IREN Group Senior Executives with Strategic Responsibilities</b> <ol style="list-style-type: none"> <li>1. Economic-financial objectives (weight: 40%)</li> <li>2. Group strategic projects or connected to individual Business Units (weight: 30%)</li> <li>3. Relationship with stakeholders, sustainability, environmental issues, governance (ESG) (weight: 30%)</li> </ol> <b>Assessment of Objectives</b> <ul style="list-style-type: none"> <li>- Average achievement threshold for objectives: ≥ 70% of the individual form</li> <li>- Minimum threshold for individual objective: 60% (target=100%)</li> <li>- Group corrective factor: multiplier/demultiplier of individual results</li> </ul> | <b>IREN Chief Executive Officer/General Manager</b><br>35% of the Gross Annual Remuneration (target value)<br><b>IREN Group Senior Executives with Strategic Responsibilities</b><br>36.2% of the Gross Annual Remuneration (average target value)  |
| <b>Long-Term Incentive Plan 2022-2024</b> | Promote the creation of Shareholder value, with a view to long-term sustainability<br>(Plan subject to malus and clawback clauses)   | <b>Gate:</b> maintain Investment Grade status<br><b>Objectives</b> <ol style="list-style-type: none"> <li>1. Cumulative EBITDA 2022-2024 (weight: 35%)</li> <li>2. Cumulative Operating Cash Flow Levered 2022-2024 (weight: 20%)</li> <li>3. Cumulative Investments 2022-2024 (weight: 20%)</li> <li>4. Sustainability/ESG Objectives (weight: 25%)</li> </ol> <b>Assessment of Objectives</b> <ul style="list-style-type: none"> <li>- Minimum threshold for each objective i) economic-financial: 90% (defined target) ii) sustainability/ESG: 70% (defined target)</li> <li>- Closed plan with three year vesting and 6 months deferral payment</li> </ul>  | <b>Chairperson/Chief Executive Officer/Deputy Chairperson of IREN</b><br>Target bonus to be defined after the Meeting<br><b>General Manager of IREN</b><br>100% of Gross Annual Remuneration (target value and maximum over the three-year period) <sup>8</sup><br><b>IREN Group Senior Executives with Strategic Responsibilities</b><br>100% of Gross Annual Remuneration (target value and maximum over the three-year period)   |

<sup>7</sup> This is subject to any changes when appointing a new Board of Directors for the three-year term 2022-2024.

<sup>8</sup> For Chief Executive Officer, this is subject to any changes when appointing a new Board of Directors for the three-year term 2022-2024.

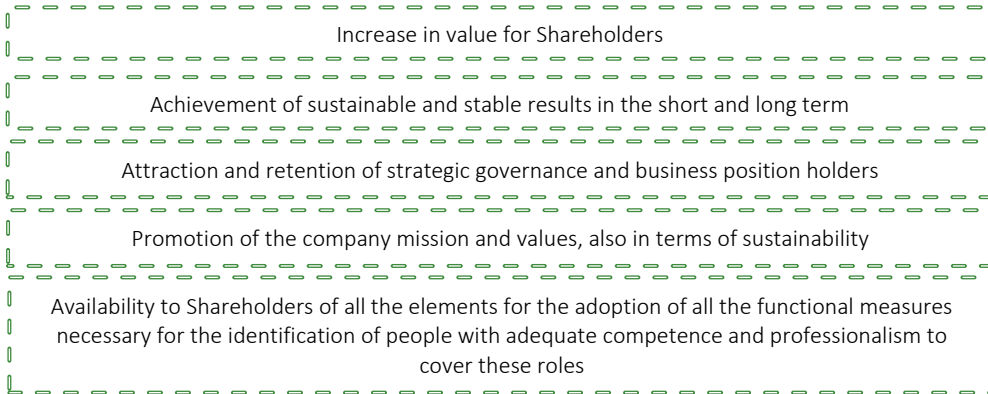
|  |   |  |   |
|--|---|--|---|
| <b>Non-monetary benefits</b>                           | Promote the retention of management resources | Benefits mainly of an insurance and social security nature, defined through the national collective labour contract and reference company policies | Social security plans; Insurance and healthcare plans; Company car; Housing.  |
| <b>Compensation at end of term and/or relationship</b> | Protect the interests of the Company          | Indemnity in cases of non-renewal/revocation without just cause prior to the end of the Director's terms and/or other duties                       | <p><b>IREN Chief Executive Officer/General Manager:</b></p> <p><b>Specific discipline</b>, with measures to protect the Company, in case of <b>revocation without just cause</b>, prior to expiry of the proxies</p> <p><b>No agreements</b> pursuant to article 2125 of the Italian Civil Code signed.</p> |

## Goals, principles and governance for the IREN Group Remuneration Policy

### Goals and Principles

The Remuneration Policy adopted by IREN represents an indispensable tool to support the Group's medium and long term strategies, as well as the Company's sustainability. In fact, the incentive capacity of the systems is always determined in line with the Group's strategic objectives, with attention also paid to aspects of corporate social responsibility.

The Group's remuneration policies for 2022 have been determined in order to guarantee the following goals:



### Governance

The IREN Group has established a governance process, which involves both the company bodies and parts of company management, in order to govern the activities used to define, implement and manage remuneration policies.

### Correlation between strategy, sustainability, and remuneration policies

The growth strategy of the new Business Plan launched by IREN in 2021 is consistent with the main trends already identified in previous business plans and confirmed in the current one, with the aim of becoming a leading operator in sustainability with a particular focus, with medium and long-term objectives, on the areas of decarbonisation, circular economy, water resources, resilient cities and people.

In this context, IREN's remuneration policy is a fundamentally important element in ensuring the pursuit of the strategic objectives of business sustainability and guarantee an increase in Shareholder value in the medium to long term, in line with the 2030 Business Plan.



### Entities involved in the process

- Shareholders' Meeting
- Board of Directors
- Chief Executive Officer and General Manager
- Remuneration and Appointments Committee (RAC)
- Board of Statutory Auditors
- Independent Auditors
- Company Management



## Remuneration Policy 2022

### Recipients

The policy, in addition to illustrating the criteria used to determine compensation due to non-executive Directors, members of the Board of Statutory Auditors and members of internal IREN Board of Directors committees of a fixed nature, also establishes Guidelines, also in terms of pay-mix, for:

|  |   |
|--|---|
| Chief Executive Officer and General Manager ("CEO/GM") | Senior Executives with Strategic Responsibilities |
|  | Director of the Environment Business Unit         |
|  | Director of the Energy Business Unit              |
|  | Director of the Market Business Unit              |
|  | Director of the Networks Business Unit            |
|  | Director of Administration, Finance and Control   |
|  | Director of Personnel and Organisation            |
|  | Director of Technologies and Information Systems  |
|  | Director of Procurement, Logistics and Services   |

Also targeted by the policy, with respect to long-term variable incentives, are the Chairperson and Deputy Chairperson, as they are Executive Bodies of the Company.

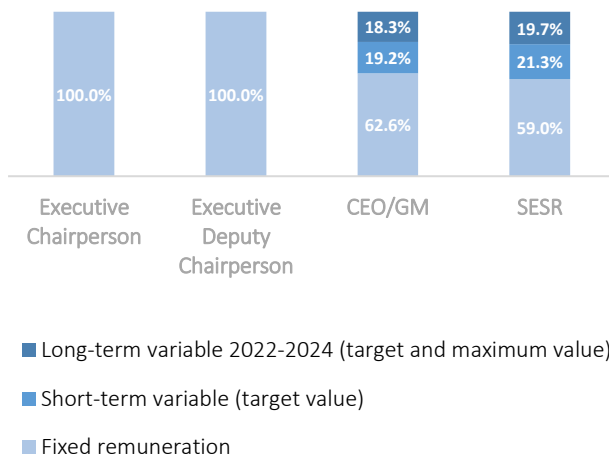
### What the Remuneration Policy 2022 includes

Variable incentive plans with financial and non-financial objectives, pre-established and measurable, in line with the Group's Business Plan.  
 Beneficiaries are motivated to pursue strategic objectives, rewarding a performance culture and virtuous behaviours established to achieve the objectives.  
 Pay-mix aligned with market practices.  
 Periods for the maturation of long-term incentives of no less than 3 years.  
 Clawbacks in the case of error, malfeasance or negligence or intentional violations of laws and/or regulations.  
 Option to waive the remuneration policy limited to "exceptional circumstances", meaning those situations where the waiver is necessary in order to pursue the long-term interests and sustainability of the Company.

### What the Remuneration Policy 2022 does not include

No remuneration levels exceeding market references.  
 No form of incentive not associated with the achievement of assigned objectives and without retention purposes.  
 No form of variable remuneration for non-executive Directors.  
 No form of extraordinary incentive for the Chief Executive Officer and General Manager, nor for the other Executive Directors and Senior Executives with Strategic Responsibilities of the Group.  
 No benefits of excessive value.

### Pay-Mix 2022



The graph shows the overall pay-mix for the IREN Chief Executive Officer and General Manager and that for the IREN Group Senior Executives with Strategic Responsibilities on the basis of: (i) target bonuses established as part of the short-term incentive system, pursuant to the 2022 Guidelines and (ii) the annual portion of the target bonus included in the 2022-2024 Long-Term Monetary Incentive Plan (hereafter, also "2022-2024 LTI Plan"). The above without prejudice to any changes in remuneration when appointing the new Board of Directors. With regard to IREN's Executive Bodies, moreover, taking into account the expiry of the term of office of the current Board of Directors of the Company with the approval of the financial statements for the year ended 31 December 2021, the conditions

for participation in the 2022-2024 LTI Plan will be formalised by the Board of Directors that will take office following the Shareholders' Meeting to be held in June 2022 and the monetary incentive achievable at the end of the period, in the event of 100% achievement of the Targets, will be defined by the aforementioned Board of Directors.

### Fixed remuneration

With regards to **non-executive Directors**, fixed remuneration for the position was set at 23,000 Euro per year (in addition to reimbursement of expenses sustained for the position) by the Shareholders' Meeting on 22 May 2019, which appointed the administrative body for the three year period 2019-2021.

With regards to **Members of Board Committees** appointed for the three year period 2019-2021, fixed remuneration, in addition to that received for the role of Director, was established by the Company's Board of Directors, in respect of the caps established by the Shareholders' Meeting, at 11,000 Euro for the Chairperson and at 5,850 Euro for each Committee member.

In line with the recommendations set out in the December 2021 letter from the Chairperson of the Italian Corporate Governance Committee as well as Recommendation no. 29 of the Code, pursuant to which "The remuneration of non-

*executive directors is adequate to the competence, professionalism and commitment required by their role within the board of directors and its committees; this remuneration is not related to financial performance objectives, except for a non-significant part", during 2021, the Remuneration and Appointments Committee carried out a study - with the support of the independent advisor The European House - Ambrosetti - on the remuneration positioning of both the Company's non-executive Directors and the members of the Board Committees. The result of said study - which was the subject of a specific report to the Board of Directors during the meeting held on 25 March 2021 and whose results were reported in the previous Report approved by the Meeting held 6 May 2021 - shows that the remuneration for the above-mentioned offices is aligned around or below the first decile of the market considered, also taking into account the hourly fee based on the time spent in Board and Committee meetings.*

In light of the above, following up on what has already been reported to the Shareholders' Meeting of 6 May 2021, it is confirmed that it would be advisable to submit to the assessment of the Shareholders' Meeting, which will soon be called upon to elect the Company's new administrative body and establish its remuneration, also in terms of overall cap, pursuant to article 21 of the Bylaws, to reconsider the amount of remuneration of Board Members and in general, the total amount for the remuneration of the entire Board (including also the amounts for Directors holding special offices and for Board Committees).

With regard to the **Board of Statutory Auditors**, no changes are envisaged for 2022, the second year of the Board's term of office (appointed by the Shareholders' Meeting on 6 May 2021 for the three-year period 2021-2023).

With regards to **Directors with special offices** in office (Chairperson, Deputy Chairperson, Chief Executive Officer), fixed remuneration for the positions held was established by the Company's Board of Directors, in compliance with the caps established by the Shareholders' Meeting, at 150,000 Euro for the Chairperson, 40,000 Euro for the Deputy Chairperson and 57,000 Euro for the Chief Executive Officer, with no change from the previous term.

In view of the renewal of the Board's term of office with the approval of the financial statements as at 31 December 2021, any decision in this regard is referred to the Board of Directors that will be appointed for the three-year period 2022-2024, within the limits that will be established by the Shareholders' Meeting pursuant to article 21 of the Articles of Association.

For the **Company's Chief Executive Officer and General Manager** in office as well as for the **IREN Group's Senior Executives with Strategic Responsibilities**, the fixed component of their respective remuneration, established for executive level relationships with the Company, has the objective of being commensurate with the skills, responsibilities and potential for growth for professions of the greatest importance and which are more difficult to find on the job market, to retain and motivate individuals with professional qualities needed to successfully manage the Company.

In previous years, the Company's Remuneration and Appointments Committee examined benchmark analyses carried out with the support of advisors with reference to the remuneration of executive roles, an analysis that highlighted a general positioning of the aforementioned subjects in the low range of reference remuneration market, or rather the first quartile (with an overall average differential exceeding -23%).

Taking into account the above, as regards the **Chief Executive Officer and General Manager** of IREN in office, co-opted as Director on 29 May 2021 and appointed on the same date as Chief Executive Officer and General Manager, after preliminary investigation by the Remuneration and Appointments Committee, the Board of Directors of the Company, in examining the economic-contractual conditions of the executive fixed-term employment relationship with the Company, lasting from 8 June 2021 to 31 May 2025, established the respective Gross Annual Remuneration at 400,000 Euro, in lieu of any different remuneration treatment provided for by any collective source of regulation of the employment relationship.

As a result of the above, the weight of the fixed components of the remuneration of the Chief Executive Officer and General Manager of IREN (including the remuneration for the particular position pursuant to article 2389, paragraph 3, of the Italian Civil Code) is equal to 63% of the total remuneration (59.4% calculated with reference to the weight of the fixed components of the remuneration package of the General Manager).

For 2022, taking into account the expiry of the term of office of the current Board of Directors with the approval of the financial statements as at 31 December 2021, the decision in this regard is referred to the administrative body that will be appointed for the three-year period 2022-2024, also having regard to any indications that will be expressed by the public Shareholders with reference to the holders of positions that they have designated pursuant to the Shareholders' agreements in force.

With regard to the **IREN Group's Senior Executives with Strategic Responsibilities**, on the proposal of the Chief Executive Officer and General Manager of IREN, when defining the remuneration policy, the Board of Directors agreed on the need to make a gradual adjustment to the established market target (median of the reference remuneration market chosen in the so-called "restricted industry panel"), overcoming the remuneration positioning at the lower end of the market that has been reported for some time.

## Variable remuneration

Among the members of the IREN Board of Directors, currently, only the Company's Chief Executive Officer and General Manager is the recipient of incentive plans linked to the achievement of specific performance objectives, also of a non-economic nature. All individuals classifiable as IREN Group Senior Executives with Strategic Responsibilities are also beneficiaries of these plans.

For these individuals, the variable component in remuneration is intended to push employees to achieve short and medium/long-term objectives, recognising the value of individual and collective contributions.

As far as long-term variable incentives are concerned, given that the recently approved 2021-2030 Business Plan is decidedly innovative compared to the past and highly challenging in its strategic objectives, it is considered appropriate that, in addition to the IREN Group's Senior Executives with Strategic Responsibilities, all Directors holding special offices who will be appointed for the three-year period 2022-2024 should also be beneficiaries<sup>9</sup>. In fact, the main targets of the new Business Plan can be traced back to the matters covered by the powers delegated to the executive directors who, in exercising these powers, will be able to contribute effectively to the implementation of the Business Plan and to the development of the Group with a view to sustainability for the territories and communities.

## Variable Incentives 2022

When the 2022 Guidelines were approved, the **target incentive** was established:

- as for the **Chief Executive Officer and General Manager of IREN**, in an amount equal to 35% of the Gross Annual Remuneration<sup>10</sup> as General Manager;
- at 36.2% of Gross Annual Remuneration, on average, for **IREN Group Senior Executives with Strategic Responsibilities**.

2022 short-term variable incentives for the Chief Executive Officer and General Manager  
Performance Indicators, Weights and Measurement Methods

| <i>Key Performance Indicators</i>         | <i>Weight</i> | <i>Measurement</i>      |
|---|---------------|-------------------------|
| Group net investments (90% budget=target) | 20%           | Linear, with thresholds |
| Group NFD/EBITDA (budget = target)        | 20%           | Linear, with thresholds |
| Group strategic projects                  | 30%           | Linear, with thresholds |
| ESG objective targets                     | 30%           | Linear, with thresholds |

As recommended by IREN's Board of Directors and confirmed by best practices, objectives relating to stakeholder relations, sustainability, environmental issues and governance (ESG) have been maintained for 2022, assigning them greater weight than in the past.

|                             |   |
|-----------------------------|---|
| Circular economy            | Increased separate collection in historical areas |
| Decarbonisation             | Increase in installed renewable power             |
| Water resources             | Reduction of losses in aqueduct networks          |
| Workplace Health and Safety | Improvement of accident trends                    |
| Gender Diversity            | Maintain or increase the % of women               |

For IREN Group Senior Executives with Strategic Responsibilities, the objective forms were determined on the basis of the structure established for the IREN Chief Executive Officer and General Manager, differentiated by the Business Area or department managed. All are envisaged for one or more objectives on significant economic-financial items for which the Executive has direct responsibility, one or more objectives connected to sustainability, service quality or innovation projects (transversal or specific) as well as an objective relating to the relationship with stakeholders or ESG issues with reference to the issues of:

<sup>9</sup> With regard to these persons, considering the upcoming expiry of their appointments with the approval of the financial statements for the year 2021 and considering the prerogatives of the Shareholders concerning the total amounts for the remuneration of all Directors, including those vested with special offices, the conditions of adhesion will be formalised by the Board of Directors that will take office after the Shareholders' Meeting to be held in June 2022.

<sup>10</sup> Taking into account the expiry of the term of office of the current Board of Directors with the approval of the financial statements as at 31 December 2021, the confirmation in this regard is referred to the administrative body that will be appointed for the three-year period 2022-2024, also having regard to any indications that will be expressed by the public Shareholders with reference to the holders of positions that they have designated pursuant to the Shareholders' agreements in force.



|   |  |
|---|--|
| <p>Decarbonisation</p> <p>Installed renewable power.<br/>Certified renewable electricity purchased.</p>   | <p>Water resources</p> <p>Aqueduct network losses.<br/>District aqueduct networks.</p>   |
| <p>Circular economy</p> <p>Separate collection in historical territories.<br/>Waste for material recovery in Group facilities.<br/>Production of biomethane from biodegradable waste.</p>                                 | <p>Customer Care</p> <p>Claims.<br/>Frequency and duration of power grid interruptions.<br/>Gas network adaptation.<br/>Interruptions to the integrated water service.<br/>Churn customers market.<br/>Installed smart meters.</p> |
| <p>Resilient cities</p> <p>Connection of district heating volumes.<br/>Eco-vehicles out of the total corporate fleet.<br/>Energy saving from Group products/services.<br/>Green electricity sold to retail customers.</p> | <p>Attention to staff</p> <p>Improvement of accident trends (incidence index).<br/>Hours of training per capita on average number of employees.<br/>Hires under 30 on total hires.</p>   |
|   | <p>Gender Diversity</p> <p>% Gender Diversity.<br/>% women executives and middle managers out of total executives and middle managers.</p>   |

Objectives relative to stakeholder relations and sustainability are, among other things, closely linked to those established in the Long-Term Incentive Plan, demonstrating the systematic attention paid to these issues by the Group.

#### Main changes 2022 / 2021

| Indicator | 2021  | 2022   |
|-----------|---|--|
| ESG       | KPIs linked to ESG/Relation with Stakeholders | Only KPIs linked to ESG foreseen in the Business Plan@2030 |
| Eco-fin   | Investments, EBITDA BU, Opex                  | =  |
| Projects  | Integration, optimisation, digitalisation     | Sustainability, Service Quality, Innovation                |
| Gate      | Maintenance Investment Grade                  | =  |
| K factor  | EBITDA; OCF Levered                           | =  |

Maintained also for 2022,

- a minimum threshold of overall average achievement of individual objectives greater than and/or equal to 70% of the individual scorecard;
- a minimum threshold for each Performance Indicator (with a predetermined target, in line with budget values) of 60% of the objective result (below which, the result is considered to be zero), with maximum threshold of 100% of the objective (target value).
- a "gate" linked to the maintenance of the investment grade rating by one of the two major rating agencies;
- at Group level (or- for the Networks Business Unit, in line with the provisions of the Integrated Text of functional unbundling- of the Business Unit), a corrective factor of individual results (linked to the EBITDA and Operating Cash Flow Levered indicators) to keep account and incentivise the creation of value by the Group with respect to the planned targets;
- in line with the recommendations of Recommendation no. 27 lett. (e) of the Code, contractual arrangements (*malus* and claw-back clauses) that allow the company to request the restitution, in whole or in part, of variable components of the remuneration payable or already paid upon the occurrence of certain conditions (hereinafter also "Trigger Events") within 3 (three) years from the end of the accrual period of the bonus.

In order to better guarantee verification of results achieved, again in 2022 it is established that the disbursement of short-term variable remuneration to these individuals will be deferred for 3 (three) months from the date the final figures are determined by the relevant bodies.

### Long-term variable remuneration

The 2022-2024 LTI Plan was approved by the Board of Directors on 28 April, developing, also within the scope of the specific Regulations, the objectives and macro-drivers already approved on 29 March 2022.

Consistent with its predecessors, the 2022-2024 LTI Plan provides for the vesting of a monetary bonus based on three-year 2022-2024 performance.

The 2022-2024 LTI Plan has among its recipients:

- the Directors holding special offices of IREN S.p.A. (Executive Chairperson; Executive Deputy Chairperson; Chief Executive Officer);
- IREN Group Senior Executives with Strategic Responsibilities;
- additional top-level resources capable of making a significant contribution to the achievement of the Business Plan's objectives, which will be subject to precise identification by the Chief Executive Officer and General Manager.

The inclusion, in addition to the Chief Executive Officer and General Manager, of the Chairperson and the Deputy Chairperson, was deemed appropriate in view of the fact that the recently approved 2021-2030 Business Plan is decidedly innovative compared to the past, as well as highly challenging in terms of its strategic objectives, assuming a strong involvement of all the Directors holding particular offices, since the targets of said Business Plan can be traced back to the subjects covered by the powers delegated to the aforesaid executive directors.

With reference to IREN's General Manager, the maximum monetary incentive achievable at the end of the period was set at 100% of Gross Annual Remuneration, in the event that 100% of the Targets are reached. The above without prejudice to any changes when appointing the new Board of Directors.

With regard to the Chairperson, Chief Executive Officer and Deputy Chairperson of IREN, the target and maximum monetary incentive achievable at the end of the period, in the event that 100% of the Targets are reached, will be defined by the Board of Directors that will take office after the aforesaid Shareholders' Meeting, within the framework of the resolutions passed by the Meeting itself.

With reference to the Group's Senior Executives with Strategic Responsibilities, the maximum monetary incentive was set at 100% of the individual Gross Annual Remuneration calculated as of 1 January 2022, without prejudice to new hires during the 2022 financial year (taking into account the definition of the time horizon of the 2022-2024 LTI Plan over a three-year period).

Disbursement of the premium, with reference to the 2022-2024 LTI Plan, is subordinate to meeting a gate condition (attribution, at the end of 2024, of an Investment Grade rating by one of the major ratings agencies) and the achievement of the following objectives, identified in line with that established in the Business Plan.

2022-2024 LTI Plan - Performance Indicators, Weights and Measurement Methods

| <b>Key Performance Indicators</b>                | <b>Weight</b> | <b>Measurement</b>      |
|--|---------------|-------------------------|
| Cumulative EBITDA 2022 – 2024                    | 35%           | Linear, with thresholds |
| Cumulative Operating Cash Flow Levered 2022-2024 | 20%           | Linear, with thresholds |
| Cumulative Investments 2022-2024                 | 20%           | Linear, with thresholds |
| Sustainability/ESG - composite objective         | 25%           | Linear, with thresholds |

For each economic-financial objective, a threshold level has been defined, equal to 90% of the target as defined, below which no disbursement of the linked premium will be made.

An overall threshold level has been defined for the cumulative Sustainability - ESG objective (5 specific indicators), equal to 70% of the defined target, below which no disbursement of the related bonus portion is envisaged.

In relation to final calculation methods, the incentive will be paid if 100% of the strategic targets established for the 2022-2024 period are met, with payment deferred until six months after approval of the 2024 financial statements.

In the context of the 2022-2024 LIT Plan there are malus and clawback clauses, which allow the Company to request restitution, entirely or partially of bonuses disbursed, or to withhold sums not yet disbursed, upon the occurrence of Trigger Events.

Considering that the Group has approved a Business Plan to 2030, a plan that expresses - in its ten-year duration - a series of strategic choices guided by the desire to grow as a Group and to take on the responsibility of being a stimulus and driver of sustainable development for territories and communities, the remuneration policy instruments, aimed at stimulating the achievement of strategic objectives, in turn require consistency with the Plan's drivers.

IREN - Report on remuneration policy 2022 and compensation paid 2021

It is therefore deemed appropriate from now on to provide, for the entire duration of the Plan, for the maintenance of the long-term incentive tool, as a sequential succession of closed cash plans, subject to Regulations to be reviewed at the beginning of each three-year period.

#### Rules in the case of termination of office or termination of the employment contract

No severance indemnity is envisaged for the current Chief Executive Officer and General Manager of IREN, but the statutory regulations on fixed-term contracts are applied; in particular, when the contractual terms of the new fixed-term employment relationship with the Company were defined, the following was provided for:

- in case of termination before the end of the employment contract due to the Company's will (i) the remuneration as Chief Executive Officer shall be acknowledged until the end of the term of office; (ii) the remuneration due pursuant to article 2121 of the Italian Civil Code shall be acknowledged until the end of the employment contract, with a maximum of 30 months' pay and a minimum of 6 months' pay;
- in the event of early termination by the manager in the absence of just cause, a notice period of three months is provided for, or the shorter period until the end of the Employment Relationship;

The manager shall also have the right to resign with immediate effect from the Employment Relationship, receiving payment of the amount indicated, in the event that, prior to the end of the same, the competent corporate bodies should revoke, or fail to renew (limited to the 2019-2021 term), in the absence of just cause, the office and/or the delegated powers, or substantially reduce the delegated powers and/or duties and/or assign similar powers or duties to others, with the exception of the hypothesis of natural expiry of the 2022-2025 term, as well as in any other hypothesis of just cause for resignation.

This is conventionally agreed upon also in order to mitigate any economic and governance risks for the Company, without prejudice to the payments and accruals at the end of the employment relationship established under the law and in the relevant Italian national labour contract.

For all Senior Executives with Strategic Responsibilities, payments and accruals as of the end of the relationship have been established in accordance with the law and the relevant national labour contract. If the relative prerequisites are met, the same may adhere to agreements, defined at Group level, which provide for incentive-based termination of service, based on the provisions of article 4 of Law 92 of 2012 (the so-called Fornero Law).

Moreover, for the above parties, the effects of any termination of office or termination of employment on the rights granted under the 2022-2024 LTI Plan are described in the relevant Plan Regulation.

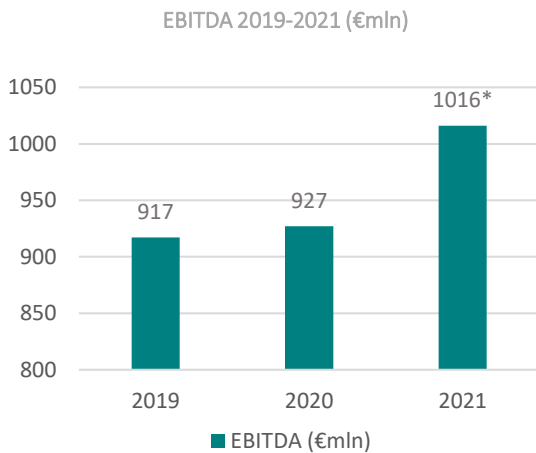
For IREN's Chairperson, Deputy Chairperson and the non-executive Directors, no agreements have been established which provide indemnities in the case of early termination of the office.

Non-competition agreements pursuant to article 2125 of the Italian Civil Code are not envisaged with regard to the above-mentioned persons, since it is believed that the purpose of retention can be achieved by means of the overall remuneration policy and, in particular, by means of long-term incentive pay, with specific regulations.

#### Non-monetary benefits

Non-monetary benefits, of which a large part established in the relevant National Collective Labour Agreements applied, are in line with market standards. In relation to socio-economic and regulatory developments at the national level, and taking into account specific tax and social security payments, the Group has initiated a welfare plan for its employees.

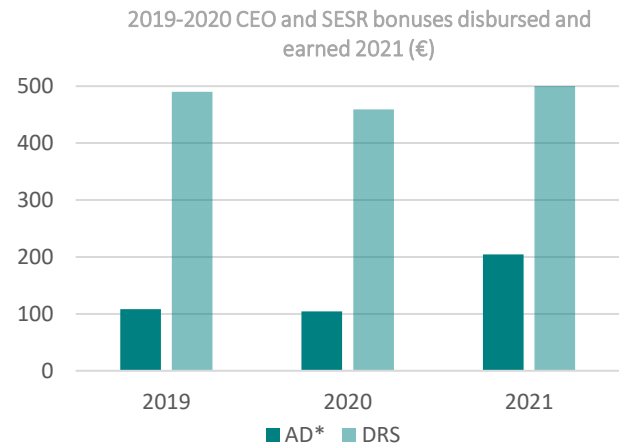
## PAY FOR PERFORMANCE



**Figure 2** - IREN EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) 2019-2021.

\* 2019-2021 rate of increase of +11%.

In the same period, the total remuneration of the CEO increased by 25.5%, due to an adjustment in the remuneration package aimed at making it more consistent with the reference market, whilst for the other Board members it remained unchanged. In the same period, the average gross annual remuneration, based on full-time employees and other than those whose remuneration is represented by name in this Report, did not undergo substantial changes; it should be noted that in the period considered, an important generational change process took place for which numerous terminations were made through early retirement incentive plans.



**Figure 3** - MBO Bonus disbursed for years 2019 and 2020 and payable (after approval of the 2021 financial statements by the Shareholders' Meeting) for 2021 for the IREN CEO/GM and IREN Group Senior Executives with Strategic Responsibilities. With reference to the 2020 figure of the SESR, this takes into account the consensual termination of the employment relationship between a Senior Executive with Strategic Responsibilities and the Company occurred in 2020 in application of article 4 Law 92/2012 - the so-called Fornero Law.

\*With reference to the 2021 figure for the Chief Executive Officer, this includes both the MBO paid to the outgoing Chief Executive Officer (106,557 Euro) and the *pro rata* MBO relating to the Chief Executive Officer in office from 29 May 2021 (98,000 Euro).

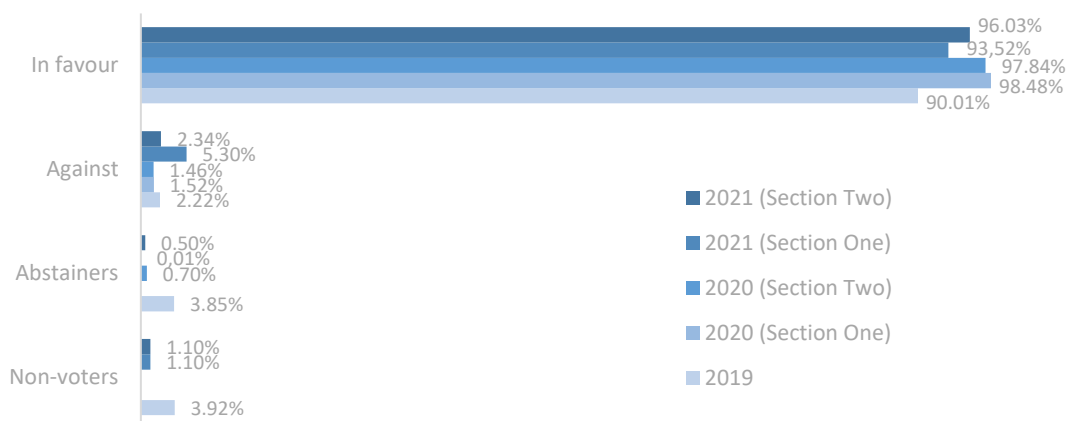
## Result of Shareholders' Meeting Vote

The Shareholders' Meeting of 6 May 2021 resolved in favour and binding of Section One of the Remuneration Report for 2021, with 93.52% of shares with voting rights in favour, slightly down with respect to the result in financial year 2020 (98.48% of shares with voting rights). Whereas, with respect to Section Two, relating to the remuneration paid in FY 2020, it cast an advisory vote, with a percentage of votes in favour equal to 96.03% of the shares admitted to the vote.

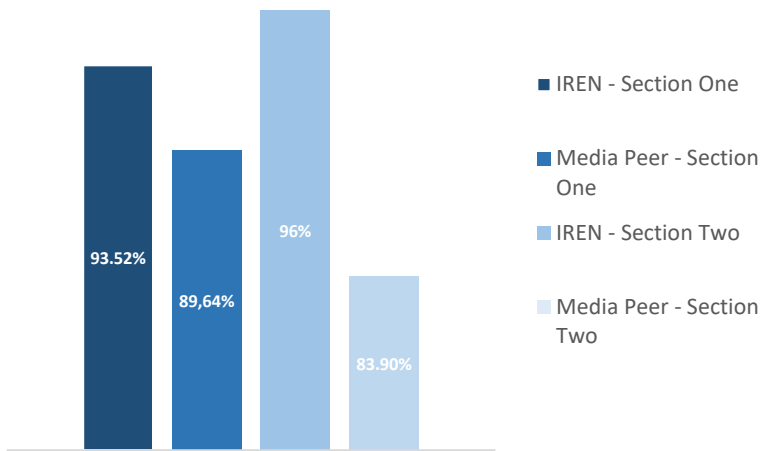
Appreciation of the Report was also confirmed by the analysis of the vote of institutional investors (82.8% favorable votes for Section One and 91.5% for Section Two).

In any case, when drawing up the remuneration policy described in this Report, the results and reasons underlying the votes cast at the Meeting were taken into account, in order to incorporate the feedback received.

2019-2020-2021 Meeting Vote Comparison  
(% of shares admitted to the vote)



In favour 2021 / Total shares admitted to the vote  
(Sections One and Two of the Report)



The graph opposite shows a comparison between IREN's results and the average results of a selected peer group (comprising A2A, Hera and Acea) as regards Sections One and Two of the Report submitted to the respective Shareholders' Meetings held in 2021.

**Section One**  
Remuneration Policy 2022

## Section One - Remuneration Policy 2022

### The Company's governance structure (reference)<sup>11</sup>

The Board of Directors in office was appointed by the Shareholders' Meeting on 22 May 2019, and their term will expire with the approval of the financial statements for 2021.

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting on 6 May 2021, and their term will expire with the approval of the financial statements for 2023.

IREN's Board of Directors, at its meeting on 22 May 2019 and in compliance with article 25, paragraph 2 of the Articles of Association: (i) granted powers to the Chairperson (appointed on the same day by the Shareholders' Meeting); (ii) appointed and granted powers to the Deputy Chairperson and the Chief Executive Officer.

On 2 July 2019, the IREN Board of Directors appointed Massimiliano Bianco (already the Chief Executive Officer) as the Company's General Manager, granting him specific operating powers.

During the meeting of 29 May 2021, the Board of Directors of IREN, co-opted, pursuant to article 2386 of the Italian Civil Code, Eng. Gianni Vittorio Armani as Director of the Company and appointed him as Chief Executive Officer and General Manager to replace Massimiliano Bianco, who resigned from the above-mentioned offices with effect from the same date.

The Board of Directors, with resolutions made on 22 and 30 May 2019, appointed:

- the Control, Risk and Sustainability Committee (**CRSC**), made up of three non-executive Directors, the majority of which are independent, one of which designated by the minority Shareholders;
- the Remuneration and Appointments Committee (**RAC**), composed of three non-executive Directors, the majority of whom are independent;
- the Related Party Transactions Committee, composed of four non-executive and independent Directors, one of which designated by the minority Shareholders (**RPTC**).

### Bodies and individuals involved in the remuneration process

The main bodies and individuals involved in defining, managing and possibly reviewing remuneration for IREN Directors (also invested with special offices pursuant to article 2389, Italian Civil Code) as well IREN Group Senior Executives with Strategic Responsibilities, in line with the regulatory provisions and Articles of Association, as well as the Company's governance model, are:

- the **Shareholders' Meeting**, which, by way of example:
  - determines, at the time of appointment and for the entire duration of their term, the total annual compensation for members of the administrative body;
  - determines, pursuant to article 21 of the Articles of Association, the total maximum amount of remuneration for Directors with special offices under the Articles of Association, as well as the relative criteria for determination of the same;
  - resolves, with a binding vote, on Section One and, with a consulting vote, on Section Two of this Report, prepared by the Board of Directors and submitted to the Shareholders' Meeting at the time the annual financial statements are approved;
- the **Board of Directors**, which, by way of example:
  - defines the structure and compensation of all kinds for Directors invested with special offices under the Articles of Association (Chairperson, Deputy Chairperson and Chief Executive Officer), pursuant to article 2389, paragraph 3, Italian Civil Code, upon a proposal by the RAC and after hearing from the Board of Statutory Auditors, in line with the criteria for determination adopted by the Shareholders' Meeting and within the limits of the maximum amounts determined by the Shareholders' Meeting for remuneration of these individuals;
  - defines compensation for Directors' participation on internal Board committees;

<sup>11</sup> For more information on the IREN governance structure, please see the Report on Corporate Governance and Ownership Structures for 2021, which will be made available under the terms and with the methods established in the regulations in effect.

- defines the reference objectives linked to the annual short-term variable component for the Chief Executive Officer and General Manager, resolving both when objectives are determined and when the related final amount is calculated, making use of the assistance of the RAC;
  - without prejudice to the responsibilities of the Shareholders' Meeting on the subject, when the conditions established under article 114-*bis* Consolidated Law on Finance are met, approves Long-Term Variable Incentive Plans and monitors execution of the same, making use of the assistance of the RAC;
  - based on a proposal from the RAC, defines a Remuneration Policy for IREN Executive Directors and IREN Group Senior Executives with Strategic Responsibilities, periodically updating the relative Guidelines;
  - ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, considering the results achieved and any other circumstances relevant for its implementation.
  - on an exceptional and non-recurring basis, subject to the prior opinion of the Remuneration and Appointments Committee, having consulted the Control, Risks and Sustainability Committee, it may provide for specific temporary derogations from the remuneration policy described in Section One of the Report, without prejudice to the application of the rules laid down in the Procedure on Related Parties Transactions;
  - prepares the Report on Remuneration Policy and Compensation Paid pursuant to article 123-*ter* Consolidated Law on Finance, based on a proposal by the RAC;
- the **Chief Executive Officer and General Manager**, who, by way of example:
    - concretely determines, taking into account that established in the Guidelines on remuneration policy approved by the Board of Directors, the remuneration for IREN Group Senior Executives with Strategic Responsibilities, after hearing from the RAC, when necessary;
    - defines, specifically, the reference objectives linked to the annual variable component for Senior Executives with Strategic Responsibilities, making use of assistance from the RAC, both when defining these and when calculating the final amount;
- the **Remuneration and Appointments Committee**, appointed by the Board of Directors, which carries out the tasks specified in the paragraph below;
- the **Board of Statutory Auditors** which:
    - carries out the tasks assigned to it by article 2389, paragraph 3 of the Italian Civil Code, by the Code (especially with regard to the implementation of the corporate governance rules concerning remuneration and other benefits) and by the RPT Procedure;
    - may attend meetings of the RAC as an invited member, in the person of its Chairperson and/or another Standing Auditor;
    - also by making use of an independent consultant, analyses the remuneration practices that are widespread in the reference sectors and for companies of a similar size with regard to the remuneration of the Control Bodies, with a view to making the results of the analysis available to the Shareholders for the adoption of the relevant measures;
- the **Independent Auditors** which, appointed to audit the financial statements, in compliance with the new reference framework for listed companies, annually verifies that the directors have prepared Part Two of the Report on Remuneration Policy and Compensation Paid, through a simple formal check on the publication of information, without expressing a judgement of the same, nor on its consistency with the financial statements or its compliance with regulations, similar to that established for the auditing of the preparation of the Non-Financial Declaration pursuant to Italian Legislative Decree 254/2016.
- **Company Management**, which assists the RAC with its work, providing secretarial services and assistance with regards to Corporate Law (under the responsibility of IREN's Corporate Affairs Department) and providing information and data needed to research the issues in question (under the responsibility of the IREN Personnel Department).



## IREN Remuneration and Appointments Committee

Composition, responsibilities, method of operation, informational flows and relationships with external entities

The Remuneration and Nomination Committee is composed of non-executive directors, the majority of whom are independent, with the Chairperson selected from among the independent directors.

With resolutions passed on 22 and 30 May 2019, following the related establishment, the Board of Directors of IREN appointed as members of the Committee the following non-executive Directors, most of whom are independent: Mr. Pietro Paolo Giampellegrini (independent) - who acts as Chairperson of the Committee - Mr. Maurizio Irrera (lawyer) and Ms. Francesca Grasselli (independent).

At the time of appointment, on the basis of their respective professional experience, the Board of Directors determined that at least one member possessed adequate knowledge and experience with regards to remuneration policy and/or financial issues.

The Committee, in carrying out its responsibilities, operates in compliance with the Regulation, (hereafter also **"RAC Regulation"**) approved by the Board of Directors in office at 1 August 2018 (which both the RAC and Board of Directors in office after its appointment examined and adopted).

With regard to remuneration, the Committee carries out the functions indicated in Recommendation no. 25 of the Code and better described in the Regulation on operation - and in particular the following preliminary, propositional and consultative functions towards the Board of Directors:

- formulates proposals to the Board of Directors of the Company regarding the definition of the remuneration policy for the Board of Directors and the Board of Statutory Auditors of the Company and for the Senior Executives with Strategic Responsibilities of the IREN Group, in compliance with current legislation and having regard to the recommendations of the Code itself, after interaction with the Control, Risks and Sustainability Committee, as regards the risk and sustainability profiles;
- submits for the approval of the Company's Board of Directors the Report on Remuneration Policy and on Compensation Paid Report prepared under the terms of article 123-ter Consolidated Law on Finance, for its presentation to the Shareholders' Meeting called for approval of the annual financial statements;
- presents proposals or expresses opinions to the Company's Board of Directors on the remuneration of executive Directors and other Directors who hold special positions and establishing performance objectives relating to the short and medium/long-term variable component connected with this remuneration;
- monitors the actual application of the decisions adopted by the Board itself and of the remuneration policy adopted, verifying, in particular, the effective achievement of the short and medium-long term performance objectives referred to in the previous point;
- formulates proposals to the Company's Board of Directors on the remuneration of the members of the Committees set up within the Board itself;
- also taking into account the vote on Section One and Section Two of the Report on Remuneration Policy and Compensation Paid at the time of the Shareholders' Meeting, periodically assesses the adequacy, overall consistency and concrete application of the remuneration policy for IREN Directors and for IREN Group Senior Executives with Strategic Responsibilities, relative to the latter making use of the information provided by the relevant delegated bodies and providing the Board of Directors with proposals on this area;
- also by making use of an independent consultant, examines the remuneration practices that are widespread in the reference sectors and for companies of similar size with regard to the remuneration of the Board of Directors and the members of the Committees, with the purpose of making the results

of the analysis available to the Shareholders for the adoption of the measures for which they are responsible pursuant to article 2389, paragraph 1 of the Italian Civil Code;

- carries out the actions envisaged in the RPT Procedure, in the case of transactions involving the remuneration of Company Directors and Senior Executives with Strategic Responsibilities.

A flow of information relative to the Company's Board of Directors is envisaged. To that end, the Chairperson informs the Board of Directors, at the time of its first useful meeting, about the activities carried out by the Committee, the issues discussed and any observations, recommendations or opinions prepared, in compliance with the Code and separately accounting for activities carried out based on remuneration aspects pursuant to article 5 of the Code and on appointment aspects pursuant to article 4 of the Code.

The Committee reported to the Shareholders' Meeting called to approve the 2020 financial statements with regards to the methods used to carry out its responsibilities. To that end, the Annual Shareholders' Meeting, held on 6 May 2021, was attended by all of its members.

The Committee meetings held in 2021 were always attended by at least one Statutory Auditor of IREN.

By invitation of the Committee, Executive Directors or Directors with specific mandates and Company Managers attended certain meetings, so as to provide input on individual agenda items pertaining to their areas of responsibility.

No Director took part in Committee meetings in which proposals intended for the Board were formulated on matters concerning their remuneration, unless the proposals regarded members of internal Board committees in general.

In carrying out the tasks assigned to it, the Committee has the right to access information and company departments needed to carry out its tasks and may make use of the work of external consultants with expertise relative to remuneration policies, on the condition that these are not simultaneously providing the IREN Personnel Department, Company Directors or IREN Group Senior Executives with Strategic Responsibilities with services of an amount such as to compromise the independence of the consultant's judgement and, in any case, within the limits of the budget established by the Board of Directors.

In selecting consultants, the Committee makes use of the relevant company departments, which operate in compliance with current Group procedures.

#### Activities in 2021 and those scheduled for 2022

During 2021, the RAC met seventeen (17) times - three (3) of which held jointly with the IREN Control, Risk and Sustainability Committee - with the total participation of 98% of its members and the presence of at least one Standing Auditor from the Board of Statutory Auditors at all meetings, dealing with the issues summarised below.

#### Main issues dealt with in 2021

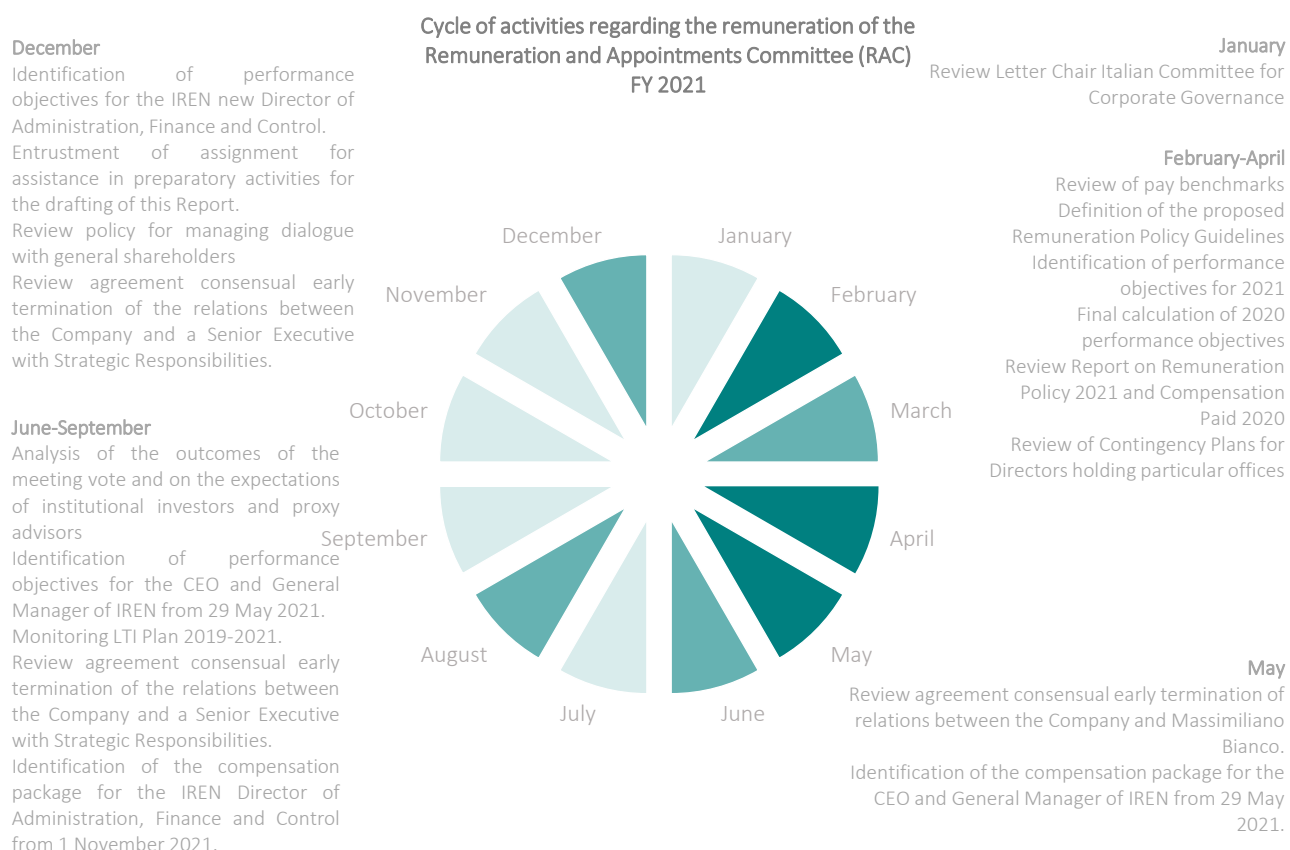
|                      |  |
|----------------------|--|
| <i>January 2021</i>  | <p>Acknowledgement of the budget assigned for the year by the Company's Board of Directors.</p> <p>Assignment to an independent third-party consultant, identified in EY, of the task of assisting the Committee in the preparatory activities for the preparation of the Report on the 2021 Remuneration Policy and on the remuneration paid in 2020. Examination of recommendations contained in the letter sent to listed Italian companies in December 2020, signed by the Chairperson of the Italian Corporate Governance Committee</p> <p>Speech by Morrow Sodali on regulatory changes regarding remuneration and relationships with proxies and institutional investors.</p>   |
| <i>February 2021</i> | <p>Examination, upon input by the Board of Statutory Auditors, of the results of the remuneration benchmarking carried out with regard to the remuneration of the Board of Statutory Auditors, in view of the renewal of the body itself.</p> <p>Definition of proposed Guidelines for remuneration policy for IREN Executive Directors and IREN Group Senior Executives with Strategic Responsibilities for 2021.</p> <p>Definition of the proposal (functional to the making of the consequent resolutions by the relevant IREN bodies) for the performance objectives for 2021 for the IREN Chief Executive Officer and General Manager in office at the time and the IREN Group Senior Executives with Strategic Responsibilities.</p> |
| <i>March 2021</i>    | <p>Examination of the benchmark carried out by the independent third-party consultant - identified as the consulting firm The European House - Ambrosetti (hereinafter also "<b>Ambrosetti</b>") - with reference to the remuneration of non-executive Directors, including those who are members of the Committees set up within the Board of Directors with respect to a reference peer group.</p>   |

|                       |  |
|-----------------------|--|
|                       | Investigation into the draft Contingency Plan for Directors holding special offices at IREN.<br>Investigation regarding the level of achievement for short-term performance objectives assigned for 2020 for the IREN Chief Executive Officer and General Manager in office at the time and IREN Group Senior Executives with Strategic Responsibilities.  |
| April 2021            | Examination of the Report on the 2021 Remuneration Policy and on the compensation paid in 2020 and formulation of the functional proposal for the taking of the relevant measures by the Board of Directors of the Company.  |
| May 2021              | Examination of the hypothesis of a Settlement Agreement for the consensual early termination of relations between the Company and the Chief Executive Officer and General Manager of IREN.<br>Examination of the economic-contractual conditions of the fixed-term executive employment relationship between IREN and Gianni Vittorio Armani, co-opted on 29 May 2021 by the Board of Directors as a new Director to replace Massimiliano Bianco, who resigned, and appointed on the same date as Chief Executive Officer and General Manager of the Company.  |
| June 2021             | Analysis of the report prepared by advisor Morrow Sodali with reference to the results of the Shareholders' Meeting vote on the Report on the 2021 Remuneration Policy and on the compensation paid in 2020, the best practices in the area of remuneration policy as well as the requests from institutional investors and proxy advisors.<br>Functional activity for monitoring the 2019-2021 Long-Term Incentive Plan.<br>Definition of the proposal (functional to the making of the consequent resolutions by the relevant IREN bodies) for the performance objectives for 2021 for the IREN Chief Executive Officer and General Manager in office as of 29 May 2021.   |
| August-September 2021 | Examination of the proposal, by the Chief Executive Officer and General Manager of IREN, regarding the prospective reorganisation of the list of Senior Executives with Strategic Responsibilities of the IREN Group, the consequent change in the position of Director of Administration, Finance and Control (CFO) of IREN and the remuneration for the person who, as of 1 November 2021, has taken on the role of CFO of IREN, falling by virtue of this role among the Senior Executives with Strategic Responsibilities of the Group.<br>Definition of the proposal (functional to the taking of the consequent measures by the Chief Executive Officer and General Manager of IREN) for the performance objectives for 2021 for the Director of Administration, Finance and Control of IREN in office from 1 November 2021. |
| December 2021         | Selection of an independent third-party consultant, identified in EY, assigned the task of assisting the Committee in the preparatory activities for the preparation of the Report on the 2022 Remuneration Policy and on the compensation paid in 2021.<br>Examination of the Policy for managing dialogue with Shareholders and investors as a functional measure to be taken by the Board of Directors of IREN.   |

During 2022, as of the date of approval of this Report, the Committee in office met six (6) times (i.e. on 7 February, 22 and 23 March - two meetings, one of which jointly with IREN's Control, Risk and Sustainability Committee - 13 and 22 April, with work continuing on 23 April 2022), and its activities focused, in particular, on:

- examination, as relevant, of the letter from the Chairperson of the Italian Corporate Governance Committee, which was received in December 2021, sent to the attention of the Chairpersons of Italian listed companies;
- examination of the communication from the Chief Executive Officer and General Manager of IREN S.p.A. concerning an update of the list of IREN Group Senior Executives with Strategic Responsibilities (in terms of both terminations and new hires) and examination of the proposal made by the Chief Executive Officer and General Manager of IREN concerning remuneration: (i) for the person who, as of March 2022, assumed the role of Personnel and Organisation Director of IREN; (ii) for the person who, as of May 2022, assumed the role of Information Technology and Systems Director of IREN. Both persons, by virtue of the roles they hold, are among the IREN Group's Senior Executives with Strategic Responsibilities;
- taking into account the remuneration policy implemented and the changes that took place during 2021, the vote that took place on the Report on Remuneration Policy 2021 and compensation paid 2020 by the Shareholders' Meeting of 6 May 2021 and, with the support of the advisor EY, on the definition of the proposed Guidelines on the remuneration policy for Directors, including executive officers/executives holding particular offices, and Statutory Auditors of IREN as well as the top management of the IREN Group for the financial year 2022 (hereinafter also "**Guidelines**" or "**2022 Guidelines**"), subsequently approved by the Board of Directors of the Company on 29 March 2022;
- the definition of a proposal, functional to the making of consequent resolutions by the relevant IREN bodies, with regards to the setting of performance objectives for financial year 2022 linked to the short-term variable component of the remuneration of the IREN Chief Executive Officer and General Manager and the individuals identified as IREN Group Senior Executives with Strategic Responsibilities;

- examination of a proposed 2022-2024 LTI Plan for IREN Group Senior Executives with Strategic Responsibilities as well as top management resources capable of making a significant contribution to the achievement of the Business Plan objectives, and the expression of the relevant opinion in view of the provisions of the IREN Board of Directors;
- verification of the achievement of short term performance objectives assigned for 2021 to the IREN Chief Executive Officer and General Manager and IREN Group Senior Executives with Strategic Responsibilities, preparatory to the adoption of the relevant and consequent resolutions by the relevant bodies;
- investigation regarding the finalisation of the 2019-2021 Long-Term Monetary Incentive Plan (hereinafter also the "2019-2021 LTI Plan"), prior to the decisions pertaining to the Board of Directors;
- preliminary examination of this Report, in order to prepare a proposal for the Company's Board of Directors regarding the taking of the resolutions falling under its responsibility.



On 23 March 2022, a joint meeting was held between the IREN Remuneration and Appointments Committee and the Control, Risk and Sustainability Committee, during which the update to the 2022 Guidelines was examined, relative to the responsibilities assigned to each Committee, preliminarily with respect to the resolutions to be taken by the Company's administrative body.

In particular, by the Control, Risks and Sustainability Committee, in light of the functions assigned to it in relation to risk management and corporate social responsibility, attention was paid to the profile of the consistency of the Guidelines (especially with reference to incentive systems) with the Company's risk management policy and the sustainability strategy outlined in the Business Plan and the "adequacy" of the same for the ultimate purpose of the creation of value for Shareholders and stakeholders in the medium to long term.

Given that the term of office of IREN's Board of Directors (as well as the Committees set up within it) expires with the approval of the financial statements as at 31 December 2021, the subsequent meetings, during which, by way of example, the voting results on this Report will be analysed and the assessment of the

adequacy, overall consistency and concrete application of the current policy for the remuneration of Directors and Senior Executives with Strategic Responsibilities, also for the purpose of formulating the Remuneration Policy Guidelines for the next financial year will be carried out, will be scheduled by the members of the Committee who will be appointed by the Board of Directors for the three-year period 2022-2024, following its renewal by the Shareholders' Meeting.

## 2022 Remuneration Policy approval process

The Remuneration and Appointments Committee, in the exercise of its powers, defined the structure and contents of the Guidelines on the remuneration policy of Directors, including executive directors/with special offices, and of the Statutory Auditors of IREN as well as the top management of the IREN Group for the year 2022, for the purposes of preparing this Report, in the meeting of 23 March 2022 (held jointly with the Control, Risks and Sustainability Committee), in accordance with the recommendations of the Code.

The Guidelines were then approved by the Board of Directors, on the basis of a proposal from the Remuneration and Appointments Committee, at its meeting on 29 March 2022.

Implementation of the remuneration policies determined in line with the Board of Directors guidelines occurs in part through the bodies appointed to this task, with the support of the relevant company departments.

In order to prepare the 2022 Guidelines, common practices identified in both the national and international sectors were assessed, as well as feedback received from institutional investors and proxy advisors when the Remuneration Report was examined by the Shareholders' Meeting on 6 May 2021.

When preparing the 2022 Guidelines, the Remuneration and Appointments Committee made use of:

- the support of EY, independent advisor to which the Committee has entrusted, also for 2022, the task of assisting in all preparatory activities for the preparation of this Report;
- the results of the in-depth studies carried out by The European House-Ambrosetti, an independent advisor selected following the completion of a competitive procedure by the competent company department, whose activity was aimed at providing the RAC with an in-depth study (also by means of a benchmark analysis) of the remuneration position of the non-executive members of IREN's administrative body as well as the members of the Board Committees compared to a reference panel - as already mentioned in the Report submitted to the vote of the Shareholders' Meeting of 6 May 2021.

## Objectives and general principles of the Remuneration Policy

Remuneration policies, defined in compliance with the Company's governance model, as well as with the recommendations contained in article 5 of the Corporate Governance Code, pursue the general goal of attracting, retaining and motivating individuals useful for the development of the Group, recognising the responsibilities assigned to them, and guiding their actions towards the achievement of company objectives, rewarding the results obtained.

More specifically, these policies contribute to aligning the interests of management with the - priority - objective of ensuring the sustainable success of the Company, by increasing value for Shareholders in the medium/long term, taking into account the interests of stakeholders, and make it possible to achieve sustainable and stable results in the short and long term in line with the Business Plan, in which the ESG (Environment, Social and Governance) aspects are integrated, to implement adequate retention of strategic positions for governance and business and, in general, to pursue the vision, mission and corporate values.

Furthermore, the long-term interests of the Company and the Group's risk management policy are an integral part of the Group's internal control and risk management system (which is illustrated in the Report on Corporate Governance and Ownership Structures pursuant to article 123-*bis* Consolidated Law on Finance), in accordance with which the Remuneration Policy was prepared. In order to monitor these aspects, the choice has been made to hold a joint meeting between the Remuneration and Appointments Committee and the Control, Risk and Sustainability Committee of IREN S.p.A. for 2022 to examine, in compliance with the functions and prerogatives of their respective competences, the 2022 Guidelines, prior to the resolutions for which the Company's administrative body is responsible.

In terms of remuneration policies, the short-term incentive system for the IREN Chief Executive Officer and General Manager, the IREN Group Senior Executives with Strategic Responsibilities, as well as for additional

resources who can contribute significantly to the achievement of the Group's budget objectives, represents a tool intended to differentiate excellent performance without any form of automatic recognition and not linked to the achievement of assigned objectives and, in each case, pursues the goal of:

- allowing performance to be assessed on quantitative and qualitative variables with a direct link to the Company's performance, as well as to its strategic objectives and sustainable success, in line with the Company's risk management policy;
- guaranteeing that the variable component, with respect to the fixed component, creates an incentive and is significant;
- avoiding the creation of excessively complex mechanisms, difficult to communicate and manage;
- selectively guiding individual performance, while also guaranteeing the achievement of Group and company goals.

The long-term variable remuneration component - confirmed for the entire duration of the Business Plan, as a sequential succession of closed, monetary plans, subject to Regulations to be reviewed at the beginning of each three-year period, for Directors holding special offices within IREN - without prejudice to what will be specified below -, for IREN Group Senior Executives with Strategic Responsibilities, as well as for other resources that can make a significant contribution to achieving the objectives of the Group's 2030 Business Plan, pursues the objective of:

- stimulating the ability to create value for the Group, rewarding the achievement of industrial, strategic and business objectives;
- guaranteeing the achievement of economic-financial and ESG objectives in the context of medium/long-term sustainability;
- strengthening the motivation of the relative beneficiaries in pursuing the strategic objectives set out in the Business Plan, aligning their interests with those of stakeholders (Shareholders, customers, employees, etc.);
- attracting and motivating employees, rewarding the achievement of results and a culture of performance, as well as virtuous behaviours implemented to achieve the same;
- developing and strengthening retention policies for key company resources, making it possible to increase their sense of belonging and create incentives for them to remain with the IREN Group;
- ensuring that the pay-mix (relative weights of fixed remuneration, short-term and long-term variable remuneration) is in line with market practices, without prejudice to the principle of sobriety which characterises the Company.

With regard to the non-executive Directors and the members of the Board of Statutory Auditors, the objective of the policies is to make available to the Shareholders all the elements that enable them to adopt the measures that pertain to them, by defining, in the appropriate venues, remuneration that is appropriate to the competence, professionalism and commitment required by the tasks assigned to them, as well as to the size and sector characteristics of the Company and its situation.

The process of developing the 2022 Guidelines also took into account:

- resolutions made on the issue of compensation by the Directors, adopted by the Shareholders' Meeting on 22 May 2019, in particular the principles of the comprehensive nature of remuneration and the obligation to pay back employees and of amounts established as compensation for Directors with special offices within IREN (see that detailed herein);
- the indications expressed by public Shareholders regarding the positions appointed by them pursuant to current Shareholders' agreements;
- the overall significance of positions and roles examined;
- the results of the remuneration benchmarking carried out in 2021 by the Remuneration and Appointments Committee, with reference to the remuneration of the non-executive Directors and the members of the internal committees (with the support of the advisor The European House - Ambrosetti);
- the expiry of the term of office of IREN's Board of Directors with the approval of the financial statements as at 31 December 2021.

Requests from the market and institutional investors relative to top management remuneration policies were taken into account, as well as best practices on the market, through:

- in-depth analysis of the outcome of the Shareholders' Meeting vote on the Report on the 2021 Remuneration Policy and on the compensation paid for 2020 submitted to the Shareholders' Meeting held on 6 May 2021;
- an examination of the issues of attention raised by the Chairperson of the Corporate Governance Committee in the letter sent in December 2021 to the competent bodies of Italian listed companies, a letter which, once again, with reference to remuneration policies, invited issuers to (i) improve said policies by defining clear and measurable rules for the payment of the variable component and any end-of-office indemnity (ii) adequately consider the consistency of the parameters identified for the variable remuneration with the strategic objectives of the business activity and the pursuit of sustainable success, assessing, if necessary, the provision of non-financial parameters, which are always predetermined and measurable;
- an in-depth study of this as part of the annual self-assessment activity of the Board of Directors and its Committees.

**Letter from the Chairperson of the Italian Corporate Governance Committee (December 2021)**

| Remuneration recommendations  | IREN |
|---|------|
| Definition of clear and measurable rules for the disbursement of the variable component and any end-of-term indemnity.  | ✓    |
| Adequately consider the consistency of the parameters identified for variable remuneration with the strategic objectives of the business activity and the pursuit of sustainable success, assessing, where appropriate, the provision of non-financial parameters, always predetermined and measurable. | ✓    |

Also for 2022, the Principles adopted by the Shareholders' Meeting of 22 May 2019, already in force in the previous Board term and inspired by a logic of compensation containment, were taken into account:

- principle of the all-inclusive nature of the remuneration received for the employment relationship and obligation to repay it, which applies to all managers/employees of Group companies, on the basis of which all corporate positions held within Group companies/entities must be held without any additional remuneration, since they are part of the duties<sup>12</sup>;
- the principle of the use of the Directors of the parent company IREN's Board of Directors and employees prevailing in the administrative bodies of the companies directly and indirectly controlled by IREN.

The same Shareholders' Meeting also established the maximum ceiling for overall compensation paid to Directors with special offices, pursuant to the Articles of Association for the three year period 2019-2021 (Chairperson, Deputy Chairperson and the Chief Executive Officer, taking into account the above principles). These limits are outlined in the respective sections and guided the preparation of the Remuneration Policy since the establishment of the body.

The criteria summarised above, as well as the principles adopted by the Shareholders' Meeting were applied, to the extent compatible, also when the delegated bodies determined the remuneration for IREN Group Senior Executives with Strategic Responsibilities, as established in the Corporate Governance Code (see the dedicated section herein).

<sup>12</sup> The IREN Chief Executive Officer and General Manager is the exception, limited solely to the fixed compensation component, pursuant to article 2389, paragraph 3, Italian Civil Code, due for the exercising of his powers as the Company's Chief Executive Officer.



## Changes with respect to the Remuneration Policy approved the previous year

Notwithstanding the fact that the term of office of IREN's Board of Directors expires with the approval of the financial statements for the year 2021, the 2022 Guidelines present some substantial changes with respect to what was reviewed for 2021 by the Meeting of 6 May 2021.

In general, the adjustments made are aimed at implementing the recommendations of the Chairperson of the Italian Corporate Governance Committee, as well as the requests of the market, institutional investors and proxy advisors, and, ultimately, at further improving disclosure.

More specifically:

- there is a commitment to a gradual adjustment to the median of the reference remuneration market for the fixed component of the remuneration of Senior Executives with Strategic Responsibilities of the Group;
- with regard to the short-term variable remuneration component, in line with the Business Plan objectives, a further increase in the weight of ESG (Environment, Social, Governance) objectives is envisaged, as well as the inclusion, among the project objectives, of business initiatives aimed at achieving medium/long-term ESG objectives.
- with regard to the variable component of long-term remuneration - which was confirmed, with the adoption of a new Long-Term Monetary Incentive Plan for the three-year period 2022-2024, since the previously launched one has come to an end -, also within the scope of the new Plan, in evolution compared to the past, the inclusion of a cumulative ESG objective, with related target, is envisaged, which previously only constituted a corrective factor;
- The Plan will be intended for company resources that contribute and may contribute significantly to achieving the objectives of the Business Plan, including IREN Group Senior Executives with Strategic Responsibilities as well as Directors holding special offices in the Company who will be appointed by the competent bodies for the three-year period 2022-2024.
- It is the Group's intention to maintain the long-term incentive tool for the entire duration of the Business Plan, with a sequential succession of closed, monetary plans, subject to Regulations to be reviewed at the beginning of each three-year period;
- Lastly, an invitation is made to the Shareholders' Meeting - called to vote on Section One of this Report - to assess the advisability of reviewing the amount of the remuneration of the Directors and, in general, the total amount for the remuneration of the entire Board, with particular regard to fixed remuneration and the remuneration for participation in Board Committees.

## Remuneration Policy Guidelines for 2022

The Remuneration Policy for 2022 is based on the following Guidelines.

### Members of the Board of Statutory Auditors

No changes are envisaged for 2022, the second year of the Board's term of office (appointed by the Shareholders' Meeting on 6 May 2021 for the three-year period 2021-2023). The fees for the Standing Auditors were established by the Shareholders' Meeting in continuity with the previous term of office.

### Non-executive Directors and members of internal Board committees

For non-executive Directors, recall the compensation for the office of Director, established by the Shareholders' Meeting on 22 May 2019 of 23,000 Euro gross annually, as well as reimbursement of expenses suffered for the office, in compliance with the Guidelines adopted on the subject by the Company's Board of Directors.

Additional compensation due for participation on internal Board committees for the three year period 2019-2021 (Remuneration and Appointments Committee; Control, Risk and Sustainability Committee; Related Party Transaction Committee) were established by the Company's Board of Directors, in compliance with the caps established by the Shareholders' Meeting on 22 May 2019, differentiating between the Chairperson and other members, as follows: 11,000 Euro gross per year for the function of Chairperson of the Committee and 5,850 Euro gross per year for the other members.



In line with previous terms, no distinction is established in terms of remuneration for independent Directors.

Remuneration of non-executive Directors is not linked to the economic results achieved by the company, nor are they the recipients of incentive plans.

For non-executive Directors, no agreements have been established which provide indemnities in the case of early termination of the office.

In 2021, in view of the renewal of the Board mandate with the approval of the financial statements at 31 December 2021, the Remuneration and Appointments Committee carried out a benchmark analysis with reference to the remuneration payable for the office of non-executive director and member of a Board committee in listed companies comparable, in terms of size or business, to IREN, with particular regard to companies in the Energy and Utilities sector, with the support of a qualified independent advisor selected following a competitive procedure (The European House Ambrosetti).

The analysis - which was the subject of a specific report to the Board of Directors during the meeting held on 25 March 2021 and whose results were reported in the previous Remuneration Report approved by the Meeting held 6 May 2021 (see pages 8-9) - shows that the remuneration for the above-mentioned offices is aligned around or below the first decile of the market considered, also taking into account the hourly fee based on the time spent in Board and Committee meetings.

| Panel          | Figures in €               |                              |                         |                              |                         |                              |                         |
|----------------|----------------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
|                | Compensation Non-Executive | Compensation Chairperson RAC | Compensation Member RAC | Compensation Chairperson CRC | Compensation Member CRC | Compensation Chairperson RPT | Compensation Member RPT |
| Average        | 46,235                     | 23,375                       | 18,406                  | 29,500                       | 22,188                  | 10,071                       | 7,786                   |
| Ninth Decile   | 74,000                     | 35,000                       | 27,500                  | 45,000                       | 36,750                  | 20,000                       | 15,400                  |
| Third quartile | 55,000                     | 28,875                       | 21,375                  | 36,875                       | 25,000                  | 17,500                       | 12,500                  |
| Median         | 50,000                     | 25,000                       | 19,750                  | 30,000                       | 21,250                  | 10,000                       | 10,000                  |
| First quartile | 30,000                     | 20,000                       | 15,000                  | 23,750                       | 18,750                  | 2,250                        | 1,500                   |
| First decile   | 25,000                     | 10,000                       | 8,750                   | 15,000                       | 10,000                  | 1,300                        | 800                     |
| IREN           | 23,000                     | 11,000                       | 5,850                   | 11,000                       | 5,850                   | 11,000                       | 5,850                   |

In light of the above, following up on what has already been reported to the Shareholders' Meeting of 6 May 2021, it is confirmed that it would be advisable to submit to the assessment of the Shareholders' Meeting, which will soon be called upon to elect the Company's new administrative body and establish its remuneration, also in terms of overall cap, pursuant to article 21 of the Bylaws, to reconsider:

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

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

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

As already mentioned, the Shareholders' prerogatives on the subject of remuneration pursuant to article 21 of the Bylaws remain unaffected; these prerogatives will be expressed at the Meeting to be convened on 21 June 2022.

### Chairperson of the Board of Directors and Executive Deputy Chairperson

With reference to the Chairperson and Executive Deputy Chairperson, reference is made to the overall remuneration "package" determined by the Board of Directors on 4 June 2019 (unchanged with respect to that established in the previous term), as better described herein.

No indemnities have been established for the Chairperson and Executive Deputy Chairperson in the case of early termination of the term, nor any short-term variable incentive components.

As already reported to the Shareholders' Meeting of 6 May 2021, and as will be discussed in greater detail below in the dedicated section, it is planned to include among the beneficiaries of the 2022-2024 LTI Plan all Directors holding special offices at IREN, including the Chairperson and Executive Deputy Chairperson, who will be appointed for the same three-year period. However, in view of the forthcoming expiry of the appointments with the approval of the financial statements for the financial year 2021 and considering the prerogatives of the Shareholders with regard to the total amounts for the remuneration of all the Directors, including those vested with special offices, the conditions for adhering to the 2022-2024 LTI Plan will be formalised by the Board of Directors, which will take office after the Shareholders' Meeting called for 21 June 2022.

With regards to non-monetary benefits, the 2022 Guidelines do not include any particular changes with respect to the previous year. For more information on this, please see Section Two.

In general, however, given the renewal of the Board mandate with the approval of the financial statements as at 31 December 2021, any decision on the remuneration of the above-mentioned persons is referred to the Board of Directors that will be appointed for the three-year period 2022-2024, within the limits that will be set by the Shareholders' Meeting pursuant to article 21 of the Articles of Association.

### Chief Executive Officer and General Manager

With reference to the Chief Executive Officer and General Manager of IREN, reference is first made to the overall "package" determined by the Board of Directors with resolutions of 29 May 2021.

On that date, the administrative body:

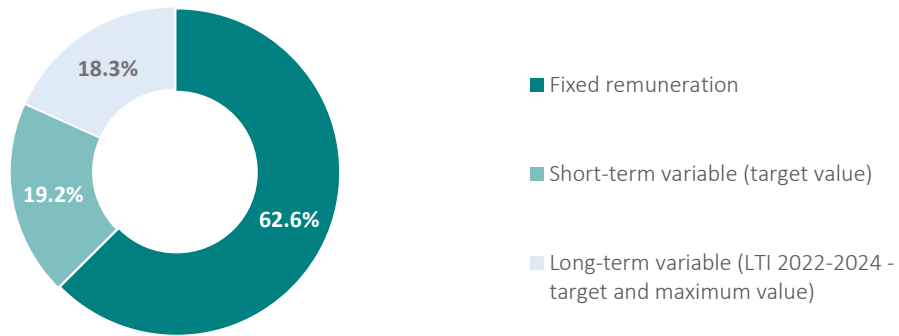
- appointed Gianni Vittorio Armani (co-opted as Director on the same date) as Chief Executive Officer and General Manager of the Company, granting him specific operating powers;
- approved the economic-contractual conditions of the fixed-term employment relationship between the Company and Gianni Vittorio Armani (with a duration from 8 June 2021 until 31 May 2025), consistent with the results of the salary comparison studies carried out, as follows (i) Fixed Gross Annual Remuneration equal to 400,000 Euro, paid in relation to the performance of the duties of General Manager of the Company (in addition to the gross annual remuneration pursuant to article 2389, paragraph 3, of the Italian Civil Code, approved by the Board of Directors on 4 June 2019 in the amount of 57,000 Euro)<sup>13</sup>; (ii) Short-term Gross Annual Variable Remuneration equal, in the target value, to approximately 35% of the Gross Annual Remuneration, in relation to the achievement of the objectives defined annually by the Board of Directors; (iii) additional incentive remuneration, for the year 2021 only, equal to 35% of the Gross Annual Remuneration in relation to the achievement of the targets set out in the 2019-2021 LTI Plan; (iv) Long-Term Variable Remuneration equal, for the three-year vesting period 2022-2024, to 100% of the Gross Annual Remuneration, in case of achievement of 100% of the Targets<sup>14</sup>.

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<sup>13</sup> Without prejudice to that outlined above with reference to the fixed compensation for the specific office, also for the Chief Executive Officer in office, due to the employment relationship with the Company, the principle of comprehensiveness of remuneration paid for the executive position is binding, as indicated in the Shareholders' Meeting resolution of 22 May 2019, with the consequent non-disbursement of compensation as a simple Director, and the transfer to the company of any compensation received through offices in companies or entities extraneous to the Group based on designation by a company of the Group.

<sup>14</sup> Given the expiry of the mandate with the approval of the financial statements for the year 2021 and considering the prerogatives of the Shareholders in this regard, the conditions for participation in the 2022-2024 LTI Plan will be formalised by the Board of Directors, which will take office after the Shareholders' Meeting called for 21 June 2022.

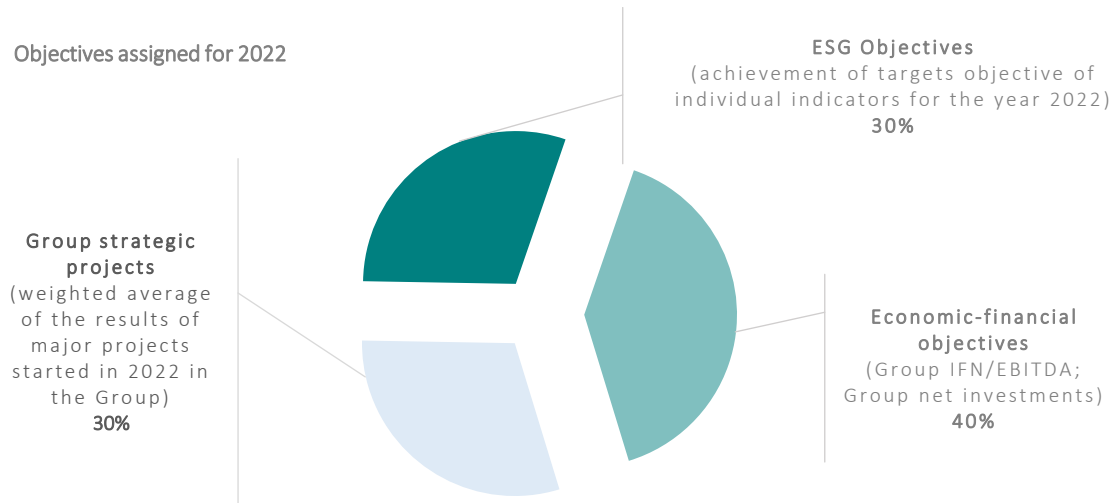
*Total Pay-Mix*  
for the Chief Executive Officer and General Manager on an annual basis - financial year 2022



With regard to the above, in case of approval of the proposed Guidelines – with particular reference to the long-term incentive plan – and without prejudice to different resolutions on remuneration by the Shareholders' Meeting, the overall pay-mix of the Chief Executive Officer and General Manager will be as shown below.

**2022 Short-term Variable Incentives**

The performance objectives for the IREN's Chief Executive Officer and General Manager for 2022 were assigned by the Company's Board of Directors through a resolution passed on 29 March 2022, after a study by the Company Remuneration and Appointments Committee.



The Company does not represent the annual value of these parameters, as it considers this to be sensitive information. Note that when the Business Plan is presented, the Company will provide the market with information in regards to these parameters. With regards to the economic-financial and ESG objectives, the value of each objective is aligned with the budget value at the level of the target result. The final figures must be considered net of the effects of extraordinary transactions carried out during the year and not included in the budget.

As recommended by IREN's Board of Directors and confirmed by best practices, objectives relating to relations with stakeholders and ESG (Environment, Social and Governance) have been maintained for 2022, assigning them greater weight than in the past.

With reference to incentive mechanisms, again in 2022, as in previous years, binding conditions or “gates” continue to be included, linked to maintaining an investment grade rating from one of the primary ratings companies, with the objective of strengthening the consistency of performance requirements and aligning IREN - Report on remuneration policy 2022 and compensation paid 2021

the behaviours rewarded by the variable remuneration systems, as well as avoiding the disbursement of incentives in the face of decidedly unsatisfactory results.

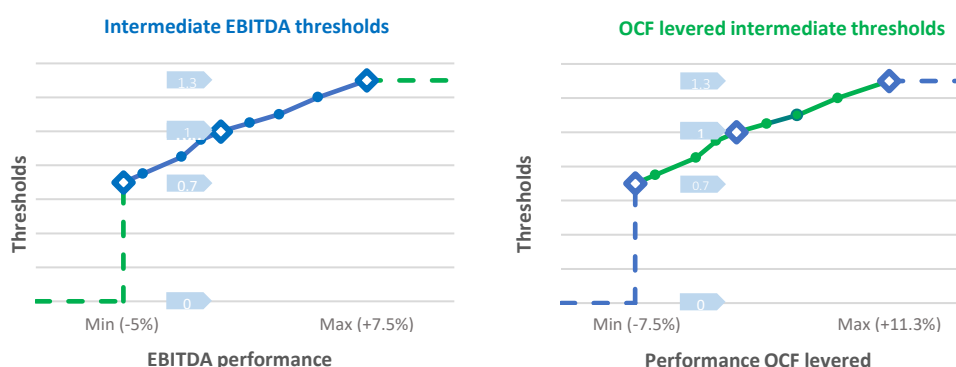
With the aim of making the short-term incentive system challenging, the minimum overall average achievement threshold of individual objectives greater than and/or equal to 70% is maintained for 2022, as a further condition for access to payment.

Each Performance Indicator (with a predetermined target, in line with budget values) is assessed on the basis of a specific metric, with the minimum threshold set at 60% of the objective result (below which, the result is considered to be zero) and a maximum threshold of 100% of the objective (target value).

Also for 2022, a corrective factor will be applied for the IREN Chief Executive Officer and General Manager for individual results (individual objectives), aimed at incentivising the creation of value by the Group with respect to planned targets.

EBITDA and Operating Cash Flow levered (OCF levered) have been selected as the economic/financial indicators which best represent the correlation between development and creation of value.

The corrective factor “K” (multiplier or demultiplier of the percentage value obtained for the individual objective sections, within the limits of that specified below) will be a numeric value, equal to the weighted average of the two indicators, with weights and metrics indicated below:



| Objective         | Weight | Indicator                        | Measurement            | Thresholds (min-max)  |
|-------------------|--------|----------------------------------|------------------------|---|
| Group EBITDA      | 60%    | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -5%; 0<br>Final Figure vs. Target ≥ +7.5%; 1.3    |
| OCF Levered Group | 40%    | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -7.5%; 0<br>Final Figure vs. Target ≥ +11.3%; 1.3 |

For both factors, the final figures must be considered net of the effects of extraordinary transactions carried out during the year and not included in the budget.

This factor «K» will have a value of no less than 0.7 and the overall achievement percentage - considered for the purposes of disbursement of the final amount - will be determined as the product of factor «K» and the result of the individual objectives section, the latter with an achievement constraint of at least ≥ 70%, with a ceiling of 120%.

For 2022, the deferral mechanism for disbursement of the bonus accrued is confirmed, amounting to 3 (three) months after the date on which the relevant bodies determine the final amount.

Finally, in the context of the short term incentive system for 2022 for the Chief Executive Officer and General Manager, malus and clawback clauses continue to be applied, which allow the Company to request full or partial restitution of bonuses disbursed, or to withhold sums not yet disbursed upon the occurrence, with three years after the end of the period in which the bonus accrued or a longer term in accordance with applicable law, of one or more of the following Trigger Events:

- fraudulent actions committed by the beneficiary of the bonus;
- non-compliance, by the beneficiary, with compliance standards established in the IREN Group Code of Ethics or with internal and external regulations regarding anti-trust behaviour, or the commission of

grave violations of internal regulations or provisions ascertained by the relevant delegated bodies or company control bodies within the year following that of accrual;

- bonuses determined on the basis of information which is subsequently found to be erroneous, regardless of whether this erroneous assessment is attributable to the beneficiary;
- not maintaining the results in economic and financial reports of the Company or Group for a period of twelve months;
- major objectives in specific projects not confirmed after an independent audit, within twelve months of identification of the final figures.

#### **Payments established in the case of termination of office or termination of the employment contract**

No severance indemnity is envisaged for the current Chief Executive Officer and General Manager of IREN, but the statutory regulations on fixed-term contracts are applied; in particular, when the contractual terms of the new fixed-term employment relationship with the Company were defined, the following was provided for:

- in case of termination before the end of the employment contract due to the Company's will (i) the remuneration as Chief Executive Officer shall be acknowledged until the end of the term of office; (ii) the remuneration due pursuant to article 2121 of the Italian Civil Code shall be acknowledged until the end of the employment contract, with a maximum of 30 months' pay and a minimum of 6 months' pay;
- in the event of early termination by the manager in the absence of just cause, a notice period of three months is provided for, or the shorter period until the end of the Employment Relationship;

The manager shall also have the right to resign with immediate effect from the Employment Relationship, receiving payment of the amount indicated, in the event that, prior to the end of the same, the competent corporate bodies should revoke, or fail to renew (limited to the 2019-2021 term), in the absence of just cause, the office and/or the delegated powers, or substantially reduce the delegated powers and/or duties and/or assign similar powers or duties to others, with the exception of the hypothesis of natural expiry of the 2022-2025 term, as well as in any other hypothesis of just cause for resignation.

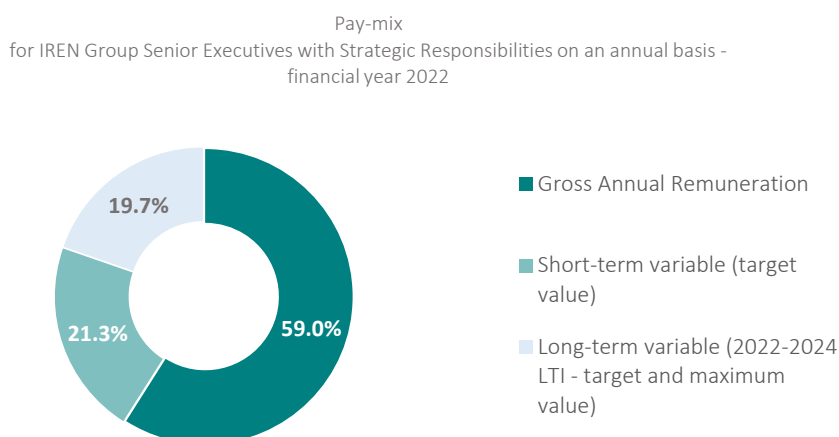
This is conventionally agreed upon also in order to mitigate any economic and governance risks for the Company, without prejudice to the payments and accruals at the end of the employment relationship established under the law and in the relevant Italian national labour contract.

Once adhesion has been formalised, following the establishment of the Board of Directors for the 2022-2024 term, the effects of any termination of office or termination of employment on the rights granted under the 2022-2024 LTI Plan will be described in a specific Addendum to the relevant Plan Regulation.

#### **Non-monetary benefits**

For the Chief Executive Officer and General Manager of IREN, as regards non-monetary benefits, the 2022 Guidelines do not provide for substantial changes compared to what is currently in place, for which reference should be made to Section Two below.

## Senior Executives with Strategic Responsibilities



### Fixed remuneration

The fixed component of the remuneration established for the executive employment relationships in place between the Company and the Senior Executives with Strategic Responsibilities of the IREN Group has the objective of enhancing the skills, responsibilities and growth potential of the most relevant and difficult to find professionals on the labour market, retaining and motivating people with the professional qualities required to successfully manage the Company.

In previous years, the Company's Remuneration and Appointments Committee examined benchmark analyses carried out with the support of advisors with reference to the remuneration of executive roles, an analysis that highlighted a general positioning of the aforementioned subjects in the low range of reference remuneration market, or rather the first quartile (with an overall average differential exceeding -23%).

At the proposal of the Chief Executive Officer and General Manager of IREN, when defining the remuneration policy, the Board of Directors therefore agreed on the need to make a gradual adjustment to the established market target (median of the reference remuneration market chosen in the so-called "restricted industry panel"), overcoming the remuneration positioning at the lower end of the market that has long been reported.

It remains that:

- in line with market practice, higher-weighted roles may not have a lower total compensation package than one or more of those working directly under their management; and
- it is necessary to avoid imbalances between the roles in question, taking into account factors such as the powers assigned, the characteristics of the companies managed (number of employees, turnover, average investments) and the product sector in which they operate, as well as the skills required, also with a view to maintaining high levels of competitiveness and motivation.

Taking into account the principle of comprehensive remuneration and the obligation of transfer, in the case of a lack of high level organisational positions covered within the Group (including, by way of example, Chief Executive Officer of a direct subsidiary), for IREN Group Senior Executives with Strategic Responsibilities with non-fixed term employee contracts a portion of fixed remuneration will also continue to be assigned as an indemnity linked to the position assigned (which can be defined as a "office indemnity" or "organisational position indemnity").

### Short-term Variable Incentives

In line with the aforementioned comparative remuneration studies, in order to improve the pay-mix in the remuneration packages for IREN Group Senior Executives with Strategic Responsibilities, the maximum percentage for disbursement of short-term incentives was increased which, in some cases, reaches 41% of individual Gross Annual Remuneration (the average percentage, as stated previously, is 36.2% of Gross Annual Remuneration).

Again in this case, taking into account the principle of comprehensive remuneration and the obligation of transfer, it is established that a portion of variable remuneration is connected explicitly to the position of Director with powers, or to organisational offices held.

For 2022, the selection of Performance Indicators and their relative weights was based on reasoning already partially anticipated with reference to the Chief Executive Officer and General Manager: (i) monitoring of the main objectives for the Group/managed business area relating to economic, financial and operational performance (e.g. Growth Marginality, Control of Indebtedness and Investments,...), with a weight equal, in most cases, to 40%; (ii) sharing of responsibilities for strategic Group projects by defining, for Senior Executives with Strategic Responsibilities, 30% of the performance indicators for integration and/or optimisation projects or, in any case, projects linked to business initiatives aimed at achieving medium-long term ESG objectives; (iii) maintaining the focus on stakeholder relations and ESG factors, as recommended by the Board of Directors, by maintaining for all IREN Group Senior Executives with Strategic Responsibilities a performance objective linked to the priority areas of intervention defined in the Business Plan - in relation to the various areas of activity - such as decarbonisation, circular economy, resilient cities, water resources, attention to customers, attention to staff and gender diversity, with a weight equal to 30%, a significant increase compared to the previous year.

Again in 2022, with the aim of avoiding disbursement of incentives in the face of decidedly unsatisfactory results, a gate condition was introduced linked to the maintenance of an investment grade rating from one of the primary ratings company.

Again in 2022, a minimum overall average achievement threshold has been set for Senior Executives with Strategic Responsibilities of greater than or equal to 70%, as an additional condition for receiving the payment.

Each Performance Indicator (with a predetermined target, in line with budget values) is assessed on the basis of a specific metric, with the minimum threshold set at 60% of the objective result (below which, the result is considered to be zero) and a maximum threshold of 100% of the objective (target value).

Also for Senior Executives with Strategic Responsibilities, for 2022, an individual results corrective factor (individual targets) - linked to the EBITDA and Operating Cash Flow lever (OCF levered) values (at Group level or - for the Networks Business Unit, in line with the provisions of the Integrated Functional Unbundling Text - at Business Unit level) - is applied to take into account and incentivise the creation of value by the Group with respect to the planned targets.

The corrective factor "K" (multiplier or demultiplier of the percentage value obtained for the individual objective sections, within the limits of that specified below) will be a numeric value, equal to the weighted average of the two indicators, with weights and metrics indicated below:

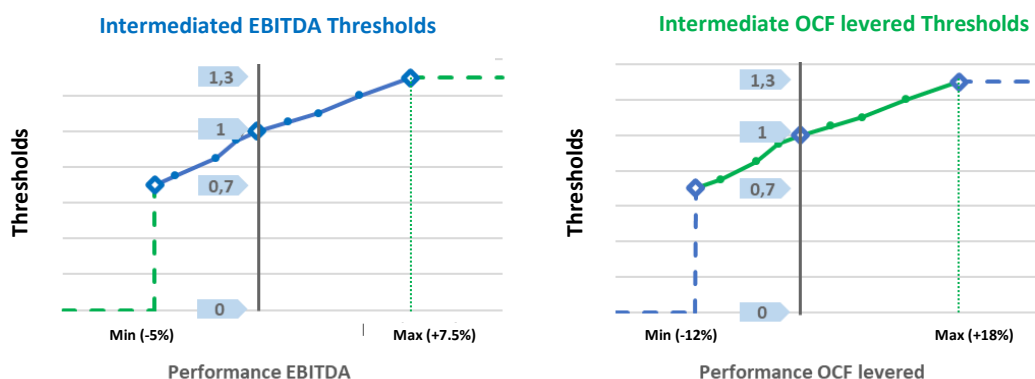
#### Group Factor K

| Objective         | Weight | Indicator                        | Measurement            | Thresholds (min-max)  |
|-------------------|--------|----------------------------------|------------------------|---|
| Group EBITDA      | 60%    | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -5%; 0<br>Final Figure vs. Target ≥ +7.5%; 1.3    |
| OCF Levered Group | 40%    | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -7.5%; 0<br>Final Figure vs. Target ≥ +11.3%; 1.3 |

#### K-Factor for Independent Operators

| Objective               | Weight | Indicator                        | Measurement            | Thresholds (min-max)   |
|-------------------------|--------|----------------------------------|------------------------|--|
| EBITDA Networks BU      | 60%    | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -5%; 0<br>Final Figure vs. Target ≥ +7.5%; 1.3 |
| OCF Levered Networks BU | 40%    | Final Figure vs. Target (Budget) | Linear with thresholds | Final Figure vs. Target < -12%; 0<br>Final Figure vs. Target ≥ +18%; 1.3 |

For both factors the final figures must be considered net of the effects of extraordinary transactions carried out during the year and not included in the budget.



Without prejudice to that indicated herein, with reference to the process used to determine the final figures for objectives assigned to Senior Executives with Strategic Responsibilities, incentive mechanisms, performance curves and deferral periods, please see that indicated for the Company's Chief Executive Officer and General Manager.

Also for Senior Executives with Strategic Responsibilities of the IREN Group clawback clauses have been determined, with the same conditions already referenced for the Chief Executive Officer and General Manager of IREN.

#### Non-monetary benefits

With regards to non-monetary benefits for Senior Executives with Strategic Responsibilities, the 2022 Guidelines do not include any substantial changes with respect to the previous year. For more information on this, please see Section Two.

#### Payments established in the case of termination of office or termination of the employment contract

For all Senior Executives with Strategic Responsibilities, payments and accruals as of the end of the relationship have been established in accordance with the law and the relevant national labour contract. If the relative prerequisites are met, the same may adhere to agreements, defined at Group level, which provide for incentive-based termination of service, based on the provisions of article 4 of Law 92 of 2012 (the so-called Fornero Law).

The effects of any termination of office or termination of employment on the rights granted under the 2022-2024 LTI Plan are described in the relevant Plan Regulation.

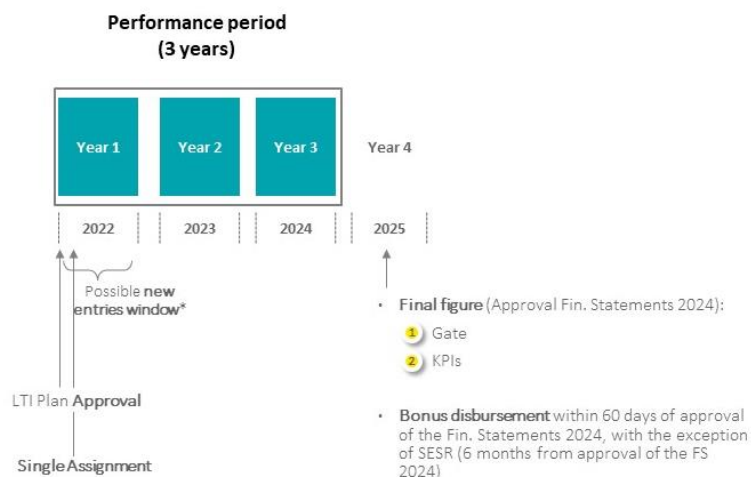
No non-competition agreements pursuant to article 2125 of the Civil Code have been established between IREN and the Senior Executives with Strategic Responsibilities.

#### 2022-2024 Long-Term Variable Incentives

On 29 March 2022, IREN's Board of Directors approved the objectives and main elements of the Long-Term Monetary Incentive Plan for the three-year period 2022-2024.

On 28 April 2022, after preliminary investigation by the Remuneration and Appointments Committee, the Board of Directors of IREN approved the contents of the Regulation on the operation of the 2022-2024 LTI Plan.



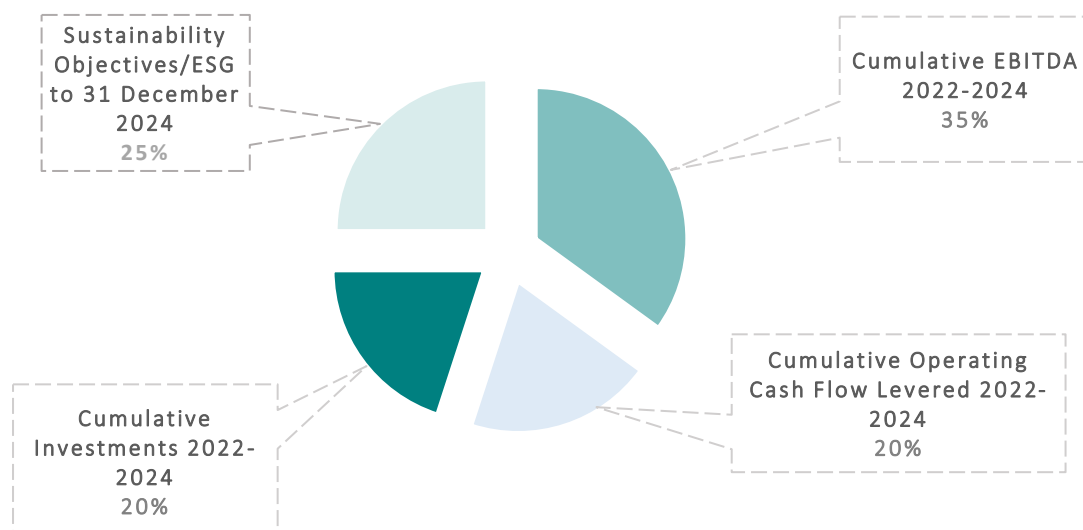


The 2022-2024 LTI Plan includes measurement of performance with reference to the period 2022-2024 (1 January 2022 to 31 December 2024), with performance indicators connected to the Group's 2021-2030 Business Plan for the three-year period of reference.

Specifically, disbursement of the premium is subordinate:

- to the meeting of a “gate” condition, namely maintenance, at the end of 2024, of an investment grade rating from one of the major ratings agencies at the level recognised in 2021;
- to the achievement of 4 (four) specific objectives<sup>15</sup>, independent of each other, identified in line with that established in the Group's Business Plan (cumulative EBITDA 2022-2024; cumulative Operating Cash Flow Levered 2022-2024; cumulative investments 2022-2024; Sustainability - ESG targets).

Performance Indicator Weight 2022-2024 LTI Plan



<sup>(\*)</sup> The Company reserves the right to not provide the cumulative value of these parameters, as it considers this to be sensitive information. Note that when the Business Plan is presented, the Company will provide the market with information in regards to these parameters. Please refer to the Press Release published on 11 November 2021 ([https://www.gruppouren.it/documents/21402/567230/ComunicatoStampa\\_BP%402030\\_ITA\\_def.pdf/8b5cdcd2-b7d3-4551-ae02-29b6e374b6c3](https://www.gruppouren.it/documents/21402/567230/ComunicatoStampa_BP%402030_ITA_def.pdf/8b5cdcd2-b7d3-4551-ae02-29b6e374b6c3)).

<sup>15</sup> For IREN Group Senior Executives with Strategic Responsibilities with constraints deriving from regulations regarding functional separation, specific performance indicators have been established, governed by the Regulations for the 2022-2024 LTI Plan.

The Sustainability - ESG objectives taken into consideration in the 2022-2024 LTI Plan, identified in agreement with the Corporate Social Responsibility function and IREN Territorial Committees among those approved by the Board of Directors of IREN as part of the Business Plan, concern:

- enhancement of gender diversity (% of women managers and middle managers out of total managers and middle managers);
- circular economy (separate collection in the basin served - historical territories);
- water resources (water network losses);
- resilient cities (energy savings from Group products/services);
- decarbonisation (scope 1 emissions - carbon intensity of energy production).

For each economic-financial objective, a threshold level has been defined, equal to 90% of the target as defined, below which no disbursement of the linked premium will be made.

An overall threshold level has been defined for the cumulative Sustainability - ESG objective (5 specific indicators), equal to 70% of the defined target, below which no disbursement of the related bonus portion is envisaged.

The accrual of the premium is calculated on the basis of a linear function between minimum performance (threshold) and target performance, based on which the maximum premium is determined.

No recipient of the 2022-2024 LTI Plan, including IREN Group Senior Executives with Strategic Responsibilities will see rewarding of overachievement.

With reference to the Group's Senior Executives with Strategic Responsibilities (including the General Manager), the target and maximum monetary incentive achievable at the end of the period (taking into account the definition of the time horizon of the 2022-2024 LTI Plan over a three-year period) is set at 100% of the individual Gross Annual Remuneration as at 1 January 2022, for the recipients already in force, or as at the date of subsequent eligible inclusion on the basis of the Regulations set out below, for the others, in the event of achievement of 100% of the Targets.

At the meeting held on 29 March 2022, at the same time as approving the main elements of the 2022-2024 Long-Term Monetary Incentive Plan, the Board of Directors of IREN, after preliminary investigation by the Remuneration and Appointments Committee, decided to include all the Directors holding special offices within the Company among the beneficiaries of the Plan, since the targets of the 2021-2030 Business Plan - a plan that is decidedly innovative compared with the past and highly challenging in its strategic objectives - relate to the matters covered by the powers delegated to the above-mentioned, who, in exercising them, will therefore be able to make an effective contribution to the implementation of the Business Plan and to the development of the Group with a view to sustainability for the local area, the community and stakeholders.

With regard to these persons, considering the upcoming expiry of their appointments with the approval of the financial statements for the year 2021 and considering the prerogatives of the Shareholders concerning the total amounts for the remuneration of all Directors, including those vested with special offices referred to in the Introduction, the conditions of adhesion will be formalised by the Board of Directors that will take office after the Shareholders' Meeting to be held in June 2022 as part of an Addendum to this Regulation. In particular, the target and maximum monetary incentive achievable at the end of the period, in the event that 100% of the Targets are reached, will be defined by the Board of Directors that will take office after the aforesaid Shareholders' Meeting, within the framework of the resolutions passed by the Meeting itself.

Also as part of the 2022-2024 LTI Plan, in continuity with the previous Plans and in line with the recommendations of the Corporate Governance Code, for Senior Executives with Strategic Responsibilities of the IREN Group, a payment deferral term of 6 (six) months from the date of the Shareholders' Meeting which will approve the financial statements for the year 2024 was introduced. Deferral terms will also be envisaged for Directors holding special offices who will be appointed for the three-year period 2022-2024 - following the formalisation of their adhesion to the 2022-2024 LTI Plan - to be governed by a specific Addendum to the Plan Regulation, in any case in line with what has already been expressed with reference to the IREN Group Senior Executives with Strategic Responsibilities.

As in the past, the results achieved during the performance measurement periods will be monitored annually by the Remuneration and Appointments Committee and the Board of Directors.

The Regulation for the 2022-2024 LTI Plan for IREN Group Senior Executives with Strategic Responsibilities governs certain aspects, including:

- specific situations which may involve changes in the shareholding structure, corporate scope or methods of representing accounting information and their consequent impacts on the Plan;
- termination of employment relationship for one of the beneficiaries during the vesting period, differentiating between a “good leaver” (with the disbursement of the premium as accrued based on a *pro-rata temporis* criteria) and a “bad leaver” (eliminating the premium payable);
- malus and clawback clauses which allow the Company to request restitution, entirely or partially, of bonuses disbursed or to withhold sums not yet disbursed against the occurrence, within 3 (three) years of the end of the vesting period, or a longer time based on applicable law, of specific Trigger Events (fraudulent actions carried out by the beneficiary of the bonus; non-compliance with compliance standards established in the IREN Group Code of Ethics; grave violations of internal regulations or provisions ascertained by the relevant Company bodies or those of its subsidiaries; bonuses determined on the basis of information which is subsequently found to be erroneous, regardless of whether this erroneous assessment is due to the beneficiary).

If the existence of one of the Trigger Events is ascertained, with consequent assessment regarding the activation of the clauses, this is done by the relevant departments with regards to the subject and the various bodies responsible for the internal control and risk management system, which then make the necessary notifications to the relevant bodies within the Company or the subsidiaries, as soon as the necessary information is available. For the purposes of the assessment, the seriousness of the violations linked to the beneficiary will be assessed, as well as the amount of damage suffered and consequences deriving from a possible legal dispute.

With reference to the beneficiaries of the 2022-2024 LTI Plan classified as IREN Group Senior Executives with Strategic Responsibilities, the decision regarding activation of the clauses is left to the Company's Chief Executive Officer, after hearing from the Remuneration and Appointments Committee.

Again in line with the Corporate Governance Code of Listed Companies, the application of *malus* and clawback clauses is also confirmed for the Directors holding special offices who will be appointed for the three-year period 2022-2024 - after the formalisation of the adherence to the 2022-2024 LTI Plan - under the terms and conditions that will be governed by a specific Addendum to the Plan Regulation, in any case in line with what has already been expressed with reference to the Senior Executives with Strategic Responsibilities of the IREN Group.

With regard to the Chief Executive Officer and General Manager and, in general, also to the other Executive Bodies of IREN (for which, as already mentioned, in the event of adherence to the 2022-2024 LTI Plan, a specific Addendum to the Regulation will have to be formalised):

- notifications regarding the possible occurrence of trigger events must be sent to the Company's Board of Directors;
- the decision regarding application of malus and clawback clauses is left to the Company's Board of Directors, after hearing from the RAC.

#### Future initiatives on medium-long term incentives

With a resolution of 29 March 2022, the Board of Directors, after preliminary investigation by the Remuneration and Appointments Committee, also confirmed, for the entire duration of the Business Plan, the long-term incentive tool, as a sequential succession of closed, monetary plans, subject to Regulations to be reviewed at the beginning of each three-year period.

#### Reference to remuneration policies of other companies

Both determination of the architecture of the 2022-2024 LTI Plan and adoption of the 2022 Guidelines were preceded by specific remuneration benchmarks and studies, in part with the support of highly specialised advisors (EY Advisory S.p.A.; Mercer Italia; Eric Salmon & Partners; The European House - Ambrosetti), involving panels of companies similar to IREN in terms of size and/or sector, listed in the following table.

### Panel of companies for remuneration benchmarks

| Subject of comparison  | Advisor                                  | Criteria   | Peer Group  |
|--|--|--|---|
| - 2018 -<br>Long-Term Variable<br>Incentive Systems                            | EY                                       | Companies in the Energy & Utilities sector<br>Companies belonging to the FTSE Italia Mid-Cap index with a capitalisation of +/- 30% compared to that of IREN | A2A, Acea, ACSM-AGAM, Alerion, Ascopiave, Enel, Eni, Erg, Hera, Italgas, Saipem, Saras, Terna.<br>Ansaldo STS, ASTM, Autogrill, Brunello Cucinelli, De Longhi, Enav, Fincantieri, IMA, Interpump Group, Reply, SIAS, Technogym. |
| - 2019 -<br>Remuneration position,<br>IREN Chief Executive<br>Officer and SESR | Mercer                                   | Market: All Industry<br><i>Executive - MERG</i>  | A2A, Acea, Enel Distribuzione, Enel Energia, Enel Green Power, Enel Servizio Elettrico, Enel Sole, Enel Trade, GE Italy Power and GE Italy Renewable Energy.  |
| - 2020 -<br>2020 performance<br>objectives                                     | Eric<br>Salmon &<br>Partners             | Panel of companies<br>comparable to IREN based on<br>size and/or business sector   | A2A, Acea, ACSM, Alerion, Enel, Eni, Hera, Italgas, Saras, Saipem and Terna.  |
| - 2020 -<br>Positioning<br>Remuneration<br>NED                                 | EY                                       | Panel of companies<br>comparable to IREN based on<br>size and/or business sector   | A2A, Acea, Amplifon, Ascopiave, ASTM, Brembo, Buzzi Unicem, Danieli & C., De' Longhi, Edison, ERG, Hera, IMA, Italgas, Maire Tecnimont and Terna.   |
| - 2020 -<br>Positioning<br>Board of Statutory<br>Auditors                      | EY                                       | Panel of companies<br>comparable to IREN based on<br>size and/or business sector   | A2A, Acea, Amplifon, ASTM, Autogrill, Brembo, Campari, Danieli & C., De Longhi, Edison, ERG, Gruppo Mediaset, Hera, Italgas, Maire Tecnimont, Moncler, Piaggio & C., Recordati, Saipem, Saras and Terna.                        |
| - 2021 -<br>Positioning<br>Remuneration<br>NED and Committees                  | The<br>European<br>House -<br>Ambrosetti | Panel of companies<br>comparable to IREN in terms of<br>size, shareholding structure<br>and business proximity   | A2A, Acea, Ascopiave, ASTM, Brembo, Brunello Cucinelli, ERG, Enav, Falck Renewables, Hera, IMA, Italgas, Leonardo, Mediaset, Reply, Saipem, Salvatore Ferragamo.  |
| - 2022 -<br>Positioning<br>remuneration SESR                                   | Mercer                                   | Market: All Industry<br><i>Executive - MERG</i>  | A2A, Acea, Enel Distribuzione, Enel Energia, Enel Green Power, Enel Servizio Elettrico, Enel Sole, Enel Trade, GE Italy Power and GE Italy Renewable Energy.  |

### Derogations to the remuneration policy

Also for 2022, on an exceptional and non-recurring basis, subject to the opinion of the Remuneration and Appointments Committee, specific temporary exceptions to the policy described above may be envisaged by the Board of Directors, with reference to what is reported in the paragraphs of this Section dedicated to the remuneration of the Chief Executive Officer and General Manager as well as of the Senior Executives with Strategic Responsibilities of the IREN Group and without prejudice to the application of the discipline envisaged by the Procedure for Related Parties Transactions.

The derogating powers, which are in any event temporary and exceptional, may concern, for all the subjects to whom this policy is addressed, the size and the contractual form of the fixed and variable components in the event of changes in the current roles, the related delegated powers and/or employment relationships, the thresholds required for the payment of the remuneration components including variable components, the amount of the variable component due pursuant to the provisions described in the Remuneration Policies, as well as the payment or non-payment of the variable component regardless of the occurrence of the conditions for its disbursement and the anticipation or deferment of the disbursement dates of the variable component.

More specifically, in relation to extraordinary events, without prejudice to the fact that the objectives assigned at the beginning of the year cannot be modified, it might be appropriate to assess the introduction of corrective measures for short-term incentive pay in the event of major blocks to activities due to external events, corrective measures that, in any case, shall be adopted promptly and ex ante.

Note that "exceptional circumstances" means situations in which derogation from the present policy is necessary to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to remain on the market. Exceptional circumstances may include, purely by way of example and without limitation, extraordinary transactions not previously planned (e.g. restructuring, reorganisation or reconversion), changes to the organisational, managerial and administrative structure of the company such

as to have an impact on the economic and financial results, the turnover, due to unforeseen events, of the delegated bodies and the turnover/integration of Senior Executives with Strategic Responsibilities, with the consequent need to rapidly negotiate a remuneration package for their replacement, where the constraints contained in the approved policy should constitute a limit to the creation of value and the sustainability of the company in the long term.

Any recourse to the right of derogation will be however communicated to the market.

Finally, it should be noted that, during reorganisation and restructuring operations aimed at achieving the medium/long-term objectives set out in the 2021-2030 Business Plan, managers selected from the labour market may be hired using instruments designed to further improve the attractiveness of the company, such as, for example, any "entry bonuses" in partial compensation for other short-term variable remuneration already accrued by the manager, but which cannot be earned or recovered. The use of such instruments would occur in situations where the hiring of the manager could not be postponed for contingent reasons and the recognition of the entry bonus would be: (i) feasible only in exceptional cases to avoid the loss of the opportunity to acquire managers capable of effectively implementing the ability to create value in the medium-long term; (ii) one-off and subject to the successful completion of the trial period.

## Section Two

Compensation and other Information Relative  
to 2021

## Section two - Compensation and other Information Relative to 2021

### Part one - Implementation of 2021 remuneration policies

Below is a description of compensation disbursed and/or assigned in 2021 to IREN Directors and IREN Group Senior Executives with Strategic Responsibilities.

Implementation of the 2021 remuneration policy, as verified by the Remuneration and Appointments Committee during its regular assessment as foreseen by the Italian Corporate Governance Code, remained in line with the general principles indicated in the resolutions adopted by the Board of Directors. It was substantially consistent with the Remuneration Policy for the same year, except as specified below.

#### Non-executive Directors

With regard to the Directors of IREN, in 2021 the fixed remuneration for the office approved, for the 2019-2021 term, by the Shareholders' Meeting of 22 May 2019, equal to 23,000 Euro gross per year, was paid, in addition to the reimbursement for the expenses incurred by reason of the office, in compliance with the Guidelines adopted on the matter by the Board of Directors of the Company.

No forms of variable remuneration linked to company results were provided, nor remuneration based on shares.

For all members of the Board of Directors specific company insurance coverage has been established relative to professional civil liability relative to third parties (D&O policies) as well as specific injury insurance (professional component).

#### Board Committees

In compliance with that resolved by the Board of Directors on 4 June 2019, in 2021 additional compensation was also disbursed for participation on Board committees (11,000 Euro gross annually for the Chairperson; 5,850 Euro gross annually for each member).

#### Board of Statutory Auditors

With regard to IREN's Board of Statutory Auditors, the fixed fees approved for the 2018-2020 term of office by the Shareholders' Meeting of 19 April 2018, and for the 2021-2023 term of office by the Shareholders' Meeting of 6 May 2021, were paid as follows:

- 45,000 Euro for the Chairperson;
- 30,000 Euro for the Standing Auditors;

in both cases also including reimbursement of expenses suffered for the office, in compliance with the Guidelines adopted on the subject by the Company's Board of Directors.

#### Directors holding special offices

The remuneration package for Directors with special offices for the parent company consists of a fixed component, paid by the year of the term, additional with respect to the Director's compensation for the duration of the term (equal to 23,000.00 Euro gross annually), reimbursement of expenses suffered for the offices and non-monetary benefits (for these items, please see the dedicated sections herein).

Details of these payments were established by the Board of Directors, based on a proposal from the relevant Committee, taking into account the limits established by the Shareholders' Meeting on 22 May 2019 (for the 2019-2021 term) and the main Shareholders' Meeting principles regarding remuneration, already referenced multiple times.

The Shareholders' Meeting established a maximum total limit for fixed compensation of members of the Board of Directors with special offices under the Articles of Association, setting it at 247,000.00 Euro gross annually.

For the three Directors with powers (Chairperson, Deputy Chairperson and Chief Executive Officer), the benefit of a company car is provided, as well as insurance coverage as directors, in addition to the usual benefits established for executives.

### Executive Chairperson

With reference to the Chairperson of the IREN Board of Directors, additional gross annual remuneration established for the powers granted in compliance with the Articles of Association was determined by the IREN Board of Directors on 4 June 2019, based on a proposal from the RAC, after hearing from the Board of Statutory Auditors.

In accordance with the policy described in Section One of the Report on Remuneration Policy 2021 and Compensation Paid 2020, submitted to the Shareholders' Meeting on 6 May 2021, in 2021 the Chairperson of the Board of Directors in office enjoyed the following non-monetary benefits: car for mixed use, specific accident insurance coverage (professional component), company insurance coverage in the area of professional liability towards third parties (D&O policy), as a member of the Board of Directors and health plan.

No variable component of compensation has been provided for the Chairperson of the Board of Directors.

### Executive Deputy Chairperson

With reference to the Deputy Chairperson of the IREN Board of Directors, additional gross annual remuneration established for the powers granted in compliance with the Articles of Association was established by the IREN S.p.A. Board of Directors on 4 June 2019, based on a proposal from the RAC, after hearing from the Board of Statutory Auditors.

During the course of 2021, the Deputy Chairperson in office was provided with specific insurance coverage for injuries (professional component) as well as corporate insurance coverage relative to civil liability with regards to third parties (D&O Policy).

In 2021, this individual did not make use of any other benefits provided for the position, nor reimbursement of expenses as would be allowed relative to the office.

No variable component of compensation was provided for the Deputy Chairperson.

### Chief Executive Officer and General Manager

With regard to the Chief Executive Officer and General Manager of IREN in office until 29 May 2021, Mr. Massimiliano Bianco, on the same date an agreement was signed for the consensual termination of the relationship between him and the Company, which is described in the relevant paragraph below.

Until this date, the economic-contractual conditions provided for the fixed-term employment relationship in place with the Company, approved by the Board of Directors at the meeting of 2 July 2019, subject to the favourable opinion of the RAC, also pursuant to the regulations on related party transactions, have been applied.

More specifically, the fixed component of the remuneration package for Mr. Bianco included, in addition to the payments established pursuant to article 2389, paragraph 3, Italian Civil Code, for the position of Chief Executive Officer of the Company, equal to 57,000 Euro, a Gross Annual Remuneration of 272,000 Euro, replacing any other type of remunerative payment established by any source of collective regulations for employment relationships.

With a resolution on 2 July 2019, the IREN Board of Directors had determined the Gross Annual Variable Remuneration for the Company's Chief Executive Officer and General Manager, in the form of the target value, equal to approximately 35% of Gross Annual Remuneration.

Performance objectives for 2021 for Massimiliano Bianco were assigned by the Board of Directors on 23 February 2021.

The annual incentive referring to the 2021 financial year was calculated to an extent equal to the average incentive paid for the results achieved in the 2019/2020 two-year period (average equal to 112.17% compared to 120% actually achieved at year-end), as established in the agreement for the consensual termination of the relationship signed with him, taking into account the continued employment of Mr. Bianco until the end of November 2021 as Senior Advisor (although he is no longer among the Senior Executives with Strategic Responsibilities).

Following the conclusion of the vesting period of the 2019-2021 LTI Plan, in view of the verification of the parameters contained therein and the results achieved, as resulting from the draft financial statements for the 2021 financial year, on 28 April 2022, following a preliminary investigation by the Remuneration and Appointments Committee, the Board of Directors of IREN verified the full achievement of the performance indicators set out in the aforementioned Plan. Therefore, as provided for in the Regulations on the 2019-



2021 Long-Term Incentive Plan, the amount due, considering (for the foregoing) the entire year 2021, will be disbursed in accordance with the conditions and timing set forth in the relevant Regulations.

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With reference to the Chief Executive Officer and General Manager of IREN in office from 29 May 2021, Gianni Vittorio Armani, the economic-contractual conditions provided for the fixed-term employment relationship with the Company, approved by the Board of Directors at the meeting held on the same date, with the prior approval of the RAC, also pursuant to the regulations on related party transactions, were applied.

More specifically, the fixed component of the remuneration of the Chief Executive Officer and General Manager of IREN includes, in addition to the emolument envisaged pursuant to article 2389, paragraph 3, Italian Civil Code equal to 57,000 Euro for the office of Chief Executive Officer of the Company, a Gross Annual Remuneration of 400,000 Euro, replacing any different remuneration treatment provided for by any collective source of regulation of the employment relationship and a Gross Annual Variable Remuneration, in the target value, equal to approximately 35% of the Gross Annual Remuneration.

In order to have a strong involvement in the achievement of the targets set out in the 2019-2021 Long-Term Incentive Plan, an additional incentive remuneration, for the year 2021 only, equal to 35% of the Gross Annual Remuneration in relation to the achievement of the objectives set out in said Plan was also provided for.

In this case, the Company's Board of Directors, subject to the Committee's investigation, made use of a waiver of the remuneration policy expressed and approved in the Report on Remuneration Policy 2021 and Compensation Paid 2020, as there was a need to quickly negotiate a remuneration package for the new Chief Executive Officer and General Manager, with a view to pursuing the short, medium and long-term interests and the sustainability of the Company as a whole.

The performance goals for 2021 for Mr. Armani were awarded by the Board of Directors on 6 July 2021.

On 20 April 2022, after a study by the RAC, the Board of Directors verified the achievement of the 2021 objectives by the IREN Chief Executive Officer and General Manager in office.

The annual incentive for the Chief Executive Officer and General Manager of IREN for the financial year 2021 accrues on the basis of a positive assessment of the achievement - to the extent of 120% - of the objectives set for that year, taking into account the Group's corrective factor, and will be paid on a *pro rata* basis, in accordance with company policy, in relation to the period of service.

More specifically, against an overall achievement of the objectives equal to 99.33%, the Committee and the Board of Directors acknowledged the occurrence of the conditions for the activation of the corrective factor of the individual results linked to the achievement of the EBITDA and OCF Levered values.

These bonuses will not be disbursed until 3 (three) months after the date on which the final calculations were made by the relevant bodies.

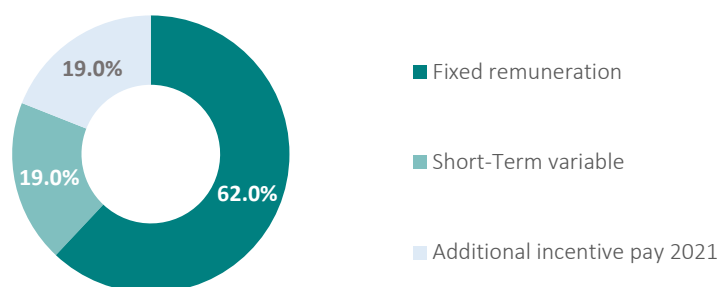
Following the conclusion of the vesting period of the 2019-2021 LTI Plan, in view of the verification of the parameters contained therein and the results achieved, as resulting from the draft financial statements for the 2021 financial year, on 20 April 2022, following a preliminary investigation by the Remuneration and Appointments Committee, the Board of Directors of IREN verified the full achievement of the performance indicators set out in the aforementioned Plan. The portion due as additional incentive remuneration linked to the results of the Plan will therefore be paid according to the times and conditions set out in the Plan Regulation.

Summary of the % achievement of short-term objectives for 2021 assigned to the current Chief Executive Officer and General Manager of IREN, taking into account the final figures shown below.

| KPIs  | Weight | % achieved | Trend |
|---|--------|------------|-------|
| IFL Rating/FFO Group-target achievement established<br>(Final figure 2021 equal to 4x)  | 25%    | 100%       | ↗     |
| NFD/EBITDA of the Group - achievement of the<br>established target<br>(Final figure 2021 equal to 2.86x)  | 25%    | 100%       | ↗     |
| Group Strategic Projects - weighted average of the<br>results of the individual projects assigned <sup>16</sup>                                   | 30%    | 100%       | ↗     |
| ESG/stakeholder impact objectives - achievement of the<br>targets for sustainability indicators assigned for 2021 [6<br>indicators] <sup>17</sup> | 20%    | 96.66%     | ↘     |

↘ Below target      → At target      ↗ Above target

*Actual Pay-mix*  
for the Chief Executive Officer and General Manager on an annual basis -  
financial year 2021



During 2021, in line with company policies and practices, the IREN Chief Executive Officer and General Manager *pro tempore* in office was granted, as non-monetary benefits, a company car, the use of leased housing, IREN Group executive injury insurance (professional and non-professional components), IREN Group executive life insurance (death and permanent disability) and civil liability coverage as the head of household, as well as company insurance coverage for professional civil liability towards third parties (D&O Policy), as a member of the Board of Directors. In addition to the above, the Chief Executive Officer and General Manager *pro tempore* in office was also paid a specific amount by way of welfare.

<sup>16</sup> The Group strategic projects referred to in the objective were related to: (i) Corporate Reporting 2.0 project, i.e. the implementation and development of Group reporting (Corporate and Business Unit) aimed at analysing, starting from the underlying business drivers, the variations of the main dimensions (economic-financial, ESG, planning and regulatory); (ii) Just Iren, i.e. the implementation of a new operating model in the management of Environmental Services, starting from Collection and Sweeping, always leveraging digitalisation; (iii) PMS2, i.e. the massive plan for the replacement of 2G meters; (iv) Repowering Turbigio, i.e. the implementation of plant modifications to improve efficiency and production flexibility, in compliance with environmental standards. All of these projects, on a multi-year basis, include specific economic, qualitative, and time targets for each year, which have been evaluated for the purpose of this objective.

<sup>17</sup> The sustainability/ESG indicators referred to in the objective are as follows: (i) Connection of district heating volumes (Mmc); (ii) Gender diversity; (iii) Increase in separate waste collection (%); (iv) Reduction in water losses; (v) Improvement in the Group's accident rate; (vi) Sale of green energy (GWh).

The performance of the above indicators is dealt with in detail in the Sustainability Report 2021 (Consolidated non-financial statement pursuant to Legislative Decree 254/2016) - approved by the Board of Directors and made available, within the terms of the law, to the Shareholders' Meeting and the market - and was the subject of the assessment for the purposes of the objective under review.

### Senior Executives with Strategic Responsibilities

For all or part of 2021, 8 persons held the position of Senior Executive with Strategic Responsibilities of the Group (Directors of the Business Units; Director of Administration, Finance and Control - Mr. Massimo Levrino until 31 October 2021 and then Director of the CEO Office, as from 1 November 2021, Ms. Anna Tanganelli -; Director of Personnel, Organisation and Information Systems; Director of Procurement, Logistics and Services).

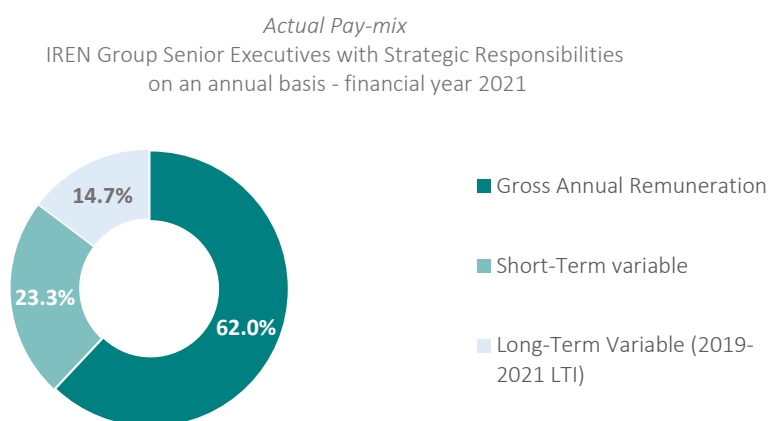
Below are the remuneration packages implemented during 2021 for these individuals, in aggregate form. With reference to the remuneration package for Group Senior Executives with Strategic Responsibilities, in 2021 this consisted of Gross Annual Remuneration as well as short-term variable remuneration established (at an average) at approximately 27.3% of the aforementioned fixed remuneration.

Taking into account the transfer requirement, the (fixed and variable) compensation established for taking on the position of Director with powers for Companies in the Group, or in relation to strategic organisational positions held within the Group was recognised as an *ad hoc* item included in remuneration for the employee relationship.

The annual individual incentive for Group Senior Executives with Strategic Responsibilities relative to 2021 will be paid after a positive assessment, by the Company's Chief Executive Officer and General Manager, after a study by the RAC, at the meeting on 22 April, continuing the work on 23 April 2022, with regards to the achievement of the objectives determined for the same year for that category of individuals in the amount, on average, of [112.17] %.




Also for the IREN Group's Senior Executives with Strategic Responsibilities, the Committee acknowledged the occurrence of the conditions for the activation of the corrective factor of the individual results linked to the achievement of the EBITDA and OCF Levered values of the Group (and of the Networks Business Unit - as regards the individuals who hold the role of Independent Operators) as per the Remuneration Policy Guidelines for the reference financial year, against an individual result of the objectives equal, on average, to 90.92%.




Also for these individuals, payment of the bonuses will not occur 3 (three) months after the date on which the final calculations were made by the relevant bodies.



Non-monetary fringe benefits were also granted, including the mixed use of a car, accident insurance for Group executives and, in one case, the use of rented accommodation, life insurance for IREN Group executives (in the event of death and permanent disability), and insurance cover for professional third-party liability (D&O policy), coverage of the civil liability of the head of the household, as well as participation in the welfare plan envisaged for all managers, with an increase in the specific amount, in a total compensation logic.

#### Summary % achievement of long-term goals 2019-2021 LTI Plan.

| KPIs   | Weight | Final figure 2019-2021 | % achieved   |
|--|--------|------------------------|--|
| Cumulative EBITDA 2019-2021                      | 50%    | mln € 2,860            | 103.6%  |
| Cumulative Operating Cash Flow Levered 2019-2021 | 30%    | mln € 2,732            | 129.5%  |
| Cumulative Investments 2019-2021                 | 20%    | mln € 1,884            | 107.7%  |

 At target  
  Above target  
  Below target

#### Malus and Claw-back

During 2021, no *ex-post* correction mechanisms for the variable component were activated in respect of IREN's Chief Executive Officer and General Manager *pro tempore* in office and other IREN Group Senior Executives with Strategic Responsibilities.

#### Severance indemnities for end of office or termination of employment

On 29 May 2021, an agreement for the consensual termination of the relationship between the Company and Mr. Massimiliano Bianco was signed.

Pursuant to the agreement, Mr. Bianco relinquished, effective 29 May 2021, the positions of Director, Chief Executive Officer and General Manager as well as all powers and proxies granted to him. The agreement also provided for the continuation of Mr. Bianco's employment as an executive of the Company (leaving the list of Senior Executives with Strategic Responsibilities) until 30 November 2021, in order to ensure a gradual internal handover.

As part of the agreement, which constituted a general and novative settlement with respect to previously existing agreements, provision was made for recognition of a gross sum of 889,134 Euro, including: (i) 12 months' salary as severance pay as an executive; (ii) the missing months' salary from the termination of the office and proxies until the originally scheduled termination of said employment relationship, as per law and national collective labour agreement, equal to 12; (iii) compensation for waivers for various reasons.

The above amounts were added to the annual compensation provided for the position of Chief Executive Officer (in accordance with the provisions of the Shareholders' Meeting of 22 May 2019), those for short-term and long-term incentives based on results achieved, taking into account the continuation of the relationship until the end of November.

The terms of the agreement reached with Mr. Bianco have been approved by the Company's Board of Directors, subject to the favourable opinion, also rendered pursuant to the regulations on related party transactions, of the Remuneration and Appointments Committee, as well as to the preliminary investigation by the Company's Control, Risk and Sustainability Committee.

In examining and approving the agreement, which, with regard to the values represented, takes as its reference the provisions of the remuneration policy in force on that date, approved by the Shareholders' Meeting, the Company's Board of Directors considered that the amounts provided for were substantially equivalent, noting that there was no negative impact on the Company. The Board of Directors, with the aim of facilitating the succession of the Chief Executive Officer, with a view to pursuing the long-term interests and sustainability of the Company as a whole, has adjusted its remuneration policy accordingly.

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Except as reported above, no end of office and/or termination of employment indemnities were resolved and/or disbursed relative to other Company Directors.

#### Compensation policy waivers approved in 2021

As specified above, in defining the economic conditions underlying the employment relationship with the Chief Executive Officer and General Manager of IREN in office since 29 May 2021, the Board of Directors made use of a waiver of the remuneration policy expressed and approved in the Report on Remuneration

Policy 2021 and Compensation Paid 2020 since there was a need to negotiate the aforesaid conditions quickly with a view to pursuing the long-term interests and sustainability of the Company as a whole. The economic conditions envisaged for the new Chief Executive Officer and General Manager are, in any event, well below those of the remuneration market for similar positions.

## Part Two – Compensation due for 2021

The tables below indicate by name compensation for the IREN Directors and Auditors and, in aggregate, compensation for IREN Group Senior Executives with Strategic Responsibilities.

All individuals are included who during the course of 2021 served, even for a fraction of the period, as a member of the IREN administration or control body or as an IREN Group Senior Executives with Strategic Responsibilities.

An indication is also provided of compensation received from subsidiaries and/or associate companies, either in the note or in the table.

**Table 1. Total compensation due to members of the Board of Directors, Board of Statutory Auditors and to Senior Executives with Strategic Responsibilities during the reference periods**

(gross amounts in thousands of Euro, rounded up)

| Name and surname  | Office                                      | Period in which office was held | Expiration of office | Fixed remuneration <sup>18</sup>    | Remuneration for participation in Committees <sup>19</sup> | Bonuses and other incentives <sup>20</sup> | Non-monetary benefits <sup>21</sup> | Other remuneration <sup>22</sup> | Total annual remuneration approved  | End-of-office or termination benefits <sup>23</sup> |
|---|---|---------------------------------|----------------------|-------------------------------------|--|--|-------------------------------------|----------------------------------|-------------------------------------|---|
| <b>DIRECTORS IN OFFICE AT 31 DECEMBER 2021</b>                                  |   |                                 |                      |                                     |  |  |                                     |                                  |                                     |   |
| Renato Boero  | Executive Chairperson                       | 01/01-31/12/2021                | Appr. FS 2021        | 187.5                               | -  | -  | 3.7                                 | -                                | 191.2                               | -   |
| Gianni Vittorio Armani  | Chief Executive Officer and General Manager | 29/05-31/12/2021                | Until the Meeting    | 260.4                               | -  | 238  | 1.95                                | -                                | 500.35                              | -   |
| Moris Ferretti  | Executive Deputy Chairperson                | 01/01-31/12/2021                | Appr. FS 2021        | 155.4 (of which 8 thousand donated) | -  | -  | -                                   | -                                | 155.4 (of which 8 thousand donated) | -   |
| Sonia Maria Margherita Cantoni  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 38                                  | 5.85   | -  | -                                   | -                                | 43.85                               | -   |
| Enrica Maria Ghia   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 23                                  | 5.85   | -  | -                                   | -                                | 28.85                               | -   |
| Pietro Paolo Giampellegrini   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 73                                  | 11   | -  | -                                   | -                                | 84                                  | -   |
| Alessandro Giglio   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 38                                  | 5.85   | -  | -                                   | -                                | 43.85                               | -   |
| Francesca Grasselli   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 23                                  | 5.85   | -  | -                                   | -                                | 28.85                               | -   |
| Maurizio Irrera   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 58                                  | 5.85   | -  | -                                   | -                                | 63.85                               | -   |
| Cristiano Lavaggi   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 30                                  | 5.85   | -  | -                                   | -                                | 35.85                               | -   |
| Ginevra Virginia Lombardi   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 49                                  | 5.85   | -  | -                                   | -                                | 54.85                               | -   |
| Giacomo Malmesi   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 38                                  | 16.85  | -  | -                                   | -                                | 54.85                               | -   |
| Gianluca Micconi  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 25                                  | -  | -  | -                                   | -                                | 25                                  | -   |
| Tiziana Merlino   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 24.8                                | -  | -  | -                                   | -                                | 24.8                                | -   |
| Licia Soncini   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 23                                  | 11   | -  | -                                   | -                                | 34                                  | -   |
| <b>DIRECTORS TERMINATED DURING THE YEAR 2021</b>                                |   |                                 |                      |                                     |  |  |                                     |                                  |                                     |   |
| Massimiliano Bianco   | Chief Executive Officer and General Manager | 01/01-29/05/2021                | 29/05/2021           | 137.1                               | -  | 391.6                                      | 5.6                                 | -                                | 534.3                               | 946.1   |
| <b>Total compensation due to Board of Directors</b>                             |   |                                 |                      | <b>1,183.2</b>                      | <b>79.8</b>  | <b>629.6</b>                               | <b>11.3</b>                         | <b>-</b>                         | <b>1,903.9</b>                      | <b>946.1</b>  |
| <b>AUDITORS IN OFFICE AT 31 DECEMBER 2021</b>                                   |   |                                 |                      |                                     |  |  |                                     |                                  |                                     |   |
| Michele Rutigliano  | Chairperson                                 | 01/01-31/12/2021                | Appr. FS 2023        | 85                                  | -  | -  | -                                   | -                                | 85                                  | -   |
| Ugo Ballerini   | Standing Auditor                            | 06/05-31/12/2021                | Appr. FS 2023        | 19.6                                | -  | -  | -                                   | -                                | 19.6                                | -   |
| Simone Caprari  | Standing Auditor                            | 01/01-31/12/2021                | Appr. FS 2023        | 70                                  | -  | -  | -                                   | -                                | 70                                  | -   |
| Cristina Chiantia   | Standing Auditor                            | 01/01-31/12/2021                | Appr. FS 2023        | 69.5                                | -  | -  | -                                   | -                                | 69.5                                | -   |
| Sonia Ferrero   | Standing Auditor                            | 06/05-31/12/2021                | Appr. FS 2023        | 19.6                                | -  | -  | -                                   | -                                | 19.6                                | -   |
| <b>Total compensation due to Board of Statutory Auditors</b>                    |   |                                 |                      | <b>263.8</b>                        | <b>-</b>   | <b>-</b>                                   | <b>-</b>                            | <b>-</b>                         | <b>263.8</b>                        | <b>-</b>  |
| <b>SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES<sup>24</sup></b>           |   |                                 |                      |                                     |  |  |                                     |                                  |                                     |   |
| <b>Total compensation for Senior Executives with Strategic Responsibilities</b> |   |                                 |                      | <b>1,394.6</b>                      | <b>-</b>   | <b>1,523.4</b>                             | <b>13.6</b>                         | <b>20</b>                        | <b>2,951.6</b>                      | <b>-</b>  |
| <b>of which in IREN</b>   |   |                                 |                      | <b>1,394.6</b>                      | <b>-</b>   | <b>1,523.4</b>                             | <b>13.6</b>                         | <b>20</b>                        | <b>2,951.6</b>                      | <b>-</b>  |
| <b>of which in subsidiaries/associated companies</b>                            |   |                                 |                      | <b>-</b>                            | <b>-</b>   | <b>-</b>                                   | <b>-</b>                            | <b>-</b>                         | <b>-</b>                            | <b>-</b>  |

<sup>18</sup> The fixed compensation indicated here include: (i) payments resolved by the Shareholders' Meeting accruing during the year, even if not yet paid; (ii) attendance payments; (iii) lump sum expense reimbursement; (iv) compensation received for holding special offices, pursuant to article 2389, paragraph 3, Civil Code; (v) fixed remuneration from employee relationships gross of social security and tax charges applying to the employee, excluding obligatory collective social security charges under the responsibility of the company and post-employment benefits withholdings (TFR), detailed herein in Table 2, indicating in the notes the compensation paid through subsidiaries and/or associated companies.

<sup>19</sup> It should be noted that the Board of Directors on 4 June 2019, within the limits established by the Shareholders' Meeting, awarded compensation of 11,000 Euro gross annually for the position of Chairperson of a Board Committee, and 5,850 Euro gross annually for the position of member. See Table 3 below for an indication of the Committees of which the Director is a member, as well as the fees, on an accruals basis, due for taking part in them during the reference periods.

<sup>20</sup> The column "Bonuses and other incentives" includes the portions of remuneration theoretically accrued (vested), even if not yet paid, during the year for i) objectives achieved during the year, against cash incentive plans; ii) long-term incentive that will be paid in 2022 (within 6 months from the approval of the financial statements for FY 2021 by the Shareholders' Meeting) upon achievement of 100% of the target of the established objectives, having complied with all the conditions set out in the Plan Regulation. This value corresponds to the sum of the amounts indicated in Table 4 (columns 2 (A), 3 (B) and 4), to which the reader is referred.

<sup>21</sup> The amounts of fringe benefits are indicated here, including any insurance policies (based on a criteria of taxability). Non-monetary benefits refer to insurance coverage taken out by the Company in favor of the person, to the conventional value of the car used by the person as well as any rental of accommodation, for the reference period (1). As they are not taxable, the amounts of Life, Pl, non-occupational accident policies taken out collectively for the CEO and the SESR are not indicated (estimated at 26,849 Euro) (2) as well as those for corporate welfare (33,800 Euro in total) (3); moreover, in the case of the SESR, in accordance with Group policy, the taxable amounts for cars for mixed use (equal to around 24,565 Euro) (4) are zeroed by the corresponding deduction from payroll.

<sup>22</sup> The "Other remuneration" column includes the one-off payment made in 2021 to an IREN Group Senior Executive with Strategic Responsibilities as a continuity bonus, subject to the commitment not to terminate the employment relationship by a given date defined in advance and subject to repayment in the event of termination of the employment relationship before the defined deadline.

<sup>23</sup> Indemnities accrued in favour of Directors due to end of office during the financial year in question are indicated, even if not yet paid, with reference to the financial year in course during which the effective termination of the position occurred. The estimated value of any payment of non-monetary benefits is also indicated, as well as the amount of any consulting contracts and indemnities relative to non-competition agreements. The amount of compensation for non-competition commitments shall be reported only once at the time of termination of office, specifying in the first part of the second section of the report the duration of the non-competition commitment and the date of actual payment. It is specified that - as from 30 May 2021 - Mr. Massimiliano Bianco is not included in the list of Senior Executives with Strategic Responsibilities.

<sup>24</sup> The figure is provided with reference to 8 individuals who served, for all or part of 2021, as IREN Group Senior Executives with Strategic Responsibilities, excluding the Company's Chief Executive Officer and General Manager. All Senior Executives with Strategic Responsibilities are or have been, during the year, employees of IREN.

**Table 2. Breakdown of fixed compensation due to members of the Board of Directors and Board of Statutory Auditors during the reference periods**

(gross amounts in thousands of Euro, rounded up)

| Name and Surname   | Position Held                               | Period in which office was held | Expiration of office | BREAKDOWN OF FIXED COMPENSATION            |                |                      |                                  |                                    | Total fixed compensation            |
|--|---|---------------------------------|----------------------|--|----------------|----------------------|----------------------------------|------------------------------------|-------------------------------------|
|  |   |                                 |                      | Fees approved by the Shareholders' Meeting | Attendance fee | Fixed fee for office | Flat-rate expense reimbursements | Fixed remuneration from employment |                                     |
| <b>DIRECTORS IN OFFICE AT 31 DECEMBER 2021</b>   |   |                                 |                      |  |                |                      |                                  |                                    |                                     |
| Renato Boero   | Executive Chairperson                       | 01/01-31/12/2021                | Appr. FS 2021        | 26.6 <sup>25</sup>                         | -              | 160.9 <sup>26</sup>  | -                                | -                                  | 187.5                               |
| Gianni Vittorio Armani   | Chief Executive Officer and General Manager | 29/05-31/12/2021                | Until the Meeting    | (13.6)                                     | -              | 33.3 <sup>27</sup>   | -                                | 227.1                              | 260.4                               |
| Moris Ferretti   | Executive Deputy Chairperson                | 01/01-31/12/2021                | Appr. FS 2021        | 48.6 <sup>28</sup>                         | -              | 106.8 <sup>29</sup>  | -                                | -                                  | 155.4 (of which 8 thousand donated) |
| Sonia Maria Margherita Cantoni   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 38 <sup>30</sup>                           | -              | -                    | -                                | -                                  | 38                                  |
| Enrica Maria Ghia  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 23   | -              | -                    | -                                | -                                  | 23                                  |
| Pietro Paolo Giampellegrini  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 38 <sup>31</sup>                           | -              | 35 <sup>32</sup>     | -                                | -                                  | 73                                  |
| Alessandro Giglio  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 38 <sup>33</sup>                           | -              | -                    | -                                | -                                  | 38                                  |
| Francesca Grasselli  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 23   | -              | -                    | -                                | -                                  | 23                                  |
| Maurizio Irrera  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 43 <sup>34</sup>                           | -              | 15 <sup>35</sup>     | -                                | -                                  | 58                                  |
| Cristiano Lavaggi  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 30 <sup>36</sup>                           | -              | -                    | -                                | -                                  | 30                                  |
| Ginevra Virginia Lombardi  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 49 <sup>37</sup>                           | -              | -                    | -                                | -                                  | 49                                  |
| Giacomo Malmesi  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 38 <sup>38</sup>                           | -              | -                    | -                                | -                                  | 38                                  |
| Gianluca Micconi   | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 25 <sup>39</sup>                           | -              | -                    | -                                | -                                  | 25                                  |
| Tiziana Merlini  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 24.8                                       | -              | -                    | -                                | -                                  | 24.8                                |
| Licia Soncini  | Director                                    | 01/01-31/12/2021                | Appr. FS 2021        | 23   | -              | -                    | -                                | -                                  | 23                                  |
| <b>DIRECTORS TERMINATED DURING THE YEAR 2021</b>   |   |                                 |                      |  |                |                      |                                  |                                    |                                     |
| Massimiliano Bianco  | Chief Executive Officer and General Manager | 01/01-29/05/2021                | 29/05/2021           | (9.3)                                      | -              | 23.8                 | -                                | 113.3                              | 137.1                               |
| <b>Total fixed compensation, Board of Directors</b>  |   |                                 |                      | <b>468</b>                                 | <b>-</b>       | <b>374.8</b>         | <b>-</b>                         | <b>340.4</b>                       | <b>1,183.2</b>                      |
| <b>AUDITORS IN OFFICE AT 31 DECEMBER 2021</b>  |   |                                 |                      |  |                |                      |                                  |                                    |                                     |
| Michele Rutigliano   | Chairperson                                 | 01/01-31/12/2021                | Appr. FS 2023        | 85 <sup>40</sup>                           | -              | -                    | -                                | -                                  | 85                                  |
| Ugo Ballerini  | Standing Auditor                            | 06/05-31/12/2021                | Appr. FS 2023        | 19.6                                       | -              | -                    | -                                | -                                  | 19.6                                |
| Simone Caprari   | Standing Auditor                            | 01/01-31/12/2021                | Appr. FS 2023        | 70 <sup>41</sup>                           | -              | -                    | -                                | -                                  | 70                                  |
| Cristina Chiantia  | Standing Auditor                            | 01/01-31/12/2021                | Appr. FS 2023        | 69.5 <sup>42</sup>                         | -              | -                    | -                                | -                                  | 69.5                                |
| Sonia Ferrero  | Standing Auditor                            | 06/05-31/12/2021                | Appr. FS 2023        | 19.6                                       | -              | -                    | -                                | -                                  | 19.6                                |
| <b>Total fixed compensation, Board of Statutory Auditors</b>                                       |   |                                 |                      | <b>263.8</b>                               | <b>-</b>       | <b>-</b>             | <b>-</b>                         | <b>-</b>                           | <b>263.8</b>                        |
| <b>SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b>   |   |                                 |                      |  |                |                      |                                  |                                    |                                     |
| <b>Total fixed compensation for Senior Executives with Strategic Responsibilities<sup>43</sup></b> |   |                                 |                      | <b>(83)</b>                                | <b>-</b>       | <b>(100)</b>         | <b>-</b>                         | <b>1,394.6</b>                     | <b>1,394.6</b>                      |
| of which in IREN   |   |                                 |                      | -  | -              | -                    | -                                | 1,394.6                            | 1,394.6                             |
| of which in subsidiaries/associated companies  |   |                                 |                      | (83)                                       | -              | (100)                | -                                | -                                  | -                                   |

<sup>25</sup> Includes compensation due as Director of IREN (23,000 Euro gross per year) as well as Scarlino Energia S.p.A. from 9 April 2021 (5,000 Euro gross per year). No compensation is expected to be paid for the position of Director of Nord Ovest Servizi S.p.A. in 2021.

<sup>26</sup> Includes compensation due as Chairperson of IREN (150,000 Euro gross per year) as well as Scarlino Energia S.p.A. from 9 April 2021 (15,000 Euro gross per year). No compensation is expected to be paid for the position of Director of Nord Ovest Servizi S.p.A. in 2021.

<sup>27</sup> Corresponds to the compensation due for the position of IREN Chief Executive Officer from 29 May 2021.

<sup>28</sup> Includes remuneration as Director of IREN (23,000 Euro gross per year), IREN Energia S.p.A. (15,000 Euro gross per year), Alfa Solutions S.p.A. until 5 April 2021 (4,000 Euro gross per year), IREN Ambiente Toscana S.p.A. (5,000 Euro gross per year) and UCH Holding s.r.l. until 1 December 2021 (5,000 Euro gross per year). **It should be noted that 8,000 Euro of the remuneration for the offices held at IREN Ambiente Toscana S.p.A. and UCH Holding s.r.l. were donated to the Reggio Emilia Croce Verde ambulance service.**

<sup>29</sup> Includes remuneration as Deputy Chairperson of IREN (40,000 Euro gross per year), Chairperson of IREN Energia S.p.A. (35,000 Euro gross per year), of Chairperson of Alfa Solutions S.p.A. until 5 April 2021 (12,000 Euro gross per year), of Chairperson of IREN Ambiente Toscana S.p.A. (15,000 Euro gross per year) and of Chairperson of UCH Holding s.r.l. until 1 December 2021 (15,000 Euro gross per year). **It should be noted that 8,000 Euro of the remuneration for the offices held at IREN Ambiente Toscana S.p.A. and UCH Holding s.r.l. were donated to the Reggio Emilia Croce Verde ambulance service.**

<sup>30</sup> Includes remuneration as Director of IREN (23,000 Euro gross per year) and IRETI S.p.A. (15,000 Euro gross per year).

<sup>31</sup> Includes remuneration as Director of IREN (23,000 Euro gross per year) and IREN Mercato S.p.A. (15,000 Euro gross per year).

<sup>32</sup> Corresponds to the remuneration as Chairperson of IREN Mercato S.p.A. (35,000 Euro gross per year).

<sup>33</sup> Includes remuneration as Director of IREN (23,000 Euro gross per year), and IREN Energia S.p.A. (15,000 Euro gross per year).

<sup>34</sup> Includes remuneration as Director of IREN (23,000 Euro gross per year), and IREN Mercato S.p.A. (15,000 Euro gross per year) as well as Director of Unieco Ambiente Holding s.r.l. (5,000 Euro gross per year).

<sup>35</sup> This corresponds to the remuneration due for the office of Chairperson of Unieco Holding Ambiente s.r.l. (15,000 Euro gross per year).

<sup>36</sup> Includes compensation due as Director of IREN (23,000 Euro gross per year) and ASM Vercelli S.p.A. from 29 July to 16 December 2021 (19,800 Euro gross per year).

<sup>37</sup> Includes remuneration as Director of IREN (23,000 Euro gross per year), as well as Chairperson of the Supervisory Board of the associated company ASA S.p.A. (26,000 Euro gross per year).

<sup>38</sup> Includes remuneration as Director of IREN (23,000 Euro gross per year), and IREN Ambiente S.p.A. (15,000 Euro gross per year).

<sup>39</sup> Includes compensation due as Director of IREN (23,000 Euro gross per year) and Futura S.p.A. from 1 July 2021 (5,000 Euro gross per year).

<sup>40</sup> Includes the remuneration as Chairperson of the Board of Statutory Auditors of IREN (45,000 Euro gross per year), the remuneration as Standing Auditor of IRETI S.p.A. and IREN Energia S.p.A. (20,000 Euro gross per year for each of the above positions).

<sup>41</sup> Includes remuneration due for the office as Standing Auditor of IREN (30,000 Euro gross per year), and IREN Ambiente S.p.A. (20,000 Euro gross per year), IREN Acqua S.p.A. (15 Euro gross per year) and as Sole Auditor of IREN Ambiente Parma s.r.l. (5,000 Euro gross per year).

<sup>42</sup> Includes remuneration due for the office as Standing Auditor of IREN (30,000 Euro gross per year), and IREN Mercato S.p.A. (20,000 Euro gross per year), AMIAT S.p.A. (12,000 Euro gross per year) and San Germano S.p.A. (7,500 Euro gross per year).

<sup>43</sup> The figure is provided with reference to 8 individuals who served, for all or part of 2021, as IREN Group Senior Executives with Strategic Responsibilities, excluding IREN's Chief Executive Officer and General Manager.

**Table 3. Breakdown of compensation deriving from participation on internal Board committees due during the reference period**

(gross amounts in thousands of Euro, rounded up)

| Name and Surname                          | Position Held                               | Period in which office was held | Expiration of office   | BREAKDOWN OF COMMITTEE PARTICIPATION |                             |                             | Fees per capita for committee participation |
|---|---|---------------------------------|------------------------|--------------------------------------|-----------------------------|-----------------------------|---|
|   |   |                                 |                        | Participation payments RAC           | Participation payments CRSC | Participation payments RPTC |   |
| DIRECTORS IN OFFICE AT 31 DECEMBER 2021   |   |                                 |                        |                                      |                             |                             |   |
| Renato Boero                              | Executive Chairperson                       | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | -                           | -                           | -   |
| Gianni Vittorio Armani                    | Chief Executive Officer and General Manager | 29/05-31/12/2020                | Until the next Meeting | -                                    | -                           | -                           | -   |
| Moris Ferretti                            | Executive Deputy Chairperson                | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | -                           | -                           | -   |
| Sonia Maria Margherita Cantoni            | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | 5.85                        | -                           | 5.85  |
| Enrica Maria Ghia                         | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | 5.85                        | -                           | 5.85  |
| Pietro Paolo Giampellegrini               | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | 11                                   | -                           | -                           | 11  |
| Alessandro Giglio                         | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | -                           | 5.85                        | 5.85  |
| Francesca Grasselli                       | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | 5.85                                 | -                           | -                           | 5.85  |
| Maurizio Irrera                           | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | 5.85                                 | -                           | -                           | 5.85  |
| Cristiano Lavaggi                         | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | 5.85                        | -                           | 5.85  |
| Ginevra Virginia Lombardi                 | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | -                           | 5.85                        | 5.85  |
| Giacomo Malmesi                           | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | 11                          | 5.85                        | 16.85                                       |
| Gianluca Micconi                          | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | -                           | -                           | -   |
| Tiziana Merlino                           | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | -                           | -                           | -   |
| Licia Soncini                             | Director                                    | 01/01-31/12/2021                | Appr. FS 2021          | -                                    | -                           | 11                          | 11  |
| DIRECTORS TERMINATED DURING THE YEAR 2021 |   |                                 |                        |                                      |                             |                             |   |
| Massimiliano Bianco                       | Chief Executive Officer and General Manager | 01/01-29/05/2021                | 29/05/2021             | -                                    | -                           | -                           | -   |
| <b>Total</b>                              |   |                                 |                        | <b>22.7</b>                          | <b>28.55</b>                | <b>28.55</b>                | <b>79.8</b>                                 |



**Table 4. Monetary incentive plans for members of the administrative body and other Senior Executives with Strategic Responsibilities**

(gross amounts in thousands of Euro, rounded up)

| Name and Surname  | Position Held   | Plan  | 2. Yearly bonus                |              |                     | 3. Bonus, previous years |                                |                    | 4. Other bonuses <sup>46</sup> |
|---|---|---|--------------------------------|--------------|---------------------|--------------------------|--------------------------------|--------------------|--------------------------------|
|   |   |   | (A) Payable/Paid <sup>44</sup> | (B) Deferred | (C) Deferral period | (A) No longer payable    | (B) Payable/Paid <sup>45</sup> | (C) Still deferred |                                |
| <b>DIRECTORS IN OFFICE AT 31 DECEMBER 2021</b>                        |   |   |                                |              |                     |                          |                                |                    |                                |
| Gianni Vittorio Armani  | Chief Executive Officer and General Manager from 29 May 2021  | 2021 Short-Term Variable Incentive Plan (BOD 6 July 2021)   | 98                             | -            | -                   | -                        | -                              | -                  | 140                            |
| <b>DIRECTORS TERMINATED DURING THE YEAR 2021</b>                      |   |   |                                |              |                     |                          |                                |                    |                                |
| Massimiliano Bianco   | Chief Executive Officer and General Manager until 29 May 2021 | 2021 Short-Term Variable Incentive Plan (BOD 23 February 2021)  | 106.5                          | -            | -                   | -                        | -                              | -                  | -                              |
|   |   | 2019-2021 Long-Term Monetary Incentive Plan (share pertaining to the year) (BOD 27 November 2018 and 2 July 2019) | 95                             | -            | -                   | -                        | 190                            | -                  | -                              |
| <b>SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES<sup>47</sup></b> |   |   |                                |              |                     |                          |                                |                    |                                |
|   |   | 2021 Short-Term Variable Incentive Plan   | 579.3                          | -            | -                   | -                        | -                              | -                  | -                              |
| of which in IREN  |   |   | 579.3                          | -            | -                   | -                        | -                              | -                  | -                              |
| of which in subsidiaries/associated companies                         |   |   | -                              | -            | -                   | -                        | -                              | -                  | -                              |
|   |   | 2019-2021 Long-Term Monetary Incentive Plan (share pertaining to the year) (BOD 27 November 2018)                 | 314.7                          | -            | -                   | -                        | 629.4                          | -                  | -                              |
| of which in IREN  |   |   | 314.7                          | -            | -                   | -                        | 629.4                          | -                  | -                              |
| of which in subsidiaries/associated companies                         |   |   | -                              | -            | -                   | -                        | -                              | -                  | -                              |

<sup>44</sup> "Column 2A" shows: i) with reference to the short-term Incentive Plan, the bonuses accruing during the year for objectives achieved during the year, payable after verification by the relevant bodies of effective achievement, with payment deferred 3 months after approval of the 2021 financial statements by the Shareholders' Meeting. The amount shown includes the amount resulting from the activation of the individual performance corrective factor related to the achievement of EBITDA and OCF Levered results. With regard to the CEO/GM in office until 29 May 2021, the amount relating to the short-term incentive 2021 was calculated equal to the average amount paid for the results achieved in the two-year period 2019/2020 (average equal to 112.17% compared to 120% actually achieved at the end of the year), as established in the agreement for consensual termination of the relationship signed with the latter; ii) with reference to the long-term incentive plan, the long-term incentive (portion accrued during the year) is indicated, which will be paid in 2022 (after 6 months from the approval of the financial statements for FY 2021 by the Shareholders' Meeting) upon achievement of 100% of the target of the established objectives, having complied with all the conditions set out in the Plan Regulation. With regard to the CEO/GM in office until 29 May 2021, the portion accrued during the year - as per the above agreement - is considered for the entire year 2021.

<sup>45</sup> "Column 3B" indicates the sum of the bonuses deferred in previous years still to be paid at the beginning of the year and which will be paid in 2022 (after 6 months from the approval of the 2021 financial statements by the Shareholders' Meeting) upon the achievement of 100% of the target of the objectives established having complied with all the conditions established in the Plan Regulation.

<sup>46</sup> The column "Other Bonuses" shows bonuses accruing during the year and not explicitly included in specific plans defined ex ante. Specifically, the amount is indicated for the Chief Executive Officer and General Manager in office from 29 May 2021 as additional 2021 corporate incentive compensation in the event of 100% achievement of the objectives set forth in the 2019-2021 Long-Term Incentive Plan, as provided for.

<sup>47</sup> The figure is provided with reference to 8 individuals who served, for all or part of 2021, as IREN Group Senior Executives with Strategic Responsibilities, excluding the Company's Chief Executive Officer and General Manager. With regard to the Long-Term Incentive Plan, the data is provided with reference to 7 individuals included in the Plan. All Senior Executives with Strategic Responsibilities are employees of IREN.

**Table 5. Table of equity investments held by Directors, members of the Board of Statutory Auditors and Senior Executives with Strategic Responsibilities**

| Name and surname  | Position held   | Company     | Shares held at 31 December 2020 | Shares acquired | Shares sold | Shares held at end of 2021 |
|---|---|-------------|---------------------------------|-----------------|-------------|----------------------------|
| <b>DIRECTORS IN OFFICE AT 31 DECEMBER 2021</b>                        |   |             |                                 |                 |             |                            |
| Renato Boero  | Executive Chairperson   | -           | -                               | -               | -           | -                          |
| Gianni Vittorio Armani  | Chief Executive Officer and General Manager from 29 May 2021  | -           | -                               | -               | -           | -                          |
| Moris Ferretti  | Executive Deputy Chairperson                                  | -           | -                               | -               | -           | -                          |
| Sonia Maria Margherita Cantoni  | Director  | -           | -                               | -               | -           | -                          |
| Enrica Maria Ghia   | Director  | -           | -                               | -               | -           | -                          |
| Pietro Paolo Giampellegrini   | Director  | -           | -                               | -               | -           | -                          |
| Alessandro Giglio   | Director  | -           | -                               | -               | -           | -                          |
| Francesca Grasselli   | Director  | -           | -                               | -               | -           | -                          |
| Maurizio Irrera   | Director  | -           | -                               | -               | -           | -                          |
| Cristiano Lavaggi   | Director  | -           | -                               | -               | -           | -                          |
| Ginevra Virginia Lombardi   | Director  | -           | -                               | -               | -           | -                          |
| Giacomo Malmesi   | Director  | -           | -                               | -               | -           | -                          |
| Gianluca Micconi  | Director  | -           | -                               | -               | -           | -                          |
| Tiziana Merlini   | Director  | -           | -                               | -               | -           | -                          |
| Licia Soncini   | Director  | -           | -                               | -               | -           | -                          |
| <b>DIRECTORS TERMINATED DURING THE YEAR 2021</b>                      |   |             |                                 |                 |             |                            |
| Massimiliano Bianco   | Chief Executive Officer and General Manager until 29 May 2021 | IREN        | 50,000                          | -               | 50,000      | -                          |
| <b>AUDITORS IN OFFICE AT 31 DECEMBER 2021</b>                         |   |             |                                 |                 |             |                            |
| Michele Rutigliano  | Chairperson   | -           | -                               | -               | -           | -                          |
| Ugo Ballerini   | Standing Auditor  | -           | -                               | -               | -           | -                          |
| Simone Caprari  | Standing Auditor  | -           | -                               | -               | -           | -                          |
| Cristina Chiantia   | Standing Auditor  | -           | -                               | -               | -           | -                          |
| Sonia Ferrero   | Standing Auditor  | -           | -                               | -               | -           | -                          |
| Fabrizio Riccardo Di Giusto   | Supplementary Auditor   | -           | -                               | -               | -           | -                          |
| Lucia Tacchino  | Supplementary Auditor   | -           | -                               | -               | -           | -                          |
| <b>AUDITORS TERMINATED DURING THE YEAR 2021</b>                       |   |             |                                 |                 |             |                            |
| Donatella Busso   | Alternate Auditor until 6 May 2021                            | -           | -                               | -               | -           | -                          |
| Marco Rossi   | Alternate Auditor until 6 May 2021                            | -           | -                               | -               | -           | -                          |
| <b>SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES<sup>48</sup></b> |   | <b>IREN</b> | <b>68,950</b>                   | <b>9,700</b>    | <b>-</b>    | <b>78,650</b>              |

<sup>48</sup> The figure is provided with reference to 8 individuals who served, for all or part of 2021, as IREN Group Senior Executives with Strategic Responsibilities, excluding the Company's Chief Executive Officer and General Manager. With regard to the Long-Term Incentive Plan, the data is provided with reference to 7 individuals included in the Plan. All Senior Executives with Strategic Responsibilities are or have been, during the year, employees of IREN.

## Proposal for Resolution

Dear Shareholders,  
the Shareholders' Meeting is called to express, respectively:

- a binding vote on Section One of the Report on the 2022 Remuneration Policy, relative to the Company's policies on remuneration of the members of administrative bodies, of the control body (without prejudice to the provisions of article 2402 of the Italian Civil Code) and of Senior Executives with Strategic Responsibilities for the year in course and on the procedures used to adopt and implement these policies;
- a consulting vote on Section Two of the Report with reference to compensation paid during 2021.

This Report was prepared in compliance with that indicated in the current provisions of the law and regulations and those found in the Corporate Governance Code to which IREN adheres.

If you agree with the content of the same, we propose:

- to express a favourable vote on Section One ("2022 Remuneration Policies") of the Report on the 2022 Remuneration Policy and Compensation Paid in 2021, adopting the following resolution:  
*"The Shareholders' Meeting,*
  - *acknowledging the Report on the 2022 Remuneration Policy and on Compensation Paid in 2021, prepared by the Board of Directors, in application of both as established under article 123-ter of Italian Legislative Decree 58/98, as amended, and the indications found in article 84-quater introduced by CONSOB in the Issuer Regulations with resolution 18049 of 23 December 2011, as amended;*
  - *in particular, "Section One" relating to the Company's 2022 remuneration policy of the members of the Board of Directors, the Board of Statutory Auditors and Senior Executives with Strategic Responsibilities and the procedures used for the adoption and implementation of this policy was examined, also with regard to temporary derogations due to exceptional circumstances;*
  - *having due regard for the Corporate Governance Code of Listed Companies, to which the Company subscribes;*

*resolves*

*to approve Section One ("2022 Remuneration Policies") of the Report on the 2022 Remuneration Policy and Compensation Paid in 2021".*
- additionally, relative to Section Two ("Compensation Paid in 2021") of the Report on the 2022 Remuneration Policy and Compensation Paid in 2021, if you agree with the content, we propose you make a favourable consulting vote, adopting the following resolution:  
*"The Shareholders' Meeting,*
  - *acknowledging the Report on the 2022 Remuneration Policy and on Compensation Paid in 2021, prepared by the Board of Directors, in application of both as established under article 123-ter of Italian Legislative Decree 58/98, as amended, and the indications found in article 84-quater introduced by CONSOB in the Issuer Regulations with resolution 18049 of 23 December 2011, as amended;*
  - *having examined "Section Two" in particular, which contains the information pursuant to paragraph 4 of article 123-ter of Italian Legislative Decree 58/98, as amended;*
  - *having due regard for the Corporate Governance Code of Listed Companies, to which the Company subscribes;*

*resolves*

*to express a favourable opinion of "Section Two" ("Compensation Paid in 2021") of the Report on the 2022 Remuneration Policy and Compensation Paid in 2021".*

# Glossary

## **Actual Pay Mix**

This is the percentage of fixed remuneration, short-term variable incentive and medium/long-term incentive actually paid out after the objectives have been achieved.

## **All-inclusive remuneration**

This is the Principle, lastly confirmed by the Shareholders' Meeting of 22 May 2019, at the same time as the appointment of the Company's administrative body for the 2019-2021 term of office, which applies to all employees of the Group, pursuant to which all corporate positions held within companies/entities of the Group must be held without any additional compensation/payback of the same, as they are part of the duties.

With reference to the current composition of the administrative body, in the current term of office this principle applies to the Chief Executive Officer and General Manager.

## **Benefits (or fringe benefits)**

This means the elements included in the non-monetary component of remuneration aimed at increasing the individual and family well-being of workers from an economic and social point of view. This category covers all provisions aimed at satisfying pension and welfare needs (supplementary pension, supplementary healthcare, insurance cover), but also perquisites, which consist of goods and services made available by IREN to its employees.

## **Consolidated Law on Finance**

The Consolidated Law on Financial Intermediation is Legislative Decree 58 of 24 February 1998 (and subsequent amendments). The Consolidated Law on Finance introduced "principle-based" legislation on financial matters, which at the primary legislative level establishes only general guidelines, leaving the definition of detailed rules to the Supervisory Authorities (e.g. CONSOB).

## **Corporate Governance Code**

This is the Corporate Governance Code for Listed Companies (January 2020 edition) approved by the Corporate Governance Committee.

## **Cumulated capex**

Trend in the Investment indicator measured as the sum of the official closing values of the individual years' financial statements for the entire duration of the 2022-2024 LTI Plan.

## **Cumulative EBITDA**

Trend in the EBITDA performance indicator measured as the sum of the official closing values of the individual years' financial statements for the entire duration of the 2022-2024 LTI Plan.

## **Cumulative Operating Cash Flow levered**

Performance of the Operating Cash Flow levered indicator measured as the sum of OCF levered based on the official closing values of the individual years' financial statements for the entire duration of the 2022-2024 LTI Plan.

## **EBITDA (Earnings Before interest, tax, depreciation and amortisation)**

Indicator that measures the Company's profitability based on its ability to generate value through industrial operations (net of interest expense, taxes and depreciation and amortisation).

## **Executive Directors**

These are the Directors appointed to particular positions by the Board of Directors (Chairperson, Deputy Chairperson and Chief Executive Officer).

## **Gate**

Binding conditions introduced into the variable incentive systems in place for the Chief Executive Officer of IREN, the Executive Chairperson, Executive Deputy Chairperson and the Group's Senior Executives with Strategic Responsibilities, with the aim of strengthening the consistency of the performance requirements and alignment of conduct rewarded by the variable remuneration systems.

## **Gross Annual Remuneration**

Includes all fixed annual remuneration, before taxes and social security contributions payable by the employee, and therefore not including annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses or any other form of variable or occasional remuneration.

## **Group IFL Rating/FFO**

The ratio measures the coverage ratio of the Group's gross debt (IFL rating) to cash flows generated from operations (FFO).

## **Guidelines for remuneration policy for Executive Directors and Group Senior Executives with Strategic Responsibilities**

This is the document that governs the policy followed by the Company with regard to the remuneration of the above-mentioned individuals during the reference years. It is adopted by the Board of Directors, after the Remuneration and Appointments Committee

has been consulted, in compliance with the Corporate Governance Code and pursuant to and for the purposes of the RPT Procedure, as well as in preparation of this Report.

#### **Indemnity for end of term (or office)**

Monetary amount payable to the Director upon termination of the relationship.

#### **Independent Directors**

IREN Directors who meet the independence requirements set out in article 148, paragraph 3 of the Consolidated Law on Finance and article 2 of the Corporate Governance Code (according to the governance solutions adopted by the Company).

#### **Investment Grade**

Indicator of the reliability of stocks or other financial instruments. The investment grade is usually expressed in a rating by specific rating agencies.

It represents a "gate" condition in the short-term and long-term variable incentive systems of IREN's Chief Executive Officer, Executive Chairperson, Executive Deputy Chairperson and Senior Executives with Strategic Responsibilities.

#### **Investments**

Indicator measuring short and prospective growth, as well as management's operational and strategic capabilities. This represents the value allocated to the realisation/acquisition of tangible and intangible assets (Capex) and the execution of M&A transactions.

#### **Issuers' Regulation**

CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions, containing the rules for issuers of financial instruments.

#### **"K" corrective factor**

Multiplier or demultiplier of the percentage value achieved in the individual objectives section, in order to take into account and incentivise the creation of value by the Group with respect to the planned targets.

#### **Long-term variable incentives**

The Board of Directors approved the 2022-2024 LTI Monetary Plan. This Plan entitles participants to receive a monetary award to be disbursed, subject to verification of achievement, based on performance at the end of the vesting period (see Vesting).

#### **Malus and claw-back clauses**

Contractual clauses that allow the Company to demand the restitution, in whole or in part, of the bonuses paid out or to withhold sums not yet paid out on the occurrence of Trigger Events within a given period.

#### **NFD/EBITDA**

The ratio measures the coverage of financial debt by the operating margins created by the Company.

#### **Non-executive Directors**

These are the Directors of IREN who have not been assigned special duties by the Board of Directors and who do not have management powers.

#### **Operating Cash Flow levered (OCF)**

Indicator for measuring the generation of value for growth. This value is determined by adjusting EBITDA for taxes, financial income/expenses and changes in Net Working Capital.

#### **Pay Mix**

It is the percentage of fixed remuneration, short-term variable incentive and medium to long-term incentive paid at the target level.

#### **Remuneration and Appointments Committee (RAC)**

It is composed of three non-executive Directors, the majority of whom are independent (among whom the Chairperson is identified) and has a proposal and advisory function vis-à-vis the Board of Directors concerning the remuneration of Directors and Senior Executives with Strategic Responsibilities. More specifically, *inter alia*, the Committee submits the annual Remuneration Report to the Board for approval, makes proposals or expresses opinions on remuneration matters and, also pursuant to the RPT Procedure, is in charge of the preliminary investigation concerning transactions relating to the remuneration of Directors and Senior Executives with Strategic Responsibilities of the Group.

#### **Remuneration policy**

The set of remuneration programs for fixed and variable remuneration implemented at company level in order to support the achievement of the strategic objectives.

#### **Senior Executives with Strategic Responsibilities**

According to IAS 24, they are *"those individuals who have the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the entity."*

Apart from the Directors and Statutory Auditors of IREN, at the date of this Report, 7 individuals hold this position within the IREN Group.

**Severance indemnity**

Monetary amount payable to the employee upon termination of employment as an executive.

**Short-term variable incentives**

This is the Short-Term Incentive Plan (MBO), which entitles the individuals involved to receive an annual cash bonus based on the results achieved, in the previous year, with respect to the defined objectives, subject to verification by the competent bodies and functions.

**Stakeholders**

All parties, individuals or organisations, actively involved in an economic initiative (project, company), whose interest is negatively or positively affected by the outcome of the execution, or performance, of the initiative and whose action or reaction in turn affects the stages or completion of a project or the fate of an organisation.

Once again for 2020, the performance indicators relating to the short-term variable incentive schemes for the current Chief Executive Officer and General Manager of IREN and for the IREN Group's Senior Executives with Strategic Responsibilities take into account the profile relating to stakeholder relations.

**Target level**

Level of target achievement that gives entitlement to 100% of the incentive.

**Threshold value**

It represents the minimum level to be reached below which no incentive is provided.

**Transactions with Related Parties**

Transactions qualified as such pursuant to and for the effects of the Regulation containing provisions on related party transactions, adopted by Consob by Resolution no. 17221 of 12 March 2010 and subsequent amendments and additions.

**Variable remuneration**

Consists of the short-term variable incentive and the long-term incentive.

**Vesting period**

Period running between the assignment and completion of the ownership of the right to receive the reward.

## Analytical contents by topic

| Issuers'<br>Reg.   | Information required   | Page ref.               |
|--------------------|--|-------------------------|
| <b>SECTION ONE</b> |  |                         |
| A                  | The bodies or persons involved in the preparation, approval and possible revision of the remuneration policy, specifying their respective roles, as well as the bodies or persons responsible for the correct implementation of this policy.   | pages 19-20             |
| B                  | The possible involvement of a remuneration committee or other committee competent in the subject matter, describing its composition (with a distinction between non-executive and independent Directors), responsibilities and operating procedures, and any additional measures to avoid or manage conflicts of interest.   | pages 21-25             |
| C                  | How the company has taken into account the compensation and working conditions of its employees in the determination of the remuneration policy.   | page 16                 |
| D                  | The names of any independent experts involved in the preparation of the Remuneration Policy.   | pages 25                |
| E                  | The objectives pursued by the remuneration policy, the principles on which it is based, the duration and, in the event of a review, a description of the changes to the remuneration policy last submitted to the Meeting and how such review takes into account the votes and assessments expressed by Shareholders at that meeting or subsequently.  | pages 25-28             |
| F                  | A description of the policies regarding the fixed and variable components of remuneration, with particular regard to the indication of the relative proportion within the total remuneration and distinguishing between short and medium-long term variable components.  | pages 28-39             |
| G                  | The policy followed regarding non-monetary benefits.   | pages 15; 30;<br>33; 36 |
| H                  | With reference to the variable components, a description of the financial and non-financial performance objectives, where appropriate taking into account criteria relating to corporate social responsibility, on the basis of which they are assigned, distinguishing between short and medium to long-term variable components, and information on the link between the change in results and the change in remuneration.   | pages 31;<br>34         |
| I                  | The criteria used to assess the performance objectives underlying the granting of shares, options, other financial instruments or other variable components of remuneration, specifying the extent of the variable component to be paid according to the level of achievement of the objectives.   | pages 31;<br>34         |
| J                  | Information aimed at highlighting the contribution of the remuneration policy, and in particular the policy on variable components of remuneration, at the company's strategy, the pursuit of long-term interests and the sustainability of the company.   | pages 25-26             |
| K                  | Vesting periods, deferred payment systems, if any, with an indication of the deferral periods and the criteria used to determine those periods and, if envisaged, the mechanisms for ex post correction of the variable component (malus or claw-back of variable remuneration).   | pages 32; 36-<br>37     |
| L                  | Information on the possibility of introducing clauses for maintaining in the portfolio financial instruments after their acquisition, indicating the periods of retention and the criteria used to determine said periods.   | -                       |
| M                  | The policy related to the treatments provided for in case of termination of office or employment, in accordance with the Issuers' Regulation.  | pages 29-30;<br>33; 36  |
| N                  | Information on the presence of any insurance coverage, social security or pension, other than mandatory ones.  | pages 15; 30;<br>33; 36 |
| O (i)              | The remuneration policy possibly followed with reference to independent Directors.   | page 29                 |
| O (ii)             | The remuneration policy possibly followed with reference to participation in Committees.   | pages 28-29             |
| O (iii)            | Any remuneration policy applied in relation to the performance of particular offices (chairperson, deputy chairperson, etc.).  | pages 30-31             |
| P                  | If the remuneration policy was defined using the remuneration policies of other companies as a reference, and if so, the criteria used for the selection of said companies.  | pages 39-40             |
| Q                  | The elements of the remuneration policy from which, in the presence of exceptional circumstances, it is possible to make exceptions and, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010, any further procedural conditions under which the exception may be applied.   | page 38                 |
| 2                  | With reference to the members of the control bodies, without prejudice to the provisions of article 2402 of the Italian Civil Code, (...) any criteria for determining remuneration. If the outgoing control body, in view of the formulation by the Shareholders of proposals to the Shareholders' Meeting regarding the remuneration of the control body, has provided the company with detailed information on the quantification of the commitment required to carry out the appointment, (...) summary of such information. | page 28                 |
| <b>SECTION TWO</b> |  |                         |
| <b>PART ONE</b>    |  |                         |
| 1.1                | An adequate, clear and comprehensible representation of each of the items making up remuneration, including treatments provided in the event of termination of office or termination of employment, is provided, highlighting their compliance with the relevant remuneration policy and how remuneration contributes to the long-term performance of the company.   | pages 43-48             |

With regard to the variable components, information is provided on how the performance objectives of the reference remuneration policy have been applied. In particular, (...) an indication is provided of the objectives achieved in comparison with those envisaged, without prejudice to the right of companies to omit such information where necessary to protect the confidentiality of commercially sensitive information or unpublished forecast data, stating the reasons for this. Moreover, indication is given of the proportion between fixed and variable remuneration within total remuneration, specifying the elements included in the calculation also by referring to the Tables contained in part two of this Section.

|                 |   |             |
|-----------------|---|-------------|
| 1.2             | <p>In case of allocation of indemnities and/or other benefits for termination of office or termination of employment during the year, companies indicate:</p> <ul style="list-style-type: none"> <li>- the circumstance that justifies its accrual;</li> <li>- remuneration at the end of the term of office or termination of employment, distinguishing the part paid immediately from that which may be subject to deferment mechanisms and also distinguishing the components attributed by virtue of the office of Director from those relating to any employment relationships as well as the components for any non-competition commitments;</li> <li>- the possible presence of performance criteria to which the assignment of the indemnity is linked;</li> <li>- any effects of the termination of the relationship on the rights assigned under incentive plans based on financial instruments or to be paid in cash;</li> <li>- the possible existence of agreements that envisage the assignment or maintenance of non-monetary benefits in favour of persons who have ceased to hold office, or the stipulation of consultancy contracts for a period subsequent to the termination of the relationship, specifying the amount;</li> <li>- any other remuneration awarded for any reason and in any form;</li> <li>- the conformity of the indemnity and/or other benefits to the indications contained in the reference remuneration policy.</li> </ul> | page 48     |
| 1.3             | <p>Companies shall provide information on any exceptions to the remuneration policy applied in exceptional circumstances, indicating (for each of them):</p> <ul style="list-style-type: none"> <li>- the specific items waived and the benchmark remuneration policy in which the waiver option was provided;</li> <li>- information on the nature of the exceptional circumstances, including an explanation of how the waiver is necessary for the purposes of pursuing the long-term interests and sustainability of the company as a whole or to ensure its ability to stay on the market;</li> <li>- information on the procedure followed and confirmation that this procedure complies with the conditions set out in the relevant remuneration policy;</li> <li>- information about the remuneration paid in such exceptional circumstances.</li> </ul>  | pages 48-49 |
| 1.4             | <p>Companies provide information on the possible application of <i>ex post</i> correction mechanisms of the variable component (malus or claw-back of variable remuneration), indicating in summary the reasons, the amount subject to correction and the reference year of the remuneration subject to the measures.</p>   | page 48     |
| 1.5             | <p>Companies shall provide comparative information, for the last five years or the shorter period the company has been listed or the individuals have been in office, between the annual change:</p> <ul style="list-style-type: none"> <li>- of the total remuneration of each of the persons for whom the information set forth in this section of the Report is provided by name;</li> <li>- of the company's results;</li> <li>- of the average gross annual remuneration, based on full-time employees, of employees other than the parties whose remuneration is represented by name in this section of the Report.</li> </ul>  | page 16     |
| 1.6             | <p>The companies provide information on how they took into account the vote cast by the Shareholders' Meeting on section two of the previous year's Report.</p>   | pages 16-17 |
| <b>PART TWO</b> |   |             |
| 1.2             | <p>The fees paid during the year for any reason and in any form by the company and its subsidiaries and associated companies are shown in detail.</p>   | pages 50-54 |





  
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