

Group IREN has successfully launched a new Green Bond for an overall amount of 500 million euros with a 7-year maturity bond under the EMTN Programme

Reggio Emilia, 12 September 2018 – Today, IREN S.p.A. has successfully concluded the issue of its second Green Bond, further strengthening the process to improve its financial profile and its presence in the green segment; in fact, Iren is the first Italian local utility issuer in terms of number of this kind of instrument. This new operation confirms the company's intention to pursue the strategy taken, having structured an emissions program for a year now, focusing mainly on the sustainability of the projects financed.

The bond placement made today (BBB rating for Fitch) is for an overall amount of 500 million Euros under the Euro Medium Term Notes (EMTN) Programme of 2.0 billion Euros, subject to the Supplement dated 10 August 2018 approved by the Central Bank of Ireland and deposited at the regulated market of the Irish Stock Exchange, where the EMTN Program is listed.

The Notes, which have a minimum unit denomination of 100,000 Euros and mature on 19 September 2025, pay gross yearly interest of 1.95% and have been placed at an issue price of 99.129%. The gross effective return at maturity is 2.085%, corresponding to a return of 150 basis points above the 7-year midswap rate. The settlement date has been fixed for 19 September 2018. On this date the bonds will be listed on the regulated market of the Irish Stock Exchange and be admitted to trading on the multilateral trading facility "ExtraMOT PRO" organized and managed by *Borsa Italiana* in the segment dedicated to green bonds.

The operation has attracted high demand, receiving subscriptions for approximately 2.2 billion euro (more than 4.5 times oversubscribed) with investors of high quality and wide geographic diversification.

The terms of the bond, which settled 35 basis points under the BTP of the same maturity, show the strong appreciation of credit by investors also thanks to the "green" format, as well as the issuer's ability to select the best market window in an extremely volatile scenario for domestic bonds.

The issue has taken the form of a Green Bond, an innovative instrument intended to finance environmentally sustainable projects recognised as such through certification by an independent entity (DNV GL). This is an aspect that can further consolidate the "green" nature that has characterised the Group right from its creation and contributes to reinforcing its strategic vision which has always been oriented towards the circular economy, energy saving and sustainable development.

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Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Paolo Colombo
Tel. + 39 011.5549175
Cell. + 39 348.2206005
paolobartolomeo.colombo@gruppoiren.it

Barabino & Partners

Tel. +39 02 72023535
Giovanni Vantaggi + 39 328 8317379
g.vantaggi@barabino.it



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Environmental sustainability is one of the strategic pillars of the Group's Business Plan to 2022, which has identified "resilient cities", decarbonisation, the circular economy and the protection of water resources as areas in which to invest around € 1 billion with the aim of achieving by 2030 the sustainable development targets set by the United Nations.

These are investments that will allow the Group to achieve important targets, including an increase in carbon dioxide savings of 14%, an increase in purification capacity of 15% and a reduction in water withdrawal from the environment for obtaining drinking water of 9%.

It is a commitment that saw, in October 2017, the first issue of a Green Bond of 500 million euro, to which today's issue of the same amount is in addition, leading to a total of 1 billion euro of Green Bond issued by IREN, demonstrating the Group's tangible commitment to the inclusion of "ESG" (Environment, Social and Governance) issues in the process of analysing and selecting strategic investment options.

The Green Bond issued today confirms and strengthens this commitment through the financing and refinancing of a series of projects linked to five main categories:

- **Energy efficiency** - This area includes greater efficiency in the district heating sector, mainly through the extraction of thermal energy from unsorted waste and through the development of the networks and the upgrade of plants, with a significant positive impact in terms of CO₂ emissions and primary energy savings.
- **Renewable sources** - Linked mainly to the development of photovoltaic and "mini" and large-scale hydroelectric plants, which use natural, non-polluting and renewable resources to produce electricity.
- **Increased efficiency in the management of the waste cycle and recycling** – Inspired by the "waste to material" philosophy in order to give waste a second life, reducing the use of natural resources and climate-altering emissions.
- **Wastewater treatment** - With the objective of strengthening purifying capacity and quality in the areas served by the Group for better protection of rivers and seas.
- **Electric mobility** – Development of the e-mobility project which engages the Group both internally, with the gradual substitution of part of the waste fleet and the light-duty fleet, and externally, responding to the increasing demand of charging station installation.

The list of the projects refinanced by the Green Bond has been drawn up by IREN, and its correspondence to precise environmental criteria is guaranteed by an external entity, DNV GL. As a further guarantee, a series of elements including the list of "eligible" projects financed with the proceeds of the bond and primary indicators of environmental performance etc. relating to the aforementioned projects throughout the residual life of the bond will be

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Media Relations

Paolo Colombo
Tel. + 39 011.5549175
Cell. + 39 348.2206005
paolobartolomeo.colombo@gruppoiren.it

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published in the non-financial reporting of the Group. This data will be verified by an external entity. For more information, the “Green Bond Framework” is available on the Group’s website, www.gruppoiren.it investor relations/financial profile section.

The placement operation has been organised by Banca IMI (Gruppo Intesa Sanpaolo), Goldman Sachs, Mediobanca, Société Générale and Unicredit as Joint Bookrunners and Banca Akros as Other Bookrunner.

Today’s bond issue represents a further step forward in the path of optimization of the financial profile of the Group started in 2015 through the approval of the Euro Medium Term Note by the IREN S.p.A Board of Directors. This path continued with the obtaining of the rating investment-grade by Fitch (BBB), with two bond issues for a total amount of 1 billion Euro, which allowed the Group to rebalance the financing sources between the banking system and the financial market and to carry out important liability management operations. Finally, it continued with the issue of the already mentioned Green Bond in October 2017. All these aspects have contributed to a remarkable improvement of the average cost of debt which, in the first semester of this year has reached 2.9%.

Paolo Peveraro and **Massimiliano Bianco**, Chairman and C.E.O. respectively of the Iren Group declared: *“Iren’s great attention to sustainability issues represents an element of assurance and reliability for the market and for the increasing number of investors sensitive to the ESG issues. It is thanks to Iren’s growing credibility on sustainability themes and to verifiable supporting projects that we have been able to replicate – successfully – the issue of a new Green Bond that will permit important investments for the benefit of our clients/citizens and of the territories in which we operate.*

The success of today’s bond issue is a strong signal that the markets recognize the Group’s sound sustainable profile in financial, environmental and social terms. Nowadays, Iren is the only local utility that has issued two Green Bond, which represent around 40% of the company’s bond portfolio. This vision, capable of integrating financial best practices and social and environmental responsibility themes, will be one of the pillars of the new Business Plan which will be presented by the end of September”

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