



## DIRECTORS' REPORT

**in accordance with article 125 ter of Legislative Decree no. 58 of 24 February 1998 and article 84 ter of the Consob Issuer Regulation no. 11971 of 14/5/1999 and subsequent amendments and additions**

**to point 5 on the Agenda of the Ordinary Shareholders' Meeting of IREN S.p.A. of 4 May 2023 at 11:00 a.m. in a single call.**

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Dear Shareholders,

the Board of Directors of IREN S.p.A., in accordance with the provisions of art. 125 ter of Legislative Decree no. 58 of 24 February 1998, as well as article 84 ter of the Consob Issuers' Regulation no. 11971 of 14/5/1999 and subsequent amendments and integrations, set out the content and proposals regarding point 5 on the agenda of the Ordinary Shareholders' Meeting to be held on 4 May 2023 at 11:00 a.m. in a single call within this report.

### REPORT ON POINT 5

**Proposal to adjust the fees to inflation for the statutory audit engagement from the financial year 2022 to the end of the term of office (approval of the financial statements as at 31/12/2029): related and consequent resolutions.**

The topic concerns the inflation adjustment of the fees provided to KMPG S.p.A. on account of the engagement for the statutory audit for the nine-year period 2021/2029 entrusted to it - on the recommendation of the Board of Statutory Auditors of IREN S.p.A., in its capacity as the "Internal Control and Audit Committee", and following a selection procedure carried out in accordance with the provisions of Article 16 of Regulation (EU) 537/2014 (the so-called *Tender Process*) - by the Ordinary Shareholders' Meeting of IREN S.p.A. with resolution of 22 May 2019.

The assignment, in more detail, was formalised between IREN S.p.A. - also in the name and on

behalf of its directly or indirectly controlled companies falling within the so-called *Tender Process* - and KPMG S.p.A. through the signing on 25 November 2019 of a Framework Agreement containing the terms and conditions (technical and economic) for the performance of the services the auditing company will carry out. Subsequently - as it became necessary to take into account the changes that, over time, have affected the structure of IREN Group, in terms of external lines and internal reorganisation - the parties extended the scope of such services by means of supplementary acts to the Framework Agreement.

In consideration of the foregoing, by letter dated 16 March 2023, KPMG S.p.A. formally requested IREN S.p.A. to adjust to inflation - with effect from 1 July 2022 and until the expiry of the mandate conferred on it and, therefore, until the approval of the financial statements as at 31 December 2029 - the fees payable to it under the Framework Agreement and the supplementary acts mentioned above.

In this regard, reference is made to the wording of Article 13, paragraph 1, of Legislative Decree no. 39 of 27 January 2010 - a regulatory text adopted in "*Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Directives 78/660/EEC and 83/349/EEC and repealing Directive 84/253/EEC*" - insofar as it provides that "*the Shareholders' Meeting, on the basis of a reasoned proposal of the supervisory board, awards the statutory audit engagement and determines the fee payable to the statutory auditor or the statutory auditing firm for the entire duration of the engagement and any criteria for adjusting that fee during the engagement*".

The aforementioned provision, it is added, is also applicable in the present case, concerning the adjustment (to inflation) of the fees pending the audit engagement already conferred (and supplemented), as illustrated above, to KPMG S.p.A.

In light of the foregoing, the Board of Directors therefore submits to the present Shareholders' Meeting of IREN S.p.A. the reasoned proposal formulated by the Board of Statutory Auditors pursuant to the aforementioned Article 13, paragraph 1, of Legislative Decree no. 39/2010, reproduced below

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*"Reasoned proposal pursuant to Art. 13, para. 1,  
Legislative Decree no. 39/2010 of the Board of Statutory  
Auditors of IREN S.p.A.*

*for the adjustment of the fees to inflation for the statutory audit engagement from the financial year 2022 to  
the end of the term of office*

*Dear Shareholders,*

*by resolution passed at the meeting held on 22 May 2019, it is recalled that the Shareholders' Meeting of*

IREN S.p.A. (hereinafter referred to as "IREN" or the "Company") - on the recommendation of the Board of Statutory Auditors, as for Internal Control and Audit Committee ("CCIRC"), and as a result of the selection procedure carried out in accordance with the provisions of Article 16 of Regulation (EU) 573/2014 (the so-called "Tender Process") - awarded to KPMG S.p.A. (hereinafter referred to as "KPMGW") the services better described below for the nine-year period 2021- 2029.

In view of the foregoing, on 25 November 2019 the Company (also on behalf of the companies within the scope of the Tender Process) and KPMG signed a framework agreement (hereinafter the "Framework Agreement") containing terms and conditions (technical and economic) for the performance by KPMG itself of the related services:

- the statutory audit of the financial statements of IREN and of the companies, directly or indirectly controlled by the latter, falling within the scope of the Tender Process (i.e., consolidation at the time of the launch of the tender);
- verification of compliance of the consolidated non-financial statement ("NFS") of IREN Group for the three-year period 2021-2023, with an option to renew for two further three-year periods;
- in addition, starting from the financial year 2021, (i) the examination of the conformity of the separate annual accounts prepared in accordance with the Integrated Accounting Unbundling Act as well as (ii) the auditing of the statement of debit and credit balances with Public Entities for the purposes provided for by Legislative Decree no. 118/2011 (referred to in Article 2.i letters f) and g) of the Framework Agreement) for the nine-year period 2021-2029.

Subsequently, in order to take into account the medium-term changes that occurred in the structure of IREN Group in relation to the dynamism inherent in the development of the same in the implementation of its Plans, the need arose to extend the services covered by the Framework Agreement, consequently increasing the consideration, by means of supplementary acts of the same, finalised in compliance with the provisions of article 5 of the Framework Agreement, which provision defines the methods and terms for, inter alia, extending the services originally entrusted as well as the (objective) criteria for remodulation of the relevant fees.

In view of the above, KPMG, in a communication dated 16 March 2023 (attached), sent the Company a request to adjust the consideration provided in its favour under the Framework Agreement (and subsequent supplementary agreements), in order to take into account the effects of the increase in the rate of inflation recorded over time.

This request, KPMG specifies in the aforementioned communication, is the consequence of certain extraordinary events that could not have been foreseen either when formulating the economic offer that

KPMG itself had submitted at the time, in the context of the procedure carried out by the Company to identify the Group's sole auditor (the aforementioned "Tender Process"), or at the time the Framework Agreement was entered into, which occurred, it is noted, on 25 November 2019. In particular, reference was made to the crisis generated by the global Covid-19 pandemic and, subsequently, the Russian-Ukrainian conflict, with the consequent increase in electricity costs, which led to a massive inflationary phenomenon.

The adjustment requested by KPMG, the latter also observes, responds to the need to concretely implement the legal and regulatory principles - also referred to in the Framework Agreement - on the subject of the fees due to the party in charge of the services in question. In the present case, it is:

- article 10, para. 10 of Legislative Decree no. 39 of 27 January 2010, (adopted in "Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Directives 78/660/EEC and 83/349/EEC and repealing Directive 84/253/EEC"), pursuant to which "The fee for the statutory audit engagement shall be determined in such a way as to ensure the quality and reliability of the work";
- of CONSOB Communication no. DAC/RM/96003556 of 18 April 1996 on "General Criteria for determining the fees due to audit firms for engagements for carrying out auditing and certification".

The amount of the adjustment at issue would be based on the ISTAT cost-of-living index (consumer price index for blue- and white-collar households - FOI - net of tobacco) only for the part exceeding the prospective inflation rate of 1.5%, which was forecast (according to the International Monetary Fund - WEO) at the date of KPMG's submission of the aforesaid economic offer, for the period of the engagement for auditing.

More in detail, the adjustment would be initially applicable to the fees for the activities carried out in the financial year 2022 to take into account the inflationary dynamics starting from 30 June 2021 until 30 June 2022, subsequently with an annual increase, throughout the remaining term of the engagement, for a percentage equal to the increase of the ISTAT cost-of-living index, based on the aforementioned index, compared to 30 June of the previous year minus 1.5%.

Pursuant to Art. 13, para. 1 of Legislative Decree no. 39 of 27 January 2010, the Board of Statutory Auditors has examined the request formulated by KPMG through the communication dated 16 March 2023 and - downstream of the assessments and verifications within its competence, carried out also with the support of the IREN Structures - considers the same:

- supported by pertinent grounds, since its purpose was to take into consideration the effects - materialised, as far as it is concerned, in the significant increase in the rate of inflation recorded in the period - resulting from events, as described above, which were extraordinary and unforeseeable, by any operator, at the time of the submission of KPMG's economic offer, as well as the stipulation of

*the Framework Agreement. On the other hand, the adjustment of fees is within the scope of the legal and regulatory requirements referred to above, inter alia with a view to guaranteeing the quality and reliability of the services requested from KPMG for the remaining term of the Framework Agreement, i.e., until the end of the financial year 2029;*

- *congruous, as well as based on objective criteria, with specific regard to the amount of the adjustment requested, given that it is equal to the increase in the ISTAT cost-of-living index, to be calculated on the basis of the FOI index (compared to 30 June of the previous year), net of a percentage of 1.5%.*

*In light of the foregoing, the Board of Statutory Auditors proposes that you grant the request for adjustment of fees formulated by KPMG, under the terms set forth in the aforementioned communication of 16 March 2023, and therefore submits the following for your approval*

#### PROPOSAL FOR RESOLUTION

*"The Shareholders' Meeting of IREN S.p.A.*

- *taking into account the provisions of Article 13, para. 1, of Legislative Decree no. 39/2010;*
- *also taking into account the request for adjustment of fees made by KPMG S.p.A. by the communication of 16 March 2023 (attached);*
- *having examined the proposal of the Board of Statutory Auditors as set forth in the report to today's Shareholders' Meeting with reference to this agenda item*

#### RESOLVES

- *to approve the request for an annual adjustment of the original fees payable to KPMG S.p.A. commencing on 1 July 2022 - on account of the activities referred to in the Framework Agreement stipulated between the latter and IREN S.p.A. on 25 November 2019 (and as subsequently supplemented in accordance with art. 5 of the Framework Agreement itself) - by a percentage equal to the increase in the ISTAT cost-of-living index, to be determined on the basis of the consumer price index for blue- and white-collar households (FOI) net of tobacco, compared to 30 June of the previous year, and therefore initially compared to 30 June 2021, for the exceeding part - and, therefore, net of a percentage of 1.5%;*
- *to confer upon the Chief Executive Officer, with the power to sub-delegate, the broadest powers to formalise and sign the adjustment of these fees, giving as of now, as a matter of course, the authority to do so".*

*Milan, 29 March 2023*

*For the Board of Statutory Auditors of  
IREN SpA The Chairperson of the  
Board  
Prof. Michele Rutigliano"*

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Dear

Shareholders,

you are therefore invited to approve the proposal regarding the adjustment to inflation of the fees due to KPMG S.p.A. under the terms and conditions as proposed above by the Board of Statutory Auditors.

04/04/2023

On behalf of the Board of Directors

The Chairperson Engineer

Luca Dal Fabbro



KPMG S.p.A.  
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**Riservata**  
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Alla cortese attenzione dell'Ing. Luca Dal Fabbro, Presidente del Consiglio di Amministrazione

16 marzo 2023

**Incarico di revisione legale ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39, incarico di attestazione della dichiarazione consolidata di carattere non finanziario ed incarichi accessori previsti dall'Accordo Quadro - Adeguamento dei corrispettivi all'inflazione**

Egredi Signori,

come abbiamo avuto modo di anticiparVi durante i nostri recenti incontri, riteniamo necessario un adeguamento all'inflazione dei nostri corrispettivi per gli incarichi di revisione legale dei conti di Iren S.p.A. e delle relative società controllate, nonché per quello di attestazione della dichiarazione consolidata di carattere non finanziario e per gli altri incarichi accessori previsti dall'*Accordo quadro servizi revisione legale dei conti di Iren S.p.A. e delle relative società controllate – Incarico di attestazione della dichiarazione consolidata di carattere non finanziario predisposta da Iren S.p.A.* siglato in data 25 novembre 2019 e successive integrazioni.

Come ricorderete, i predetti incarichi ci sono stati conferiti dall'Assemblea degli azionisti tenutasi il 22 maggio 2019, a seguito dell'esito della procedura negoziata che avevate avviato il 14 gennaio di quello stesso anno e riguardavano gli esercizi con chiusura dal 31 dicembre 2021 al 31 dicembre 2029.

Successivamente alla formulazione della nostra offerta in risposta alla lettera di invito alla procedura negoziata, si sono verificati una serie di avvenimenti straordinari e, all'epoca, del tutto imprevedibili, a partire dalla crisi causata dalla pandemia di Covid-19 a livello globale, cui ha fatto seguito lo scontro in Ucraina e l'aumento dei costi per l'energia che ne è conseguito, per effetto dei quali si sta assistendo ad un imponente fenomeno inflattivo, con un indice nazionale dei prezzi al consumo che, secondo le stime preliminari, registrerebbe un aumento di più del 15%, con una crescita imponente rispetto al momento della presentazione della nostra offerta economica, di molto superiore alla curva attesa di inflazione prevista che era stata considerata ai fini della formulazione della stessa, e che non era in alcun modo prefigurabile neppure al momento del conferimento dell'incarico e della conclusione dell'Accordo Quadro, quando l'indice dei prezzi al consumo risultava stabile da tempo.



Iren S.p.A.

Lettera del 16 marzo 2023

In ragione di tale situazione, tenuto conto di quanto previsto da:

(i) art. 10, comma 10, del D.Lgs. 27 gennaio 2010, n. 39, secondo cui *"il corrispettivo per l'incarico di revisione legale è determinato in modo da garantire la qualità e l'affidabilità dei lavori"*, e ribadito nell'art. 4 dell'Accordo Quadro;

(ii) Comunicazione Consob n. DAC/RM/96003556 del 18 aprile 1996 recante i *«Criteri generali per la determinazione dei corrispettivi spettanti alle società di revisione per lo svolgimento degli incarichi di revisione e certificazione»*, tuttora in vigore, secondo cui negli incarichi di revisione *"deve essere indicato che i corrispettivi previsti per lo svolgimento dell'incarico saranno adeguati al verificarsi di circostanze eccezionali e/o imprevedibili, in conformità ai criteri indicati nella presente comunicazione"* e *"qualora nel corso dell'incarico si renda necessario modificare i corrispettivi inizialmente previsti per il suo svolgimento, a seguito del verificarsi delle suddette circostanze eccezionali o imprevedibili, le società di revisione dovranno provvedere a formulare una integrazione della propria proposta"*;

siamo con la presente a richiedere un adeguamento dei corrispettivi che tenga conto dell'imponente inflazione monetaria intervenuta, così da consentire il rispetto dei principi fissati dal legislatore e richiamati anche nell'Accordo Quadro.

Più specificamente, chiediamo che venga riconosciuto un adeguamento dei corrispettivi previsti nell'Accordo Quadro, così come modificati e integrati dagli Atti Aggiuntivi allo stesso, sulla base dell'indice ISTAT relativo al costo della vita (indice dei prezzi al consumo per le famiglie di operai e impiegati - FOI - al netto dei tabacchi) per la parte che eccede il tasso prospettico di inflazione pari all'1,5% che era previsto (fonte: International Monetary Fund (WEO)) alla data di presentazione della nostra offerta economica per il periodo di vigenza del nostro incarico e che era stato da noi utilizzato per la formulazione della stessa.

I corrispettivi dovranno essere adeguati a partire dal 1° luglio 2022, incrementandoli annualmente di una percentuale pari all'aumento dell'indice ISTAT relativo al costo della vita (Indice dei prezzi al consumo per famiglie di operai e impiegati - FOI - al netto dei tabacchi) rispetto al 30 giugno dell'anno precedente meno il 1,5%.

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Restiamo a Vostra disposizione per qualsiasi chiarimento riteniate necessario sul suo contenuto.

Con l'occasione Vi inviamo i nostri migliori saluti.

KPMG S.p.A.

Roberto Bianchi  
Socio