

IREN SPA 2022 GREEN BOND

DNV GREEN BOND PERIODIC REVIEW

Scope and objectives

IREN S.p.A. (hereafter referred to as "IREN" or "Issuer") is one of the largest and most dynamic multiutility companies on the Italian scene and is listed on the Italian Stock Exchange. It operates in the sectors of electricity, thermal energy for district heating and gas, and in the management of integrated water services, environmental services, and technological services. IREN's purpose is to offer its customers and its territories the best integrated management of energy, water, and environmental resources with innovative and sustainable solutions to create value over time. Its strategy is to create value for shareholders and society through a focus on energy transition, use of sustainable resources technological revolution and customer centrality.

On August 2022, IREN issued a bond with ISIN: XS2512307229 (henceforth referred to as "BOND"). The nominal issuance value for the bond was Euro 50 million. The bond has been issued under IREN's Sustainable Financing Framework dated March 2022. DNV has provided an eligibility assessment of this framework on the 18th March 2022.

IREN has used the proceeds of the BOND to refinance a PV plant in the city of Troia (in the Puglia region). The construction originally started in 2011 but later stopped in 2012. In 2019 the project was revised on a technical, legal and environmental side and it was concluded during 2020.

The plant is divided into two main subfields (Montevergine and San Vincenzo) with a total nominal power of 103 MW. In particular the plant is divided into the following:

- Montevergine Ovest with a total power of 15,8 MW → Incentivized
- Montevergine Est with a total power of 22,7 MW → Incentivized
- San Vincenzo with a total power of 24,5 MW → Incentivized
- Montevergine Ovest with a total power of 5,69 MW → Non-Incentivized
- Montevergine Est with a total power of 15,457 MW → Non-Incentivized
- San Vincenzo with a total power of 18,79 MW → Non-Incentivized

DNV has been commissioned by IREN to provide the Periodic Review of the BOND. Our criteria and information covered to achieve this is described under 'Work Undertaken' below. The Periodic Review was conducted on the information provided by IREN in March 2023.

No assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

The scope of this DNV opinion is limited to the Green Bond Principles 2021 (GBP).

Responsibilities of the Management of IREN and DNV

The management of IREN has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform IREN management and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by IREN. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by IREN's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our Green Bond Principles methodology, which incorporates the requirements of the GBP, to create a IREN-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per our Protocol, the criteria against which the BOND has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by IREN in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

Periodic verification:

- Assessment of documentary evidence provided by IREN on the BOND and supplemented by a high-level desktop research, documentation review and interviews with key personnel from the issuer IREN. These checks refer to current assessment best practices and standards methodology;
- Discussions with IREN management, and review of relevant documentation;
- Review of the nominated projects and assets as described in Schedule 2 as at the time of Periodic Verification;
- Review and testing where possible of Reporting Data;
- Documentation of findings for Periodic Verification as detailed in this document. Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below:

- 1. Principle One: Use of Proceeds.** IREN has used the proceeds of the BOND to re finance the PV plant mentioned in the "Scope and Objectives" section.

Based on the evidence provided, DNV concludes that the bond, financing the eligible assets, falls within the defined category of "Renewable energy" of the Green Bond Principles 2021.

Moreover, while the present assessment does not include the verification of the do-no significant harm principle (DNSH) it can be confirmed that, based on the EU Taxonomy Delegated Act of June 2021, the selected project falls under the category of projects which in principle will contribute to climate change mitigation as per activity 4.1 "Electricity generation from solar power".

DNV has reviewed the documentation provided, as well as the information and description of the financed project, which give us the opinion that the Green Bond will deliver clear environmental benefits by virtue of clean energy production.

- 2. Principle Two: Process for Project Evaluation and Selection.** The BOND's proceeds will be allocated to finance and refinance the project as defined in Schedule 1.

Due to the fact that the transaction is a single refinancing, the phase of project selection is non applicable. As for project evaluation, the plant was initially authorized in 2011 with regional decree n.32 dated 3rd February 2011 later confirmed with managerial act n.178/2020 and 183/2018.

DNV confirms that a proper process for Project Evaluation was conducted with environmental and legal assessments.

- 3. Principle Three: Management of Proceeds** DNV has reviewed evidence showing how IREN plans to trace the proceeds from the Bond, from the time of issuance to the time of disbursement. The full amount of the proceeds will be managed within treasury or equivalent, and thereafter disbursed in accordance with the debt obligation. The details of the disbursement and the outstanding value will be tracked using IREN's internal financial reporting system. At the end of each financial period, IREN will review the outstanding balance of the BOND. As stated above, DNV provides no assurance regarding the financial performance of the Bond, the value of any investments in the Bond, or the effects of the transaction.
- 4. Principle Four: Reporting.** IREN has confirmed that it will report annually on its website and/or in a dedicated part of the non-financial report the following information:

- ✓ the list of Eligible Projects/Activities refinanced with the net proceeds of the Bond/Loan;
 - ✓ information on key performance indicators (KPIs) related to such Eligible Projects/Activities;
 - ✓ an update of the allocation of the net proceeds described above
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DNV has verified the above mentioned information for 2022 and can confirm that on the basis of the information provided by IREN and the work undertaken, it is DNV's opinion that the BOND meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

for DNV Business Assurance Italia Srl

20.03.2023

A handwritten signature in blue ink, appearing to read "Riccardo Arena".

Riccardo Arena
Lead Assessor
DNV – SCPA

A handwritten signature in blue ink, appearing to read "Mark Robinson".

Mark Robinson
Lead Reviewer
DNV – Business Assurance

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF NOMINATED ASSET TO BE FINANCED AND REFINANCED THROUGH IREN GREEN BOND

Project Group and Name	Eligible Green Category	Eligible Category (DNV)	Funded Amount at 31.12.2022 (EUR)	Project Amount at 31.12.2022 (EUR)
Troia photovoltaic plant (Puglia Holding)	Renewable energy	Solar PV energy generation	50.000.000	81.736.760
Total			50.000.000	81.736.760

SCHEDULE 2: GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet <p>Discussions with IREN management</p>	<p>The reviewed evidence confirms that the BOND falls in the category: Green Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet - Project technical documentation <p>Discussions with IREN management</p>	<p>As identified by the BOND Term Sheet the purpose of the BOND is to use the proceeds to refinance a PV plant which falls into the Renewable Energy-Solar PV Energy Generation category of the GBP.</p> <p>DNV's assessment concluded that the assets are aligned with the categories defined in the Green Bond Principles 2021.</p>
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet - Project technical documentation <p>Discussions with IREN management</p>	<p>DNV considers the energy network development associated with delivering energy from renewable energy generation and storage to qualify as Green.</p>
1d	Refinancing share	<p>In the event that a proportion of the proceeds may be used for</p>	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet 	<p>The full proceeds of the BOND will be used to refinance the nominated project listed in Schedule 1.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	Discussions with IREN management	

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles; • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental sustainability objectives 	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet - Project technical documentation <p>Discussions with IREN management</p>	<p>Due to the fact that the transaction is a single refinancing, the phase of project selection is non applicable. As for project evaluation, DNV confirms the process for Project Evaluation was conducted with environmental and legal assessments. Overall environmental features of the Eligible Projects are summarized as contributing directly to UN SDGs 7 (Affordable and Clean energy) which can be confirmed as appropriate.</p>
2b	Issuer's environmental and social and	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the	<p>Review of:</p> <ul style="list-style-type: none"> - IREN Sustainability and CSR Policy and Governance Framework - IREN Sustainability Reporting 	DNV reviewed the IREN Environmental and Sustainability Policy in addition to the Sustainability Reporting Framework for IREN and its subsidiary organisations.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
	governance framework	issuer's overall framework and performance regarding environmental sustainability.	<ul style="list-style-type: none"> - IREN Sustainable Financing Framework - Appendix 2 to the IREN Sustainable Financing Framework <p>Discussions with IREN management</p>	<p>IREN's Sustainability and CSR policies and governance frameworks form the basis for clear stakeholder reporting of relevant metrics such as GHG emissions, Energy generation, waste management, technological rollouts and other social and environmental metrics. The proposed reporting associated with the IREN Green Bond is in line with their existing Sustainability Reporting framework and metrics to stakeholders and investors.</p> <p>IREN's Sustainability reporting is conducted according to GRI G4 Guidelines with external review of their Sustainability Reporting.</p> <p>DNV notes that the performance of the nominated project within the Bond is to be reported as a part of IREN's periodic Sustainability reporting as per the IREN Sustainable Financing Framework.</p> <p>The selected reporting performance metrics for the nominated projects and assets as stated within Appendix 2 of the Sustainable Financing Framework, are in line with the social and environmental governance framework demonstrated by IREN within the information provided on their website.</p> <p>DNV notes that in addition to the stated metrics, IREN has provided a forecast schedule of environmental performance for the nominated projects and assets for future reporting and performance evaluation purposes. This is noted to provide an additional layer of reporting and transparency for stakeholders</p> <p>We have also carried out a high-level media review of IREN. We have found no evidence to suggest that IREN or any of the assets are or have been operating in breach of national or local environmental regulations.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				Based on the evidence reviewed and the discussion we had with senior managers, we found nothing to suggest that IREN's environmental, social and governance framework is not in line with good practice of the industry in which it operates.

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Review of: <ul style="list-style-type: none"> - BOND term sheet - IREN Sustainable Financing Framework Discussions with IREN management	<p>The evidence reviewed shows how IREN plans to trace the BOND's proceeds, from the time of issuance to the time of disbursement.</p> <p>The full amount of the proceeds will be managed within treasury or equivalent, and thereafter disbursed in accordance with the debt obligations.</p> <p>The details of the disbursement and the outstanding value will be tracked in IREN's internal financial system. At the end of each financial period, the outstanding balance of the BOND will be reviewed.</p>
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Review of: <ul style="list-style-type: none"> - BOND term sheet - IREN Sustainable Financing Framework Discussions with IREN management	<p>The evidence reviewed shows that IREN plans to trace the proceeds from the BOND, from the time of issuance to the time of disbursement and reduce the net balance of proceeds by amounts in line with the assets debt repayment schedule. At the end of each financial period, the outstanding balance of the Bond will be reviewed.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Review of: <ul style="list-style-type: none"> - IREN Sustainable Financing Framework Discussions with IREN management	The net proceeds of the Bond will be managed within treasury or equivalent, tracked and will be fully and immediately disbursed where possible or held in equivalent green investments or cash equivalent until disbursement to the nominated assets as per the IREN Sustainable Financing Framework

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Review of: <ul style="list-style-type: none"> - IREN Sustainable Financing Framework Discussions with IREN management	IREN will include a dedicated section on the Green Bond in its Sustainability Report. This will include description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. IREN plans to report on a number of project performance specific metrics as listed in Appendix 2 of the Sustainable Financing Framework. In addition, IREN has provided a forecast schedule of environmental performance for the nominated projects and assets to be reported on through the term of the Green Bond.