

# Letter to stakeholders

[GRI 102-14]

## Dear Shareholders and Stakeholders,

with this letter, we are presenting the results of the Financial Statements 2021 and the Sustainability Report 2021 with the aim of ensuring an integrated reading to all stakeholders of the Group.

In fact, Iren Group considers sustainability as a fundamental lever for the creation of value over time and is constantly committed to conducting its activities considering the interests of its stakeholders, in the awareness that dialogue and the sharing of objectives are tools through which to create mutual value.

A way of doing business that finds its foundation in the business model and in the Group's Strategic Plan, which includes a concrete commitment to the Sustainable Development Goals of the UN 2030 Agenda (SDGs), and that guarantees long-term resilience, also by reacting quickly and effectively to exogenous phenomena of exceptional magnitude. The Covid-19 pandemic and the recent dramatic war events that are affecting Europe, in fact, further influence a context already marked by profound transformations such as energy and digital transition, circular economy, energy independence and security, energy efficiency, preservation of natural resources and decarbonization.

The ability, therefore, to be flexible and to be able to interpret extraordinary events and trends of our time, represent the discriminating factor to ensure the competitiveness of a company in the long-term.

In this scenario, in November 2021, Iren Group launched – for the first time in its history – a 10-year Business Plan consistent with the main macro-trends of the sector, which rests its foundations on three pillars: green transition, quality of service and local presence. Iren aims to be the preferred partner for citizens and public administrations, to establish itself as a leader in the green transition and to be the first choice of stakeholders for the highest levels of service quality offered.

The Group's business strategy, which foresees 12.7 billion Euro of investments by 2030, is strongly integrated with sustainability: about 80% of the investments, 8.7 billion Euro, will, in fact, be "sustainable": in addition to the reduction of climate-altering emissions and the progressive growth in renewables, where Iren plans to increase the production of energy from renewable sources by 2.2 GW, we will support the circular economy, the rational use of water resources and the resilience of cities.



**Iren aspires to be the first choice of stakeholders for the highest levels of service quality offered**

A path of growth that has seen the entry, in 2021 alone, of more than 880 new resources into the Group and that inevitably passes through the attention and enhancement of people. This takes concrete form in the strengthening of skills, through training activities that have involved 94% of employees with 23 hours of training per capita, intended to grow to 30 hours in 2030; in the projects launched to balance the presence of women in the workforce by developing the talent of employees, with the ambition of having at least 30% female managers by 2030; finally, in the Gender Pay Equity project, aimed at identifying and correcting any factors that cause pay inequalities.

Attention to people also extends to communities: in a scenario characterised by an unprecedented increase in the cost of raw materials that has generated significant repercussions on the budgets of households and businesses, the Group has managed to guarantee its customers gas and electricity prices that are on average 30% lower than market prices.

Despite a particularly complex market context, the resilience of the Group's multi-business model and the effectiveness of the actions taken to deal with the volatility of the energy scenario enabled it to record positive results in 2021, confirming the growth path of the Group, which closed the year with revenues of 4.9 billion Euro, EBITDA of over 1 billion Euro, up 9.6% on last year, and Group Net Profit of 303 million Euro (+26.7%).

Particularly significant is the figure for investments, which grew by 4.7% compared to 2020 and amounted to 955 million Euro, financed by cash generation, making it possible to keep the net financial debt in line with last year, to support the economies and induced activities of the territories and to propose Iren as a preferential partner for citizens and public administrations, to meet their needs and find advanced solutions.

In 2021, the Group's results were accompanied by the growth of all sustainability indicators, showing significant performance and confirming the strategic value always attributed to these fundamental aspects for the development of the territories, the environment and the different players that interact with Iren.

During 2021, 70% of the investments made by the Group were allocated to sustainable projects or activities in line with the pillars of the Business Plan. As far as the green transition is concerned, during the year, thanks to an increased production of heat, the power generation carbon intensity was reduced by 3%, according to the path set by Iren and validated by *Science Based Target initiative*, in line with the Paris Agreement, to halve its impact by 2030. In addition, the recent acquisition of Italy's largest photovoltaic park, located in Puglia, allows for an increase in renewable generation as early as 2022.

The year 2021 was also characterised by strong growth in waste valorisation in the Group's plants both for the generation of new material and for the launch of biomethane production from biodegradable waste. The production of biomethane and the recovery of material are important pillars in circular economy development and fundamental elements for achieving the European decarbonization targets. Finally, green energy sold has grown considerably, thanks to a campaign started in 2020 aimed at encouraging sustainable consumption and reducing the environmental impact of our customers.



**In 2021, the results of the Group were complemented by the growth of all indicators of sustainability**

The 2% increase in district heating volumes, the achievement of 70.3% of sorted waste collection, thanks to door-to-door collection and pay-as-you throw systems, and the large number of energy and aesthetic redevelopment projects for private buildings, supported by Superbonus 110%, Ecobonus and Bonus facades, have strengthened the local presence of Iren and its roots in the areas in which it operates.

Finally, the quality of the services offered continues to show high levels of customer satisfaction with 91% of positive evaluations. Thanks to districtualisation activities, which allow for greater monitoring and timely intervention, water leaks from water networks have been further reduced.

The Group has also implemented in its reporting the recommendations of the TCFD (*Task Force on Climate-related Financial Disclosures*) regarding the risks and opportunities that climate change may generate on the Group's future margins. Moreover, for the first year, the Sustainability Report reports the information required by the EU Taxonomy to make transparent to all stakeholders which managed activities are considered sustainable according to the criteria of European directives and the share of investments, expenses and revenues related to them.

The efficient management of the Group in terms of size and economic-financial indicators, the development of skills and quality in services, the utmost attention to sustainability and care for internal resources and customers, are the key factors that have enabled us to achieve the results we are presenting for the approval of the Shareholders, proposing to the Shareholders' Meeting a dividend of 0.105 Euro per share, up 10.5% compared to 2020.

To all the men and women of Iren Group, also on behalf of the Board of Directors, we would like to thank them for the competence, sense of responsibility, dedication and commitment that they put into their work on a daily basis, from which the results we have achieved derive. We would like to thank our Shareholders and Stakeholders, for the incentives they provide us with to pursue sustainable development, and the members of the Board of Directors and the Board of Statutory Auditors for their decisive contribution to the growth of the Group.

Chairperson  
**Renato Boero**



Deputy Chairperson  
**Moris Ferretti**



Chief Executive Officer  
**Gianni Vittorio Armani**

