BASE PROSPECTUS

ACEA S.p.A.

(incorporated as a joint stock company (società per azioni) under the laws of the Republic of Italy)

€5,000,000,000

Euro Medium Term Note Programme

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of Regulation (EU) No. 2017/1129 of 14 June 2017, as amended, (the "**Prospectus Regulation**") and relevant implementing measures in Luxembourg (*loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières* dated 16 July 2019, which implements the Prospectus Regulation (the "**Luxembourg Prospectus Law**")). This Base Prospectus constitutes a base prospectus for the purposes of Article 8(1) of the Prospectus Regulation and has been prepared for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof and will be published in electronic form on the website of the Luxembourg Stock Exchange (https://www.luxse.com/). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Such approval only relates to Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange or other regulated markets for the purposes of Directive 2014/65/EU, as amended ("**EU MiFID II**") for a period of twelve months from the date of approval, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies after the end of its 12-month validity period. The end of the validity of the Base Prospectus is 4 August 2024. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The CSSF assumes no responsibility with regard to the economic and financial soundness of any transaction under this Programme or the quality and solvency of the Issuer in accordance with the provisions of Article 6(4) of the Luxembourg Prospectus Law.

Acea S.p.A. (the "**Issuer**", "**Acea**" or "**ACEA**", and together with its subsidiaries, the "**Group**") may issue Notes under the Programme to one or more of the Dealers named on pages 13 and 14 and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**") which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer" shall be, in the case of an issue of Notes to more than one Dealer, to the lead manager of such issue and, in the case of an issue of Notes to one Dealer, to such Dealer. Pursuant to the Programme, the Issuer may issue Notes denominated in any currency agreed with the relevant Dealer, subject to any applicable legal or regulatory restrictions. The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). The aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed €5,000,000,000 (or its equivalent in other currencies calculated as described herein).

As of the date of this Base Prospectus, the Issuer has been assigned a rating of "Baa2" with a "negative outlook" by Moody's Investors Service España, S.A. ("**Moody's**") and "BBB+" with a "negative outlook" by Fitch Ratings Ireland Limited - Sede Secondaria Italiana ("**Fitch**"). Each of Moody's and Fitch is established in the European Economic Area ("**EEA**") and registered under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**"). Each of Moody's and Fitch appears on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority ("**ESMA**") website at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk. The rating Moody's has given to the Issuer is endorsed by Moody's Investors Service Ltd, which is established in the UK and registered under the EU CRA Regulation as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). The rating Fitch has given to the Issuer is endorsed by Fitch Ratings Ltd, which is established in the UK and registered under the UK CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements.

The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except in certain transactions exempt from the registration requirements of the Securities Act.

EU BENCHMARKS REGULATION – Interest and/or other amounts payable under floating rate notes will be calculated by reference to the Euro Interbank Offered Rate ("EURIBOR"), as specified in the relevant Final Terms (as defined below). As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute ("EMMI"). At the date of this Base Prospectus, EMMI is authorised as benchmark administrator, and included on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011, as amended) (the "EU Benchmarks Regulation").

Joint Arrangers

IMI – Intesa Sanpaolo **BNP PARIBAS** **UniCredit**

Dealers

Banca Akros S.p.A. - Gruppo Banco BPM	**Barclays**
BBVA	**BNP PARIBAS**
BofA Securities	**Citigroup**
Crédit Agricole CIB	**Deutsche Bank**
Goldman Sachs International	**IMI – Intesa Sanpaolo**
ING	**J.P. Morgan**
Mediobanca	**Monte dei Paschi**

Morgan Stanley **Natixis**

Santander Corporate & Investment Banking **Société Générale Corporate & Investment Banking**

UniCredit

The date of this Base Prospectus is 4 August 2023

CONTENTS

Page

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation.

Responsibility for this Base Prospectus

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein (see "*Information Incorporated by Reference*" below) and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base

Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the issue, listing, offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, there are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including, France and the Republic of Italy), the United Kingdom, Singapore and Japan.

Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S except in certain transactions exempt from the registration requirements of the Securities Act. See "*Subscription and Sale*" below.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Notes issued as Green Bonds

There can be no assurance that Notes issued as "Green Bonds" and the related use of proceeds will be suitable for the investment criteria of an investor seeking securities to be used for a particular purpose. If so specified in the relevant Final Terms, the Issuer may issue Notes described as "Green Bonds" for the purposes of financing and/or refinancing, in whole or in part, Eligible Green Projects (such term as defined in the "*Use of Proceeds*" section). In such circumstances, prospective investors should have regard to the information set out, or referred to, under the paragraph "*Use of Proceeds, Estimated Net Proceeds– Use of Proceeds*" of the relevant Final Terms and must determine for themselves the relevance of such information, together with any other investigation such investors deem necessary, for the purpose of any investment in such Notes and its suitability also in light of their own circumstances and applicable criteria. In particular, no assurance can be given by the Dealers or any of their respective affiliates (including parent companies) that the use of such net proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether under any present or future applicable law or regulations or under its own bylaws or other governing rules or investment portfolio mandates (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**") and any related technical screening criteria, the proposed European Green Bond Regulation, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**Sustainable Finance Disclosure Regulation**") and any implementing legislation and guidelines, or any similar legislation in the United Kingdom).

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time.

A basis for the determination of the definitions of “green” has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of the EU Sustainable Finance Taxonomy and the final social taxonomy report on transition activities for the EU Sustainable Finance Taxonomy, which was published by the Platform on Sustainable Finance on 28 February 2022. On 21 April 2021, the European Commission adopted the EU Taxonomy Climate Delegated Act, introducing a first set of technical screening criteria to be used to define which activities contribute to the following environmental objectives under the EU Sustainable Finance Taxonomy: climate change adaptation and climate change mitigation (the “**Taxonomy Climate Delegated Act**”). The Taxonomy Climate Delegated Act entered into force on 1 January 2022. On 10 March 2022, the EU Commission adopted the EU taxonomy Complementary Climate Delegated Act, covering certain nuclear and gas activities, which is expected to enter into force in the coming months. Furthermore, on 6 April 2022, the European Commission adopted the Regulatory Technical Standards (RTS) to the Sustainable Finance Disclosure Regulation. Any further delegated act adopted by the EU Commission to implement the Sustainable Finance Taxonomy Regulation or the Sustainable Finance Disclosure Regulation may result in a regular review of the relating screening criteria, with changes to the scope of activities and other amendments to reflect technological progress.

In addition, on 18 June 2019, the Commission Technical Expert Group on sustainable finance published its final report on a future European standard for green bonds (the “**EU Green Bond**

Standard”). In the context of the public consultation on the renewed sustainable finance strategy, the European Commission launched a targeted consultation on the establishment of an EU Green Bond Standard, that builds and consults on the work of the Commission Technical Expert Group, and has run between 12 June and 2 October 2020. On 19 October 2020, the European Commission published the Commission Work Programme 2021, in which expressed the intention to deliver a legislative proposal by the end of the second quarter of 2021. On 6 July 2021, the European Commission officially adopted a legislative proposal for a EU Green Bond Standard setting out four main requirements: (i) allocation of the funds raised by the green bond should be made in compliance with the EU Sustainable Finance Taxonomy; (ii) full transparency on the allocation of the green bond proceeds; (iii) monitoring and compliance activities to be carried out by an external reviewer; and (iv) registration of external reviewers with the ESMA and subjection to its supervision.

In this respect, there can be no guarantee that the Eligible Green Projects financed and/or refinanced by the Issuer out of the proceeds of its “Green Bonds” will fully align at all times with the EU Sustainable Finance Taxonomy or the Sustainable Finance Disclosure Regulation and the technical screening criteria established by the implementing delegated acts, as and when introduced and applicable from time to time. Any such changes could have an adverse effect on the liquidity and value of and return on any such Green Bonds.

No assurance can be given that Eligible Green Projects will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the proposed European Green Bond Regulation, the Sustainable Finance Disclosure Regulation, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time. Any Green Bonds issued under the Programme will not be compliant with the proposed European Green Bond Regulation and are only intended to comply with the requirements and processes in the Acea Green Financing Framework[1]. It is not clear if the establishment of the European green bond ("**EuGB**") label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the proposed European Green Bond Regulation could have an impact on investor demand for, and pricing of, green use of proceeds bonds that do not comply with the requirements of the EuGB label or the optional disclosures regime, such as the Green Bonds issued under this Programme. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any Green Bonds issued under this Programme that do not comply with those standards proposed under the European Green Bond Regulation.

While it is the intention of the Issuer to apply an amount equivalent to the net proceeds of Notes issued as "Green Bonds" so specified for Eligible Green Projects in, or substantially in, the manner described, or referred to, under the "*Use of Proceeds*" section and the paragraph "*Use of Proceeds, Estimated Net Proceeds – Use of Proceeds*" of the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such a manner and/or in accordance with any intended timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. In addition, there can be no assurance that Eligible Green Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or

[1] For further information on the Acea Green Financing Framework, please refer to the Issuer’s website at: https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2021/green-bond/acea-green-financing-framework.pdf

anticipated. None of a failure by the Issuer to allocate the proceeds of any Notes issued as "Green Bonds" or to report on the use of proceeds or Green Bonds as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green Bonds or the failure of the Notes issued as Green Bonds to meet investors' expectations requirements regarding any "green", "sustainable", "social" or similar labels will constitute an event of default or breach of contract with respect to any of the Notes issued as Green Bonds.

The Issuer does not undertake to ensure that there are at any time sufficient Eligible Green Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Green Bonds in full.

"Green Bonds" are not linked to the performance of the Eligible Green Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes. The performance of the "Green Bonds" is not linked to the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the "Green Bonds" and the Eligible Green Projects. Payment of principal and interest in respect of relevant Notes will be made from the Issuer's general funds. Consequently, neither payments of principal and/or interest on the "Green Bonds" nor any rights of Noteholders shall depend on the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any "Green Bonds" shall have no preferential rights or priority against the assets of any Eligible Green Project nor benefit from any arrangements to enhance the performance of the Notes.

IMPORTANT – EEA Retail Investors

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK Retail Investors

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK MiFIR**"). Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MiFID II product governance / target market – The Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593, as amended (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MIFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Notes may not be a suitable investment for all investors: Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments: The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE

The Final Terms in respect of any Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified or amended from time to time, the "**SFA**"). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

Programme limit

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed €5,000,000,000 and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**Euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Websites

In this Base Prospectus, references to websites are included for information purposes only. The contents of any websites (except for the documents (or portions thereof) incorporated by reference into this Base Prospectus to the extent set out on any such website) referenced in this Base Prospectus do not constitute a part of or are incorporated into this Base Prospectus and have not been scrutinised or approved by the CSSF.

Ratings

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described on the cover page of this Base Prospectus or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is (1) issued by a credit rating agency not established in the EEA and not registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA and such rating is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA and which is not certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is (1) issued by a credit rating agency not established in the UK and not registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK and such rating is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK and which is not certified under the UK CRA Regulation.

Third Party Information

In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2021, which are incorporated by reference in this Base Prospectus (see "Information Incorporated by Reference").

Alternative Performance Measures

In addition to the historical financial information incorporated by reference in the Base Prospectus (see "Information Incorporated by Reference"), management has also presented several Alternative Performance Measures ("**APMs**") in this Base Prospectus.

Management believes that these APMs provide additional useful information for management and investors to analyse the Acea Group's financial position, financial performance and cash flows that, in addition to those metrics presented under IFRS, further facilitate the identification of significant operating trends and financial parameters of the Group.

On 5 October 2015, ESMA (the European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance indicators (the "**ESMA APM Guidelines**") which replace, as of 3 July 2016, CESR/05-178b recommendations. This orientation was acknowledged in the Italian system in CONSOB Communication No. 0092543 dated 3 December 2015.

In addition, on 4 March 2021 ESMA published the guidelines on the disclosure requirements deriving from the new Prospectus Regulation (Regulation EU 2017/1129 and Delegated Regulations EU 2019/980 and 2019/979), which update the previous CESR Recommendations (ESMA/2013/319, in the revised version of 20 March 2013). Starting from 5 May 2021, on the basis of CONSOB Call for Attention No. 5/21, the aforementioned ESMA Guidelines also replace the CESR Recommendation on debt. Therefore, under the new provisions, listed issuers will have to present, in the explanatory notes to their annual and semi-annual financial statements published from 5 May 2021 onwards, a new statement on debt to be drafted in accordance with the instructions in paragraphs 175 and following of the above ESMA Guidelines.

In particular, the following APMs (as defined in the ESMA APM Guidelines) are used by the management of the Issuer to monitor the Acea Group's financial and operating performance and are disclosed in this Base Prospectus in the sections "*Risk Factors*", "*Description of the Issuer*" and in the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements, and the Q1 2023 Interim Report (all of which are incorporated by reference into this Base Prospectus):

- for the Acea Group, EBITDA is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly controlled entities for which the consolidation method changed when the international accounting standards IFRS 10 and IFRS 11 came into force. EBITDA is determined by adding Operating profit/loss (EBIT) to "Amortisation, depreciation, provisions and impairment", insofar as these are the main non-cash items;

- Financial Debt is represented and determined in accordance with the aforementioned ESMA guidelines and in particular paragraph 127 of the recommendations of document No. 319 of 2013, implementing Regulation (EC) 809/2004. This indicator is determined as the sum of short-term borrowings ("Short-term loans", "Current part of long-term loans" and "Current financial liabilities") and long-term borrowings ("Long-term loans") and the related derivative instruments ("Non-current financial liabilities"), net of "Cash and cash equivalents" and "Current financial assets";

- The Net Financial Position is an indicator of the Acea Group's financial structure determined in continuation with previous years and used, as from this document, exclusively for information presented in the business areas in order to provide clear segment information that can be easily reconciled with the Financial Debt (ESMA) referred to above. This indicator is defined as the sum of (i) Non-current borrowings and Financial liabilities net of Noncurrent financial assets (financial receivables and securities other than equity investments), and (ii) Current financial payables and Other current financial liabilities net of Current financial assets and cash and cash equivalents;

- Net Invested Capital is the sum of "Current assets", "Non-current assets" and "Assets and Liabilities held for sale", less "Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the Net Financial Position;

- Net Working Capital is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the Net Financial Position.

It should be noted that:

i. the APMs are based exclusively on historical Acea data and are not indicative of future performance;

ii. the APMs are not prepared in accordance with IFRS and are not subject to audit; they are derived from the historical financial information of Acea for the relevant periods presented;

iii. the APMs are non-IFRS financial measures and are not recognised as measures of financial position, financial performance or liquidity under IFRS, and they should not be considered as substitutes to performance measures prepared in accordance with IFRS or any other generally accepted accounting principles; and

iv. the APMs should be read together with the financial statements of Acea for the relevant periods to which the APMs relate.

Since not all companies calculate APMs in an identical manner, the APMs used by Acea may not be consistent or comparable with similar measures used by other companies. Therefore, undue reliance should not be placed on these measures.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains certain forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Issuer are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer expects to operate in the future.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors". Any forward-looking statements made by or on behalf of the Issuer speak only as at the date they are made. The Issuer does not undertake to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Base Prospectus, if appropriate, or a drawdown prospectus or a new base prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

This overview constitutes a general description of the Programme for the purposes of Article 25 of Commission Regulation (EU) No 2019/980, as amended.

Words and expressions defined in "*Forms of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this section.

Issuer:	Acea S.p.A.
Issuer's Legal Entity Identifier:	549300Q3448N041CTH56
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme. These are set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Joint Arrangers:	BNP PARIBAS Intesa Sanpaolo S.p.A. UniCredit Bank AG
Dealers:	Banca Akros S.p.A. Banca Monte dei Paschi di Siena S.p.A. Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Barclays Bank Ireland PLC BNP PARIBAS BofA Securities Europe SA Citigroup Global Markets Europe AG Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank Aktiengesellschaft Goldman Sachs International ING Bank N.V. Intesa Sanpaolo S.p.A. J.P. Morgan SE Mediobanca – Banca Di Credito Finanziario S.p.A.

	Morgan Stanley & Co. International plc Natixis Société Générale UniCredit Bank AG and any other Dealers appointed in accordance with the Dealer Agreement (as defined in "*Subscription and Sale*" below).
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements as from time to time in force (see "*Subscription and Sale*"), including the following restrictions applicable at the date of this Base Prospectus. ***Notes having a maturity of less than one year*** Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the Issuer.
Fiscal Agent and Paying Agent:	BNP PARIBAS, Luxembourg Branch
Listing Agent:	BNP PARIBAS, Luxembourg Branch
Programme Size:	Up to €5,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal and/or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer and as stated in the applicable Final Terms.

Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms.
Form of Notes:	The Notes will be issued in bearer form, as described in "*Forms of the Notes*" below.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on such basis as may be specified in the applicable Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating (i) the 2006 ISDA Definitions (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc.; or (ii) the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the relevant final terms, each as published by ISDA (or any successor) on its website (http://www.isda.org), on the date of issue of the first Tranche of the Notes of such Series; or (b) on the basis of the reference rate set out in the applicable Final Terms. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Benchmark Replacement:	Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on such basis as may be specified in the applicable Final Terms.

If a Benchmark Event (as defined below) occurs in relation to the reference rate of the Floating Rate Notes, pursuant to Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*), the Issuer shall use all reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Reference Rate or, failing that, an Alternative Reference Rate. If the Independent Adviser is unable to determine an Alternative Reference Rate prior to the relevant cut-off date, the Issuer, taking into account any relevant and applicable market precedents and published guidance, may determine an Alternative Reference Rate, all as described in Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*).

Fixed to Floating or Floating to Fixed Rate Notes:	Interest may initially accrue at a fixed rate, and then switch to a floating rate, or interest may initially accrue at a floating rate and then switch to a fixed rate.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their principal amount and will not bear interest, in each case as may be agreed between the Issuer and the relevant Dealer and as specified in the applicable Final Terms.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, upon a Change of Control or following an event of default pursuant to Condition 12 (*Events of Default*)) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders and/or at the option of the Noteholders upon giving notice to the Issuer, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The applicable Final Terms will also indicate whether the Issuer has a Clean-up Call Option. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions — Notes having a maturity of less than one year*" above.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions — Notes having a maturity of less than one year*" above) and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). If the Final Terms so specify, Notes may be issued

	in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Relevant Jurisdiction as provided in Condition 11 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 11 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 5 (*Negative Pledge*).
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 12(c) (*Events of Default – Cross-default of Issuer or Subsidiary*).
Status of the Notes:	The Notes will constitute direct, general and unconditional obligations of the Issuer and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Rating:	Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to other Notes issued under the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described on the cover page of this Base Prospectus or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is (1)

issued by a credit rating agency not established in the EEA and not registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA and such rating is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA and which is not certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is (1) issued by a credit rating agency not established in the UK and not registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK and such rating is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK and which is not certified under the UK CRA Regulation.

Approval, Admission to Trading and Listing: This Base Prospectus has been approved by the CSSF. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. Such approval only relates to Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange or other regulated markets for the purposes of EU MiFID II.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Pursuant to Article 25 of the Prospectus Regulation, the CSSF may at the request of the Issuer, send to the competent authority of another European Economic Area Member State and the ESMA (i) a copy of this Prospectus; and (ii) a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Regulation (an "**Attestation Certificate**").

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by and shall be construed in accordance with English law. Condition 16 (*Meetings of Noteholders; Noteholders' Representative; Modification and Waiver*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of the

	Notes are subject to compliance with the laws of the Republic of Italy.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including France and the Republic of Italy), the United Kingdom, Singapore, Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 1/2. TEFRA C or D applicable/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these risk factors are contingencies which may or may not occur. In addition, risk factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the risk factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with Notes issued under the Programme may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including, without limitation, any documents incorporated by reference herein) and reach their own views prior to making any investment decision, based upon their own judgment and upon advice from such financial, legal and tax advisers as they have deemed necessary.

Words and expressions defined in the "Terms and Conditions of the Notes", or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

Risks relating to the Group's financial situation

Risks related to Italian and global macroeconomics factors

The performance of the Group is influenced by (i) Italian and international macroeconomic conditions, (ii) the condition of the financial markets in general, and (iii) the trends and the economic stability of the geographical areas in which the Group conducts its activities.

Global and Italian macro-economic conditions have been, and may continue to be, affected by novel strains of COVID-19. Notwithstanding the vaccination efforts by national governments, in the past three-years, the COVID-19 pandemic has affected the economic activity at global and regional levels.

A number of uncertainties remain in the current macroeconomic environment, namely: (a) the impact of potential containment measures aimed at coping with new variants of COVID-19 on global growth and on individual countries; (b) the impact of the Russian invasion of Ukraine on the European and global economy (see "*Risks associated with the Russian invasion of Ukraine*" below); (c) whether growth trends and the prospects of recovery and consolidation of economies of countries like the US and China will be confirmed; (d) the ongoing commercial dispute between the US and China, which could have an effect on international trade and therefore on global production; (e) the effectiveness of the monetary policies of the European Central Bank and the Federal Reserve System in the Euro area and the US respectively, and their future developments and adverse future developments (in the Dollar area); (f) policies implemented by other countries aimed at promoting their currencies' competitive devaluations; (g) the sustainability of the sovereign debt of certain countries and related recurring tensions on the financial markets; (h) risks related to an increase in inflation; and (i) current volatility and disruptions in the global credit and financial markets.

In addition, the global economy, the condition of the financial markets, any adverse macroeconomic developments in the Group's primary markets and any future sovereign debt crisis in Europe may all significantly influence the Group's performance.

The global credit and financial markets have in recent times experienced volatility and disruptions, including severely diminished liquidity and credit availability. Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services sector generally, as well as concerns or rumours about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems.

The Group's earning capacity and stability can be affected by the overall economic situation and by the dynamics of the financial markets.

The recent collapse of First Republic Bank, Silicon Valley Bank and two other financial institutions in the US in March 2023, followed closely in Europe by the rescue plan for Credit Suisse, has raised serious concerns over the risk of another banking crisis. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets and the Group's ability to access existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on its business and financial condition. In addition, investor concerns regarding the international financial systems could result in less favourable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for the Group to acquire financing on acceptable terms or at all.

All of these factors, in particular in times of economic and financial crisis, could result in (a) an increase in the Issuer's and/or the Group's borrowing costs; (b) a reduction of, or reduced growth in, the Issuer's and/or the Group's ordinary business, (c) the decline in the Issuer's and/or the Group's asset values, which (in combination or individually) could have an adverse impact on the Group's business, financial position and cash flows, and the results of its operations, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

Risks associated with the Russian invasion of Ukraine

The ongoing Russian invasion of Ukraine, which was launched on 24 February 2022, caused the enactment of sanctions by the United States, the European Union and several other countries against Russia, Belarus and certain Russian interests. Such events have already had a significant impact on the European and global economy, including greater market volatility and significant increases in the prices of energy, natural gas and commodities. As at the date of this Base Prospectus, it is not possible to predict the length and the broader consequences of the invasion, which could include further sanctions, export controls and embargoes, greater regional instability, geopolitical shifts and other adverse effects on macroeconomic conditions, currency exchange rates, supply chains (including the supply of natural gas and fuel from Russia) and financial markets, all of which could, either directly or indirectly, have an adverse impact on the Group's operations and performance. See also " – *The changes to the overall* *economic situation caused by the economic crisis could have a significant adverse impact on the Group's businesses and its profitability*".

The changes to the overall economic situation caused by the economic crisis could have a significant adverse impact on the Group's businesses and its profitability

The economy in Italy, the Group's principal market, has been affected in recent years by a significant slowdown and also by significant increases in energy prices, resulting in an increased focus on energy saving, as well as an increased focus in terms of legislative and regulatory policies. In response to the adverse economic and market consequences, the Italian government took (and announced it will implement) further measures to support the economy (such as loan guarantee schemes, tax payment deferrals, expanded unemployment coverage) and improve liquidity in the financial markets (such as funding facilities and increased asset purchases). No assurance can be given that such measures will suffice to offset the negative effects of the economic and market crises on the Italian economy. The economic environment may well deteriorate further before it begins to improve.

Moreover, significant, unexpected and/or structural changes in the price of energy raw materials, such as those that have occurred and may continue to occur as a result of the recent Russo-Ukrainian conflict, or other geo-political tensions that may occur or worsen in the future, could reduce the Group's revenues and limit future growth prospects. This could adversely affect the Group's business, results of its operations and financial condition, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

In addition, changes in retail electricity consumption could require the Group to acquire or sell additional electricity on unfavourable terms. Consumption may vary substantially according to factors outside of the Group's control, such as overall economic activity and the weather. Sales volumes may differ from the supply volumes that the Group had expected to utilise from electricity purchase contracts. Differences between actual sales volumes and supply volumes may require the Group to purchase additional electricity or sell excess electricity, both of which are themselves subject to market conditions, which may change according to multiple factors, including weather, plant availability, transmission congestion and input fuel costs. The purchase of additional electricity at high prices or sale of excess electricity at low prices could adversely affect the Group's business, the results of its operations and its financial condition, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

Risks related to national and international political instability

The dynamics described in the previous paragraphs and the consequent effects on the Issuer's activities are influenced by the international and Italian socioeconomic contexts and their respective impacts on the financial markets.

Italy is the Issuer's primary market and the Issuer's business is therefore sensitive to adverse macroeconomic and political conditions in Italy.

In the past years, some political developments in Italy have caused volatility in the value of Italian government securities and a corresponding volatility in the risk premium to be paid by the Italian government on its debt compared to that on other benchmark securities. As a result, the economic implications of the policies of the Italian government remain uncertain.

Political instability, if material, or, on the other side, a phase of political discontinuity generated by the latest elections in Italy, could negatively affect the country's economic recovery and could affect the ability of the Group to generate revenues. It cannot be ruled out that this could have a material adverse effect on the Group's business, the results of its operations and its financial condition.

Risks related to the structure of the Group

The Issuer's business is conducted through direct and indirect subsidiaries. All corporate and staff services are fully centralised at parent company level whereas sector-specific technical and commercial expertise is mainly held at the operating subsidiary level. Therefore, the Issuer has service contracts which are periodically updated and priced under the cost-plus method with all its subsidiaries that formally set forth the intercompany relationships and also implement a cash-pooling system which enables the Group to optimise the use of surplus funds of all subsidiaries in the Group in order to reduce external debt and increase liquidity.

Any reduction or delay in such payments could have an adverse effect on the Group's business, cash flow and financial position and the results of its operations, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

The Issuer's subsidiaries have no obligation, contingent or otherwise, to pay any amounts due under the Notes or to make funds available to the Issuer to enable it to pay any amounts due under the Notes.

The Issuer's subsidiaries have other liabilities, including contingent liabilities. As a general rule of Italian law, certain creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the relevant subsidiary and preferred shareholders, if any, of the subsidiary, would be entitled to seize the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations under the Notes issued by it will be structurally subordinated to the prior payment of all debts and other liabilities of the Issuer's direct and indirect subsidiaries. Therefore, the Issuer may be unable to make required principal and interest payments on the Notes and the Issuer may not have sufficient funds available to make payments to the holders of the Notes.

The Group is subject to interest rate risk arising on its financial indebtedness

The Group is subject to interest rate risk arising on its financial indebtedness, which varies depending on whether such indebtedness is fixed or floating rate. The Group manages its interest rate risk through the periodic analysis and control of positions based on its specific needs, in order to stabilise funding costs and cash flows and meet margin targets. Such interest rate risk management involves daily activity in the markets in order to hedge the relevant exposure in the medium/long term and is not for trading purposes. There can be no guarantee that the hedging policy adopted by the Group, which is designed to minimise any losses connected to fluctuations in interest rates in the case of floating rate indebtedness by transforming them into fixed rate indebtedness, will actually have the effect of reducing any such losses. To the extent it does not, this could adversely affect the Group's business, the results of its operations and its financial condition, with a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

A downgrade of the Issuer's credit ratings may impact its funding ability

As of the date hereof, the Issuer's long-term credit rating is Baa2 with a "negative outlook" from Moody's and BBB+ with a "negative outlook" from Fitch.

Moody's and Fitch are established in the European Union and are registered under the CRA Regulation. As such, Fitch and Moody's are included in the list of credit ratings agencies published by the ESMA on its website available (*www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with the CRA Regulation.

The Issuer's future ability to access the capital markets, other financing instruments and related costs may depend, *inter alia*, on the rating assigned to the Issuer.

Accordingly, a downgrade of any of the ratings of the Issuer and/or a downgrade of the sovereign credit rating of Italy may result in higher funding and refinancing costs for the Group in the capital markets, which in turn may have an adverse impact on the Group's competitive position and may have an adverse effect on the Group's standing in the market. This could adversely affect the Group's business, the results of its operations and its financial condition, which in turn could have an adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

Risks relating to the Group's business activities and industry

The Group is dependent on concessions from local authorities for its regulated activities

For the financial year ended 31 December 2022, the Group's regulated activities (integrated water services, distribution of electricity and public lighting) accounted for approximately 78 per cent. of the Group's EBITDA.

The regulated activities (integrated water services, distribution of electricity and public lighting) are dependent on concessions from national and local authorities that vary in duration across the Group's business areas.

No assurances can be given that the Group will be able to enter into new contracts for carrying out the businesses described above after the expiration of the current contracts, or that any new contracts entered into or renewals of existing contracts will provide for similar terms to those currently in force. The Group's failure to enter into new contracts or renew existing contracts, in each case on similar or otherwise favourable terms, could result in a decrease in revenues and, as a consequence, could have an adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

Furthermore, each concession is governed by agreements with the relevant grantor requiring the relevant concession holder to fulfil certain obligations (including performing regular maintenance). Each concession holder is subject to penalties or sanctions for the non-performance or default under the relevant concession.

Failure by a concession holder to fulfil its material obligations under a concession, if such failure is left unremedied, could lead to early termination of the concession by the grantor. Furthermore, in accordance with general principles of Italian law, a concession can be terminated early for reasons of public interest. In either case, the relevant concession holder might be required to transfer all of the assets relating to the operation of the concession to the grantor or to the incoming concession holder. In the case of early termination of a concession, the concession holder might be entitled to receive a compensation amount determined in accordance with the terms of the relevant concession-agreement. However, there can be no assurance that any amount due, if any, to the relevant member of the Group will be actually paid and/or timely paid and/or will be adequate compensation for the loss of the relevant concession and disposal of the related assets. Furthermore, disputes often arise between the parties regarding the quantification of the indemnity due to the former concession holder, which can have an impact on the Group's business plan and activity.

The Issuer may incur costs in re-tendering for large hydroelectric concessions

In order to obtain new business, the Group may participate in competitive tender processes, which entail competition on price levels, and margins that could be lower than past practice or what the Group would consider generally acceptable.

The Group currently holds eight hydroelectric concessions, for a total installed capacity of approximately 121.7 MW, maturing between 2013 and 2029. Should the Group be required to re-tender for large hydroelectric concessions, this could result in the Group losing the hydroelectric concessions or incurring significant costs in the tender process, either of which could have an adverse impact on the Group’s business, results of operations and financial condition, with a consequential adverse impact on the market value of the Notes and/or the Issuer’s ability to pay interest on the Notes or to repay the Notes in full at maturity.

The Group is exposed to revisions of tariffs in water and energy sectors

The ACEA Group mainly operates in regulated markets. Changes to rules in these markets, as well as regulations and obligations, can have a significant effect on the Group’s results and operating performance. Therefore, the Group is exposed to a risk of variation in the relevant tariffs applied to end users.

The tariffs are determined and adjusted by the relevant authorities and may be subject to variations as a consequence of periodic revisions resulting from investigations by the relevant authority concerning, *inter alia*, efficiency improvements and the actual implementation of planned investments by the companies managing the related service.

Uncertainties as to how determine tariffs and/or decreases in tariffs payable by the end users to ACEA and/or the members of the Group could adversely affect the Group's business, results of operations and financial condition.

The Group is exposed to the risk of increases and variations in the cost of fuel, electrical energy, natural gas or other raw materials, or disruption in their supply; it is also exposed to the risk of decreases in the prices obtained for its electricity and to risks connected with its hedging strategies

In the ordinary course of business, the Group is exposed to the risk of increases and variations in the cost of fuel, electrical energy, natural gas or other raw materials, or disruption in their supply, which could significantly affect the Group’s result. It is also exposed to the risk of decreases in the price obtained for its electricity.

Although the prices of energy commodities have sharply decreased from peak levels reached in summer of 2022 (following the start of the Russia Ukraine war in February 2022), volatility risks are still present and potential prices increase cannot be ruled out.

The Group carries out Risk Management activity by daily monitoring of key risk metrics aimed at reducing potential margin downside. Nevertheless, the Group has not eliminated its exposure to these risks, and significant variations in fuel, raw material or electricity prices or any interruption in supplies could have a material adverse impact on the business prospects, results of operations and financial condition of the Issuer and the Group, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

The hedging strategies pursued by the Group may create new risks and exposures and the Issuer cannot offer any assurance that they will function as intended. In addition, hedging contracts for the price of electricity and/or fuel are available in the market only for limited durations. Any hedging effect will not protect the Issuer and/or the Group against prolonged price movements.

Risks relating to the outsourcing of works, services and supplies

The Group is required to outsource a significant part of the works, services and supplies to third parties.

As a result, the Group regularly employs third party contractors to carry out vital activities relating to its operations. This exposes the Group to several risks, such as (i) failure by contractors to perform satisfactorily their obligations to the Group, (ii) the commencement of bankruptcy proceedings with respect to contractors and reopening of public tender procedures; and (iii) claims from subcontractors and potential subsequent litigation.

The occurrence of any of these events could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

The Group may incur significant environmental expenses and liabilities

The Group's compliance with environmental statutes, rules and regulations (including, among others, those concerning CO2 emissions, along with emissions of other substances caused by combustion, sewerage and dangerous and solid waste management) involves the incurrence of significant costs relating to environmental monitoring, installation of pollution control equipment, emission fees, maintenance and upgrading of facilities, remediation and permitting. The costs of compliance with existing environmental legal requirements or those not yet adopted may increase in the future.

In addition, risks of environmental and health and safety accidents and liabilities are inherent in many of the Group's operations. Notwithstanding the Issuer's belief that the operational policies and standards adopted and implemented throughout the Group to ensure the safety of its operations are of a high standard, it is always possible that incidents such as blow-outs, spill-over, contamination and similar events could occur that would result in damage to the environment, workers and/or local communities.

The Group has accrued risk provisions to cover existing environmental expenses and liabilities. Nevertheless, it cannot be ruled out that in the future the Group may incur significant environmental expenses and liabilities in addition to the amounts already accrued owing to: (i) unknown contamination; (ii) the results of ongoing surveys or surveys that will be carried out in future on the environmental status of certain of the Group's industrial sites as required by the applicable regulations on contaminated sites; and (iii) the possibility that disputes might be brought against the Group in relation to such matters.

Any such increase in the abovementioned costs could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

In order to mitigate the severity of the impact of any environmental damage, the Group has also taken out environmental liability insurance cover.

Natural disasters, service interruptions, systems failures, water shortages or contamination of water supplies as well as other disruptive events could adversely affect profitability

The Group controls and operates utility networks and maintains the associated assets with the objective of providing a continuous service. Moreover, the Group also owns and manages power stations, waste management assets and distribution networks and plants, which may be significantly damaged by several external factors beyond the Group's control and, in turn, this may compromise the Group's production capacity. In exceptional circumstances, electricity, gas or water shortages, or the failure of an asset, an element of a network or supporting plant and equipment, could result in the interruption of service provision or catastrophic damage resulting in significant loss of life and/or environmental damage and/or economic and social disruption. Water shortages may be caused by increases in demand and/or by climate change (average decrease in rainfall, average increase in temperature or other physical changes), which may exacerbate seasonal fluctuations in supply availability. In the event of a water shortage, the Group may incur in additional or increased costs in order to provide emergency reinforcement to supplies.

Water supplies may be subject to the risk of low-quality spring water, interruption or contamination, including contamination from the presence of naturally occurring compounds and pollution from man-made sources or third parties' actions. The Group could be held liable for human exposure to hazardous substances in its water supplies or other environmental damage. The Group could be fined for breaches of statutory obligations, including the obligation to supply drinking water that is wholesome at the point of supply, or held liable to third parties, or be required to provide an alternative water supply of equivalent quality, which could increase costs.

Moreover, significant damage or other obstruction to the waterworks facilities, including multipurpose dams and water supply systems, managed by the Issuer's subsidiaries could result from (i) natural disasters, floods and prolonged droughts; (ii) human error in operating the waterworks facilities, including multi-purpose dams and water supply systems; and (iii) industrial strikes.

The Group's distribution networks are also exposed to risks relating to: (i) the effectiveness of investments carried out for the replacement/renewal of grids, in terms of the expected effects on the improvement of service continuity indicators; (ii) the quality, reliability and duration of works; and (iii) the Group's ability to meet the conditions for obtaining required authorisations, with regards to the construction and start-up of plants and the performance of work, according to the need to develop and enhance the plants. The Group's waste-to-energy plants, the waste treatment plants, and all other assets of the Group are highly complex from a technical point of view, and require the Group companies to employ qualified personnel and adopt organisational structures with a high level of know-how, and therefore may give rise to risks related to the performance continuity of the plants. Furthermore, the plants and related activities are designed to handle certain types of materials. If the incoming material is inadequate and does not meet the necessary specifications, this could lead to operational problems which may compromise the operational continuity of the plants and give rise to risks of a legal nature.

The Group's insurance policies cover most of the abovementioned events and provide for participation quotas by the subsidiaries (allowances). However, no assurance can be given that its insurance will be adequate to cover any direct or indirect losses or liabilities it may suffer.

An additional risk arises from adverse publicity that these events may generate and the consequent damage to the Issuer’s and the Group’s reputation.

However, notwithstanding the foregoing, there can be no guarantee that maintenance and spare part costs will not rise, that insurance products will continue to be available on reasonable terms or that any one event or series of events affecting any one or more plants or networks will not have an adverse impact on the market value of the Notes and/or on the Issuer’s ability to pay interest on the Notes or to repay the Notes in full at their maturity.

The Group faces risks relating to climate change

Electricity and natural gas consumption levels change significantly as a result of climate change. Changes in the weather can produce significant differences in the clients’ demand for electricity and gas. Furthermore, adverse weather conditions and extreme weather events can affect the regular delivery of energy due to network damage and any resulting service disruption. For instance, low rainfall and high temperatures may lead to depletion of water sources which, combined with higher water consumption, may cause a water deficit in some periods. In addition, prolonged drought periods can affect the regular production of water resources and may result in an increase in energy consumption and in impacts on the availability of water capacity for hydroelectric plants. In addition to the above, climate change is also affecting the political and regulatory aspects of the ongoing economic system, which is facing a transition period aimed at the implementation of a decarbonised economic system, and a commitment to tackle such climate changes. The occurrence of this transition may lead to significant impacts on increasing carbon tax policies, changes in incentive programmes, tightening of the values associated with the so-called “emission trading scheme” (both in terms of allowances – whether paid or not – and of actual emission allowance costs), increasing financial risks (*i.e.* fines and incremental compliance costs) for failure to meet performance standards for the Issuer’s regulated businesses. Furthermore, this transition may also generate reputational and climate change-related risks, in those cases where there has been no control of these issues.

Some of the risks that the Group must deal with include possible impacts deriving from unpredictable natural phenomena (*e.g.* drought, floods and lighting strikes) and/or from cyclical or permanent climatic changes on the networks and plants managed by Acea Group companies. Due to the nature and location of its business lines, the main issues above mentioned related to climate change could arise in operational, regulatory and legal contexts, with potential financial implications. As far as the first aspect is concerned, chronic meteorological events like the reduction of rainfall can have negative impacts on both hydroelectric energy production and the availability of drinking water to be distributed, which among other things can lead to an increase in energy consumption for the withdrawal of water from less favoured sources. On the other hand, extreme phenomena such as storms can lead to the risk of lightning strikes, which could damage assets and undermine the continuity of the service, blackouts or, for the water network, the overflow of drains connected to the wastewater system and turbidity of the water sources. Moreover, from a regulatory point of view, these climatic effects can have an impact on the consequent provision of the service in accordance with the regulations in force, with consequent financial penalties. The implications of regulatory actions on CO_2 emission allowances, renewable sources, taxes and energy efficiency certificates could be very significant, with possible financial impacts. Acea Group implements structural interventions and, when needed, more specific actions to mitigate the abovementioned risks, in order to foster the resiliency of its assets.

Significant changes of such nature could adversely affect the business prospects, results of operations and financial condition of the Issuer and/or the Group, with a consequent adverse impact on the market value of the Notes and/or on the Issuer’s ability to pay interest on the Notes or to repay the Notes in full at their maturity.

The Group has exposure to credit risk arising from its commercial activity

Credit risk represents the Group’s exposure to potential losses that could be incurred if commercial counterparts fail to meet their debt obligations.

In order to control such risk, a central Group credit policy defines guidelines to be applied by the subsidiaries concerning the assessment of customers’ and other financial counterparties’ credit standing, the monitoring of expected collection flows, the issue of suitable reminders, the granting of extended credit terms if necessary, the taking of prime bank or insurance guarantees and the implementation of suitable recovery measures. The credit risk assessment is tailored on the type of client (*i.e.*, public or private) and on the performance score, which is calculated on the basis of the customer’s credit behaviour. Standard default interest is charged on late payments. Nonetheless, external events can materially and adversely impact the credit risk assessment carried out by the Group in accordance with its policies and/or delay customer payments following instalment requests.

The increase in the price of commodities due to geo-political tensions ongoing as at the date of this Base Prospectus, deriving from the Russia-Ukraine conflict, leads to an increase in credit exposures to customers (even in the case of constant volumes). This increased exposure naturally creates more risk of counterparties defaulting and more financial commitment in the event of late payments. The extent of these tensions will depend on the evolution of the crisis and its temporal duration.

In order to cope with the higher level of risk arising from the new macro-economic scenario, starting from the year 2022, the acquisition process of new customers has become more selective, reducing the exposition to sectors and companies that could be affected by it.

Furthermore, as done in previous years, during 2022 the Group set up several non-recourse, revolving and spot transactions of receivables from private and business customers but also partially from public administrations. This strategy exposes the Group to the risks involved in closing or failing to close these transactions.

Notwithstanding the foregoing, a single default by a major counterparty and/or an increase in current default rates by counterparties generally, could have an adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

The Issuer's ability to achieve its strategic objectives could be impaired if it is unable to maintain or obtain the required licences, permits, approvals and consents

In order to carry out and expand its business, the Issuer needs to maintain or obtain a variety of licences, permits, approvals and consents from regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining these licences, permits, approvals and consents are often lengthy, complex, unpredictable and costly.

If the Issuer is unable to maintain or obtain the relevant permits and approvals, its ability to achieve its strategic objectives could be impaired, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

Risks related to the Business Plan

On 27 October 2020, the board of directors of the Issuer approved a 2020-2024 business plan (the "**Business Plan**"), containing the strategic guidelines and economic and financial targets of the Group for the relevant period.

The Business Plan contains the Group's targets through to 2024 prepared on the basis of macroeconomic projections as of its approval date and strategic actions that need to be implemented. The Business Plan is based on numerous assumptions and hypotheses, some of which relate to events not fully under the control of the board of directors and management of the Issuer. In particular, the Business Plan contains a set of assumptions, estimates and predictions that are based on the occurrence of future events and actions to be taken by, inter alia, the board of directors of the Issuer, in the period from 2020 to 2024, which include, among other things, hypothetical assumptions of different natures subject to risks and uncertainties arising from the current economic environment, relating to future events and actions of directors and the management of the Issuer that may not necessarily occur, events, actions, and other assumptions including those related to the performance of the main economic and financial variables or other factors that affect their development over which the directors and management of the Issuer do not have, or have limited, control.

Therefore, the Group is exposed to the risk that it may be unable to implement part or all of its growth strategy or within the timeframe expected, that the assumptions on which the Group based its forecasts and growth strategy may be incorrect or that the growth strategy may not achieve the results expected. Factors that may cause actual results to differ materially from those in the Business Plan include (but are not limited to) the possibility of divestitures or disposals, the transfer of certain assets and networks upon termination, revocation or non-renewal of concessions and the reduction of fixed costs including through cost synergies from the Group's acquisitions.

Any such failure to develop, revise or implement the growth strategy in a timely and effective manner could have an adverse impact on the Group's business, financial position and results of operations and consequently on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

There can be no assurances of the success of any of the Group's future attempts to acquire additional businesses or of the Group's ability to integrate any businesses acquired in the future

The Issuer's business strategy involves investments in its core businesses and may also involve the acquisition of additional businesses. The success of this strategy depends in part on the Issuer's ability to successfully identify and acquire, on acceptable terms, suitable companies and other assets and, once acquired, on the successful integration of these into the Group's operations, as well as its ability to identify suitable strategic partners and conclude suitable terms with them. Recently, the Issuer has undertaken several acquisitions, especially in the environmental and photovoltaic market; for more information, see "*Description of the Issuer – Energy Infrastructure*".

Certain adverse consequences could result from these acquisitions. Acquisitions require the integration and combination of different management, strategies, procedures, products and services, client bases and distribution networks, with the aim of streamlining the business structure and operations of the newly enlarged group. Therefore, any acquisition and investment transactions expose Acea and its Group to risks connected to the integration of new companies into the Acea Group. These risks may relate to: (i) difficulties related to the management of a significantly broader and more complex organisation; (ii) problems related to the coordination and consolidation of corporate and administrative functions (including internal controls and procedures relating to accounting and financial reporting); and (iii) the failure to achieve expected synergies. Furthermore, this process of integration may require additional investment and expense. There can be no assurance that Acea and its Group will be able to integrate their newly-acquired companies, or any companies that it may acquire in the future, into the Acea Group successfully.

An inability to implement such strategy or a failure in any particular implementation of the same, as well as the need for significant further investments in order to achieve such implementation, could have an adverse impact on the Group's business, financial position and results of operations and consequently on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

The Group faces increasing competition in the energy and gas markets

The energy and gas markets in which the Issuer and the Group operate are subject to increasing competition in Italy. In particular, in the electricity and gas businesses, the Group competes with other producers and traders from both Italy and outside of Italy who sell electricity and gas in the Italian market for industrial, commercial and residential usage.

Also, the Group is exposed to the risk of losing a significant market share due to the application of rules that will establish how to terminate public interventions in price setting. The conversion into law of Law Decree 30 December 2021 n. 228 (Milleproroghe) with law 25 February 2022, n. 15 extended the term for the termination of public interventions in the price setting for household customers and microenterprises from 1 January 2023 to 10 January 2024.

An increase in competition could have an impact on the prices paid or achieved in the Issuer's electricity production and trading activities, which in turn could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

Legal and internal control risks

The evolution in the legislative and regulatory context for the electricity, waste and water sectors poses a risk to the Group

The Group operates mainly in regulated markets and changes in applicable legislation and regulation, whether at a national or European level, as well as in the regulations adopted by specific regulatory agencies, including the Italian Regulatory Authority for Energy, Networks and Environment (*Autorità di Regolazione per Energia Reti Ambiente* – "**ARERA**" or the "**Authority**". For further information, see section "*Regulation*", below.

Changes in applicable legislation and regulations, the manner in which they are interpreted, could impact the Group's earnings and operations positively or negatively, both through the effect on current operations and also through the impact on the cost and revenue-earning capabilities of current and future planned developments in the business. Such changes could include changes in tax rates, changes in environmental or safety or other workplace laws, or changes in the regulation of cross border transactions. Public policies related to water, waste, energy, energy efficiency and/or air emissions, may impact the overall markets in which the Group operates.

The Group operates its business in a political, legal, and social environment which is expected to continue to have a material impact on the performance of the Group. The regulations of a particular sector may affect many aspects of the Issuer's and the Group's business and, in many respects, determines the manner in which the Group conducts its business and the fees it charges or obtains for its products and services.

Furthermore, the Group is subject to the application of legislation regulating local public services of economic importance, which has been affected by frequent amendments in the past ten years in Italy.

In light of the above, the laws and regulations in force as at the date of this Base Prospectus (namely, Article 34, paragraphs 20-26 of Law Decree No. 179 of 18 October 2012, as subsequently amended and supplemented) provide that companies managing certain public services in the concession regime (such as the Issuer and its subsidiaries) will maintain the relevant concessions until (i) the scheduled maturity date set forth in the relevant concession agreement or (ii) 30 June 2021, if the relevant concession agreement does not set forth the concession's expiry date.

The expiry of any concessions currently held by the Group may adversely affect the Group's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to repay the Notes in full at their maturity.

In addition, the Group is exposed, *inter alia*, to the risks concerning personal data processing, especially following the introduction of Regulation (EU) 2016/679 (so called "**GDPR**"). Therefore, the Group has adopted a risk-based Privacy Governance Model that defines roles and responsibilities within the organization involved in the processing of personal data, as well as specific internal policies and procedures designed to ensure compliance with the data protection law (e.g. management data subjects requests, data breach policy, data retention policy, etc.). Moreover, a Group Data Protection Officer has been appointed by the controllers, which is supported by a DPO Office in his advisory and monitoring of compliance tasks.

Any new or substantially altered rules and standards may adversely affect the Group's revenues, profits and general financial condition and therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

Risks related to legal and tax proceedings and the potential violation of laws and regulations.

The Issuer and the Group are party to a number of legal and tax proceedings arising in the ordinary course of business. The Issuer has made provision in its consolidated financial statements for contingent liabilities related to particular proceedings in accordance with the advice of internal and external legal counsel. Notwithstanding the foregoing, the Group has not recorded provisions in respect of all of the proceedings to which it is subject. In particular, it has not recorded provisions in cases in which it is not possible to quantify any negative outcome and in cases in which it currently believes that negative outcomes are not likely. There can be no assurance, therefore, that the Group will not incur significant losses in connection with pending legal and tax proceedings due to: (i) uncertainty regarding the final outcome of such proceedings; (ii) the occurrence of new developments that were not known to management when evaluating the likely outcome of proceedings; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses.

Adverse outcomes in existing or future litigation could have adverse impacts on the financial position and results of operations of the Group and consequently an adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity. For further information on the principal legal proceedings that the Group is currently involved in, see "*Description of the Issuer — Litigation*".

Moreover, the Group has adopted systems for organization, management and control pursuant to Italian Legislative Decree 231/2001 ("**231 Model**"), as a defence against the administrative responsibility that could be attributed to the Group pursuant to Italian Legislative Decree No. 231 of 8 June 2001 ("**Legislative Decree 231/2001**"). Legislative Decree 231/2001 introduced a specific system of enterprise liability for several types of criminal offenses committed in the corporate interest and/or to its advantage by persons in senior management positions or those persons' subordinates. The adoption of a 231 Model does not in itself exclude any form of liability under Legislative Decree 231/2001, and any failure to update this model increases the risk that administrative liability under Legislative Decree 231/2001 may arise. Any proceedings relating to alleged offences covered by Legislative Decree 231/2001, regardless of their outcome, could be costly and divert management's attention from other aspects of the business, cause adverse publicity and reputational damage and could have an adverse effect on our business, financial condition and results of operations. Furthermore, if an offense falling within the scope of Legislative Decree 231/2001 is committed, the Group may be subject to administrative or criminal penalties (e.g. fines, confiscations of profits), including the loss or revocation of authorizations, permits and licenses, exclusion from subsidies and loan contributions, the imposition of restrictions on the activities of the Group or damage to its reputation.

The occurrence of any of these events could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

Risk management policies, procedures and methods may leave the Group exposed to unidentified or unanticipated risks

The Group has invested significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that Group fails to identify or anticipate. In addition, while the Group maintains insurance coverages to protect itself from several risks in accordance with its risk management framework, it should be noted that not all risks can be covered by insurance policies and therefore there are direct and indirect losses or liabilities that the Group may accordingly suffer.

Furthermore, the Group is exposed to the risk that functional problems in its technological and IT architecture could cause an interruption in its business, as well as the risk of unauthorized access to IT systems or the possible success of external cyber-attacks, which may result in damage, loss, removal or unlawful disclosure of the data managed by the Group which could expose the Group to financial penalties and fines and, in turn, may harm its image or reputation vis-à-vis its customers. Additionally, the Group uses multiple IT platforms, systems and applications to manage certain of its operations (e.g. industrial control systems and operational technology) in the distributions activities. Any breakdowns and interruptions to such IT platforms, systems and applications (which may be caused also by external cyber-attacks) could disrupt the Group's business and ultimately result in equipment damage, power outages, and a range of other hardware, software and network problems. Although the Group regularly maintains and updates its IT systems, and within its IT security framework it has adopted advanced solutions for information security, any problems associated with inefficient maintenance, a failure or delay in updating its IT systems, any unauthorized access to its computer systems or a successful external cyber-attack could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

The Group's operations are subject to extensive environmental laws, rules and regulations which regulate, among other things, air emissions, water discharges and the management of hazardous and solid waste

Compliance with environmental laws, rules and regulations requires the Group to incur significant costs relating to environmental monitoring, installation of pollution control equipment, emission fees, maintenance and upgrading of facilities, remediation and permitting. The cost of compliance with existing and future environmental law requirements may increase in the future. Any increase in such costs, unless promptly recovered, could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features, distinguishing between factors which may occur in relation to any Notes:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, with respect to the Clean-up Call Option (Condition 9(e) (*Redemption and Purchase – Clean-Up Call Option*)), there is no obligation on the Issuer to inform investors if and when 80 per cent. or more of original aggregate principal amount of the relevant Series of Notes has been redeemed or is about to be redeemed, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-up Call Option the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

Redemption for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

The value of fixed rate Notes may change

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the market value of the relevant Tranche of Notes.

Investors will not be able to calculate in advance their rate of return on floating rate notes

A key difference between floating rate notes and fixed rate notes is that interest income on floating rate notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of floating rate notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the notes provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to also issue fixed rate notes may affect the market value and the secondary market (if any) of the floating rate notes (and vice versa). Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant final terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks".

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. Regulation (EU) No. 2016/1011 (as amended, the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, as applicable, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes referencing a "benchmark".

The Conditions provide also for certain additional arrangements in the event that a published Original Reference Rate (including any page on which such Original Reference Rate may be published (or any successor service)) becomes unavailable or a Benchmark Event (as defined in the Conditions), as applicable, otherwise occurs. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Reference Rate or an Alternative Reference Rate, and that such Successor Reference Rate or Alternative Reference Rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Indeed, if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Reference Rate or an Alternative Reference Rate, the Issuer may determine such Alternative Reference Rate and Adjustment Spread. The application of a Successor Reference Rate or an Alternative Reference Rate or an Adjustment Spread may result in the relevant Notes performing differently (which may include payment of a lower interest rate) than they would do if the relevant Original Reference Rate were to continue to apply in its current form.

If no Adjustment Spread is determined, a Successor Reference Rate or Alternative Reference Rate may nonetheless be used to determine the rate of interest. In certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last used for the relevant Notes or last observed on the Relevant Screen Page.

In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the Independent Adviser or, as applicable, the Issuer determines that amendments to the Conditions or the Agency Agreement are necessary to ensure the proper operation of any Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*).

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation reforms or arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

There can be no assurance that Notes issued as "Green Bonds" and the related use of proceeds will be suitable for the investment criteria of an investor seeking securities to be used for a particular purpose

If so specified in the relevant Final Terms, the Issuer may issue Notes described as "Green Bonds" for the purposes of financing and/or refinancing, in whole or in part, Eligible Green Projects (such term as defined in the "*Use of Proceeds*" section). In such circumstances, prospective investors should have regard to the information set out, or referred to, under the paragraph "*Use of Proceeds, Estimated Net Proceeds– Use of Proceeds*" of the relevant Final Terms and must determine for themselves the relevance of such information, together with any other investigation such investors deem necessary, for the purpose of any investment in such Notes and its suitability also in light of their own circumstances and applicable criteria. In particular, no assurance can be given by the Dealers or any of their respective affiliates (including parent companies) that the use of such net proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether under any present or future applicable law or regulations or under its own bylaws or other governing rules or investment portfolio mandates (including in relation to the EU Sustainable Finance Taxonomy) and any related technical screening criteria, the proposed European Green Bond Regulation, the Sustainable Finance Disclosure Regulation and any implementing legislation and guidelines, or any similar legislation in the United Kingdom).

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time.

A basis for the determination of the definitions of "green" has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of the EU Sustainable Finance Taxonomy and the final social taxonomy report on transition activities for the EU Sustainable Finance Taxonomy, which was published by the Platform on Sustainable Finance on 28 February 2022. On 21 April 2021, the European Commission adopted the EU Taxonomy Climate Delegated Act, introducing a first set of technical screening criteria to be used to define which activities contribute to the following environmental objectives under the EU Sustainable Finance Taxonomy: climate change adaptation and climate change mitigation (the "**Taxonomy Climate Delegated Act**"). The Taxonomy Climate Delegated Act entered into force on 1 January 2022. On 10 March 2022, the EU Commission adopted the EU taxonomy Complementary Climate Delegated Act, covering certain nuclear and gas activities, which is expected to enter into force in the coming months. Furthermore, on 6 April 2022, the European Commission adopted the Regulatory Technical Standards (RTS) to the Sustainable Finance Disclosure Regulation. Any further delegated act adopted by the EU Commission to implement the Sustainable Finance Taxonomy Regulation or the Sustainable Finance Disclosure Regulation may result in a regular review of the relating screening criteria, with changes to the scope of activities and other amendments to reflect technological progress.

In addition, on 18 June 2019, the Commission Technical Expert Group on sustainable finance published its final report on a future European standard for green bonds (the "**EU Green Bond Standard**"). In the context of the public consultation on the renewed sustainable finance strategy, the European Commission launched a targeted consultation on the establishment of an EU Green Bond Standard, that builds and consults on the work of the Commission Technical Expert Group, and has run between 12 June and 2 October 2020. On 19 October 2020, the European Commission published the Commission Work Programme 2021, in which expressed the intention to deliver a legislative proposal by the end of the second quarter of 2021. On 6 July 2021, the European Commission officially adopted a legislative proposal for a EU Green Bond Standard setting out four main requirements: (i) allocation of the funds raised by the green bond should be made in compliance with the EU Sustainable Finance Taxonomy; (ii) full transparency on the allocation of the green bond proceeds; (iii) monitoring and compliance activities to be carried out by an external reviewer; and (iv) registration of external reviewers with the ESMA and subjection to its supervision.

In this respect, there can be no guarantee that the Eligible Green Projects financed and/or refinanced by the Issuer out of the proceeds of its "Green Bonds" will fully align at all times with the EU Sustainable Finance Taxonomy or the Sustainable Finance Disclosure Regulation and the technical screening criteria established by the implementing delegated acts, as and when introduced and applicable from time to time. Any such changes could have an adverse effect on the liquidity and value of and return on any such Green Bonds.

No assurance can be given that Eligible Green Projects will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the proposed European Green Bond Regulation, the Sustainable Finance Disclosure Regulation, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time. Any Green Bonds issued under the Programme will not be compliant with the proposed European Green Bond Regulation and are only intended to comply with the requirements and processes in the Acea Green Financing Framework. It is not clear if the establishment of the EuGB label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the proposed European Green Bond Regulation could have an impact on investor demand for, and pricing of, green use of proceeds bonds that do not comply with the requirements of the EuGB label or the optional disclosures regime, such as the Green Bonds issued under this Programme. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any Green Bonds issued under this Programme that do not comply with those standards proposed under the European Green Bond Regulation.

While it is the intention of the Issuer to apply an amount equivalent to the net proceeds of Notes issued as "Green Bonds" so specified for Eligible Green Projects in, or substantially in, the manner described, or referred to, under the "*Use of Proceeds*" section and the paragraph "*Use of Proceeds, Estimated Net Proceeds – Use of Proceeds*" of the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such a manner and/or in accordance with any intended timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. In addition, there can be no assurance that Eligible Green Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of a failure by the Issuer to allocate the proceeds of any Notes issued as "Green Bonds" or to report on the use of proceeds or Green Bonds as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green Bonds or the failure of the Notes issued as Green Bonds to meet investors' expectations requirements regarding any "green", "sustainable", "social" or similar labels will constitute an event of default or breach of contract with respect to any of the Notes issued as Green Bonds.

The Issuer does not undertake to ensure that there are at any time sufficient Eligible Green Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Green Bonds in full.

"Green Bonds" are not linked to the performance of the Eligible Green Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes. The performance of the "Green Bonds" is not linked to the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the "Green Bonds" and the Eligible Green Projects. Payment of principal and interest in respect of relevant Notes will be made from the Issuer's general funds. Consequently, neither payments of principal and/or interest on the "Green Bonds" nor any rights of Noteholders shall depend on the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any "Green Bonds" shall have no preferential rights or priority against the assets of any Eligible Green Project nor benefit from any arrangements to enhance the performance of the Notes.

No assurance that Green Bonds will be admitted to trading on any dedicated "green","sustainable", "social" (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any Dealer or any of their respective affiliates (including parent companies) that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for Eligible Green Projects as aforesaid and/or withdrawal of any such opinion, report or certification or any such opinion, report or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion, report or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid will not constitute an event of default under the Notes but may have a material adverse effect on the value of such Notes and/or result in adverse consequences for, amongst others, investors with portfolio mandates to invest in securities to be used for a particular purpose.

No assurance of suitability or reliability of any Second-party Opinion or any other opinion or certification of any third party relating to any Green Bonds

In connection with the issue of "Green Bonds", the Issuer may request a specialised consulting firm or rating agency to issue a so-called second-party opinion confirming that the relevant "green" project expected to be financed and/or refinanced by the net proceeds of the "Green Bonds" has been defined in accordance with the broad categorisation of eligibility for green projects set out in the "Green Bond Principles" ("**GBP**") published by the International Capital Market Association ("**ICMA**") and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability projects (any such second-party opinion, a "**Second-party Opinion**"). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors and other factors that may affect the value of the Notes or the projects financed and/or refinanced by the relevant net proceeds. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party (whether or not solicited by the Issuer) (including the Second-party Opinion) which may or may not be made available in connection with the issue of any Notes and in particular with any Eligible Green Projects to fulfil any environmental, sustainability, social and/or other criteria. Any such opinion, report or certification (including any Second-party Opinion) may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding the net proceeds of the relevant issue of Notes in the form of "Green Bonds". A Second-party Opinion is a statement of opinion, not a statement of fact and it would not constitute a recommendation to buy, sell or hold the relevant "Green Bonds" by the Dealers, or any other person and would only be current as of the date it is released. Any withdrawal of any such opinion or certification may have a material adverse effect on the value of any Green Bonds in respect of which such opinion or certification is given and /or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Furthermore, prospective investors must determine for themselves the relevance of any such opinion, report or certification and/or the information contained therein and/or the provider of such opinion, report or certification for the purpose of any investment in the Notes.

Currently, the providers of such opinions, reports and/or certifications are not subject to any specific regulatory or other regime or oversight. For the avoidance of doubt, any such opinion, report or certification is not, nor shall it be deemed to be, incorporated into and/or form part of the Base Prospectus.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Change of Control

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 9(g) (*Redemption and Purchase - Redemption at the option of Noteholders upon a Change of Control Put Event*), under certain circumstances each Noteholder will have the right to require the Issuer to redeem its Notes at its principal amount or such other amount as may be specified in the relevant Final Terms ("**Change of Control Redemption Amount**"). It is possible, however, that the Issuer will not have sufficient funds to redeem the Notes at the time that a Change of Control Put Event in respect of the Issuer occurs. If sufficient funds are not available to the Issuer for the purposes of carrying out the redemption, Noteholders may receive less than the principal amount of the Notes should they elect to exercise their right to redeem. Furthermore, if such a right to redeem is exercised by the Noteholders, this might adversely affect the Issuer's financial position.

The Notes do not restrict the amount of debt which the Issuer may incur

The terms and conditions relating to the Notes do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 5 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and its Subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and other unsecured indebtedness of the Issuer.

Modification and waiver

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Accordingly, there is a risk that the terms of the Notes or the Conditions may be modified, waived or amended in circumstances where a Noteholder does not agree to such modification, waiver or amendment, which may adversely impact the rights of such Noteholder.

Risk connected with the possibility of changes to the tax regime of the Notes

It is not possible to predict whether the tax regime applicable on the interest and on other income, including capital gains, deriving from the Notes, will undergo changes during the life of such Notes; therefore, it cannot be ruled out that, in the event of such changes, the net values indicated may alter, perhaps significantly, from those that actually apply to the Notes at the various payment dates.

Noteholders will be responsible for paying all present and future taxes that, in accordance with the provisions applicable from time to time will apply to the Notes, or to which the Notes become subject for whatever reason.

Any greater fiscal charges on profits or on capital gains in connection with the Notes, with reference to those payable under the applicable fiscal regulations, following legislative or regulatory changes, or as a result of a change of practice in terms of interpretation of the rules by the financial administration, will consequently mean a reduction in the return on the Notes, net of the tax charge, and this will not result in any obligation of the Issuer to pay the Noteholders any additional sum by way of compensation for such greater tax burden.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of the Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including, *inter alia*, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 and any related implementing regulations.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also "*Taxation*".

Italian substitutive tax

Italian substitutive tax is applied to payments of interest and other proceeds (including the difference between the redemption amount and the issue price) at a rate of 26 per cent. to (i) certain Italian resident Noteholders and (ii) non-Italian resident Noteholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities (See also "*Taxation*").

Change of law

The Conditions of the Notes are governed by English law in effect as at the date of this Base Prospectus, except for the provisions of Condition 16 (*Meetings of Noteholders; Noteholders' Representative; Modification and Waiver*) which are subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time and, where applicable Italian law so requires, the Issuer's by laws. No assurance can be given as to the impact of any possible judicial decision or change to applicable English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. Noteholders who, as a result of trading such amounts, hold a principal amount of Notes other than a multiple of the minimum Specified Denomination will receive definitive Notes in respect of their holding (provided that the aggregate amount of Notes they hold is in excess of the minimum Specified Denomination), however, any such definitive Notes which are printed in denominations other than the minimum Specified Denomination may be illiquid and difficult to trade. Furthermore, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Potential conflicts of interest

Any Calculation Agent appointed under the Programme (whether the Fiscal Agent, any Paying Agent or otherwise) is the agent of the Issuer and not the agent of the Noteholders. Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be adversely affected. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the assigning rating agency at any time.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is (1) issued by a credit rating agency not established in the EEA and not registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA and such rating is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA and which is not certified under the EU CRA Regulation.

Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is (1) issued by a credit rating agency not established in the UK and not registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK and such rating is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK and which is not certified under the UK CRA Regulation.

The list of registered and certified rating agencies published by the ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated

ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Not all non-Italian investors in the Notes could be able to obtain the benefits of the regime under Decree No. 239

The regime provided by Decree No. 239 applies if certain procedural requirements are met. There can be no assurance that all non-Italian resident investors will be able to claim the application of the withholding tax exemption regime (see "*Taxation*").

Notes may be affected by a proposal relating to Financial Transactions Tax ("FTT")

On 14 February 2013 the European Commission published a new legislative proposal on the Financial Transaction Tax (the "**FTT**"). The proposed FTT has a very broad scope and could apply, under certain circumstances to certain dealings in the Notes (see "*Taxation*").

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

1. the report on operations and the unaudited half year consolidated financial statements of the Issuer as at and for the six-month period ended 30 June 2023 (the "**Consolidated Interim Financial Report Acea Group 2023**"), which can be found on the Issuer's website at:

   https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2023/reports/2023-acea-half-year-consolidated-interim-financial-statements.pdf

2. the auditors' limited review report in connection with the unaudited half year consolidated financial statements of the Issuer as at and for the six-month period ended 30 June 2023 included in the Consolidated Interim Financial Report Acea Group 2023 (the "**2023 Limited Review Report**"), which can be found on the Issuer's website at:

   https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2023/reports/review-report-condensed-consolidated-interim-financial-statements.pdf

3. the paragraph entitled "Strategic Guidelines" of the press release dated 25 July 2023 entitled "Strategic guidelines: growth prospects driven by major infrastructure projects in regulated sectors. H1 2023 results approved: continued investment and organic growth" (the "**25 July 2023 Press Release**") which can be found on the Issuer's website at:

   https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/media/comunicati-ps/2023/07/AceaCPS-25072023-en.pdf

4. the interim report on operations of the Issuer in respect of the quarter as at 31 March 2023, containing the unaudited interim consolidated financial information as at and for the period ended 31 March 2023 (the "**Q1 2023 Interim Report**"), which can be found on the Issuer's website at:

   https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2023/reports/interim-report-operations-as-at-31-march-2023.pdf

5. the report on operations and the audited consolidated annual financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2022 (the "**2022 Consolidated Financial Statements**"), which can be found on the Issuer's website at:

   https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2023/reports/2022-consolidated-financial-statements.pdf

6. the report on operations and the audited consolidated annual financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2021 (the "**2021 Consolidated Financial Statements**"), which can be found on the Issuer's website at:

   https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2022/reports/2021-consolidated-financial-statements.pdf

7. the section entitled "Terms and Conditions" of the base prospectus relating to the Programme dated 20 July 2022 (the "**2022 Base Prospectus**"), which can be found on the website of the Issuer at:

   https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2022/emtn/acea-emtn-2022-base-prospectus.pdf

The parts of the Consolidated Interim Financial Report Acea Group 2023, the 2023 Limited Review Report, the 25 July 2023 Press Release, the Q1 2023 Interim Report, the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements, and 2022 Base Prospectus that are not listed in the cross-reference list and therefore are not incorporated by reference are either not relevant for investors or covered in another part of the Base Prospectus, *provided, however, that* any statement contained in this Base Prospectus or in any information or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement *provided that* such modifying or superseding statement is made by way of a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation.

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge at the specified office of the Listing Agent in Luxembourg, on the website of the Luxembourg Stock Exchange (*https://www.bourse.lu*) and on the website of the Issuer (*https://www.gruppo.acea.it/en*).

In addition, this Base Prospectus will be available in electronic form on Issuer's website at:

https://www.gruppo.acea.it/en/investors/financial-structure/emtn-programme.

Cross-reference list

The tables below set out the relevant page references for (i) the information included in the Consolidated Interim Financial Report Acea Group 2023; (ii) the information included in the 2023 Limited Review Report; (iii) the 25 July 2023 Press Release; (iv) the information included in the Q1 2023 Interim Report, (v) the 2022 Consolidated Financial Statements, (vi) the 2021 Consolidated Financial Statements and (vii) the 2022 Base Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes, including any sections of the Base Prospectus which may be incorporated by reference therein.

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking SA ("**Clearstream**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow eligibility with regards to the central banking system for the euro (the "**Eurosystem**"). Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the Eurosystem, **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

(ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership provided, however, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of paragraph (a) above) or at 5.00 p.m. (London time) on such due date (in the case of paragraph (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**"):

(a) on the expiry of such period of notice as may be specified in the Final Terms; or

(b) at any time, if so specified in the Final Terms; or

(c) if the Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

(i) Euroclear or Clearstream or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or

(c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of paragraph (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of paragraph (b) above) or at 5.00 p.m. (London time) on such due date (in the case of paragraph (c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of paragraph (a) above) or at 5.00 p.m. (London time) on such due date (in the case of paragraph (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(b) at any time, if so specified in the relevant Final Terms; or

(c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

    (i) Euroclear or Clearstream or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

    (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of paragraph (a) above) or at 5.00 p.m. (London time) on such due date (in the case of paragraph (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Overview of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. In the case of any Tranche of Notes which are being (a) offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3 of the Prospectus Regulation) or (b) admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may complete any information any information in this Base Prospectus.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Overview of Provisions Relating to the Notes while in Global Form" below.

1. **Introduction**

(a) *Programme*: Acea S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €5,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) *Final Terms*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 4 August 2023 (the "**Agency Agreement**") between the Issuer and BNP PARIBAS, Luxembourg Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).

(d) *The Notes*: All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the specified office of the Fiscal Agent, the initial specified office of which is set out below.

(e) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Interpretation

(a) *Definitions*: In these Conditions the following expressions have the following meanings:

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

(a) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in Luxembourg and each (if any) Additional Business Centre; and

(b) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that**:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

a "**Change of Control**" will be deemed to occur if more than 50 per cent. of the share capital of the Issuer, or more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, is acquired by any person or Persons (other than the Reference Shareholder) acting in concert;

a "**Change of Control Put Event**" will be deemed to occur if:

(a) a Change of Control occurs; and

(b) at the time of the occurrence of the Change of Control, the Notes carry any of the following:

(i) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is within 180 days of the occurrence of the Change of Control either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not within such 180-day period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or

(ii) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such rating from any Rating Agency is within 180 days of the occurrence of the Change of Control downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such 180-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency; or

(iii) no credit rating, and no Rating Agency assigns within 90 days of the occurrence of the Change of Control an investment grade credit rating to the Notes

(each, a "**Rating Event**"); and

(c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control;

"**Control**" will have the meaning set forth in Article 93 of Italian Legislative Decree No. 58 of 24 February 1998 and the relevant implementing regulations;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(iii) "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iv) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(vi) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

(vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(viii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Group**" means the Issuer and its Subsidiaries;

"**Indebtedness**" shall be construed so as to include any obligation for the payment or repayment of money, whether present or future, actual or contingent;

"**Indebtedness for Borrowed Money**" means any present or future Indebtedness for money borrowed;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date (or, if the Notes are redeemed on any earlier date, the relevant redemption date);

"**Investment Grade Rating**" means a rating of Baa3 by Moody's and/or BBB- by Fitch or any successor to any of them from time to time;

"**ISDA Definitions**" has the meaning given in the relevant Final Terms;

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Make-Whole Amount**" means, in respect of any Note, as determined by the Reference Dealers, the sum of the then current values of the remaining scheduled payments of principal and interest on the Note (not including any interest accrued on the Note to, but excluding, the Optional Redemption Date (Call)) discounted to the Optional Redemption Date (Call) on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) 366) at the Reference Bond Rate plus the Redemption Margin;

"**Margin**" has the meaning given in the relevant Final Terms;

a "**material part**" means 15 per cent. or more by value of the whole;

"**Material Subsidiary**" at any time shall include a Subsidiary of the Issuer (*inter alia*): (a) whose revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries and without taking into account intra-group revenues) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries and without taking into account assets due to intra-group transactions) represent not less than 15 per cent. of the consolidated revenues or, as the case may be, consolidated total assets of the Issuer and its consolidated Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries; or (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Material Subsidiary;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Rating**" means:

(a) if, immediately prior to the announcement of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring of the Issuer, the Notes carried a credit rating equal to or higher than an Investment Grade Rating, the higher of (1) an Investment Grade Rating, and (2) a credit rating that is not more than 3 notches lower than the rating assigned by the Rating Agencies to, or carried by, the Notes immediately prior to the announcement of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring of the Issuer;

(b) if, immediately prior to the announcement of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring of the Issuer, the Notes carried a credit rating lower than an Investment Grade Rating, a credit rating that is not lower than the rating assigned by the Rating Agencies to, or carried by, the Notes immediately prior to the announcement of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring of the Issuer;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, a redemption amount per Note equal to 100 per cent. of the principal amount of the Notes or a redemption amount per Note equal to the greater of 100 per cent. of the principal amount of the Notes and the Make-Whole Amount, as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Participating Member State**" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

(a) if the currency of payment is euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Permitted Reorganisation**" means an amalgamation, reorganisation, merger, demerger, consolidation or restructuring whilst solvent whereby the assets and undertaking of the Issuer (or, in the case of a demerger, all or substantially all of such assets and undertaking) are vested in a body corporate in good standing and (A) such body corporate (i) assumes or, if the surviving entity is the Issuer, maintains liability as principal debtor in respect of the Notes and (ii) continues substantially to carry on the business of the Issuer as reported in the Issuer's most recently published audited financial statements immediately prior to the amalgamation, reorganisation, merger, demerger, consolidation or restructuring; and (B) following the completion of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring, the Notes continue to carry by each Rating Agency that rated the Notes prior to the announcement of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring a rating at least equal to the Minimum Rating;

"**Permitted Security Interest**" means:

(a) any Security Interest arising solely by operation of law;

(b) any Security Interest existing over the assets of a company which becomes a Material Subsidiary of the Issuer after the date of the relevant Final Terms where such Security Interest already exists at the time that such a company becomes a Material Subsidiary of the Issuer (provided that such Security Interest was not created in contemplation of, or in connection with, that company becoming a Material Subsidiary of the Issuer and provided further that the amounts secured have not been increased in contemplation of, or in connection with, that company becoming a Material Subsidiary of the Issuer); and

(c) any Security Interest to secure Relevant Indebtedness upon, or with respect to, any of its present or future assets (including receivables) or revenues or any part thereof which is created pursuant to any securitisation, asset backed financing or like arrangement, including, for the avoidance of doubt, Project Finance Indebtedness (as defined below), whereby all payment obligations in respect of the Relevant Indebtedness or any guarantee of or indemnity in respect of the Relevant Indebtedness, as the case may be, secured by such Security Interest or having the benefit of such secured guarantee or other indemnity, are to be discharged solely from such assets (including receivables) or revenues;

(d) any Security Interest in existence on the relevant Issue Date of each Series of Notes, provided that the principal amount secured by the Security Interest is not subsequently increased and the Security Interest remains limited to all or part of the same property and assets that originally secured the Security Interest; and

(e) any Security Interest created in substitution of any security permitted under paragraphs (a) to (d) above, provided that the principal amount secured by the substitute Security Interest does not exceed the principal amount secured by the initial Security Interest.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Persons Acting in Concert**" will have the meaning set forth in Article 101-*bis* of Italian Legislative Decree No. 58 of 24 February 1998 and relevant implementing measures;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided, however, that**:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"**Project Finance Indebtedness**" means any present or future Indebtedness incurred in financing the acquisition, development, leasing and/or operation of an asset or assets (including, for the avoidance of doubt, concessions), whether or not an asset of a member of the Group, in respect of which the Person or Persons to whom any such Indebtedness is or may be owed by the relevant issuer (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group for the repayment thereof other than:

(a) recourse for amounts limited to the cash flow or the net cash flow (other than historic cash flow or historic net cash flow) from such asset or assets or the income or other proceeds deriving therefrom; and/or

(b) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any Security Interest given by such issuer over such asset or assets or the income, cash flow or other proceeds, deriving therefrom (or given by any shareholder or the like, including any member of the Group, in the issuer over its shares or the like in the capital of the borrower) to secure such Relevant Indebtedness,

provided that (a) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (b) such Person or Persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such Indebtedness, to commence proceedings of whatever nature against any member of the Group.

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Rating Agency**" means each of Moody's and Fitch and any of their respective successors; and

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"**Redemption Margin**" has the meaning given in the relevant Final Terms;

"**Reference Bond**" has the meaning given in the relevant Final Terms;

"**Reference Bond Rate**" means, with respect to any Reference Bond, the Reference Dealers and the Optional Redemption Date (Call), the average of the five quotations of the mid-market annual yield to maturity of the Reference Bond or, if the Reference Bond is no longer outstanding, a similar security in the reasonable judgement of the Reference Dealers at 11.00 a.m. (London time) on the third business day in London preceding the Optional Redemption Date (Call) quoted in writing to the Issuer by the Reference Dealers;

"**Reference Dealers**" has the meaning given in the relevant Final Terms or, if none, two independent and internationally recognised dealer in obligations similar to the Notes selected by the Issuer;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" means EURIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"**Reference Shareholder**" means the Municipality of Rome.

"**Regular Period**" means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented or evidenced by bonds, notes, debentures or other securities for the time being are, are intended to be (with the consent of the Issuer), or are capable of being quoted, listed or dealt in or traded on any stock exchange or over the counter of other securities market;

"**Relevant Jurisdiction**" means Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of its income by reason of its tax residence or a permanent establishment maintained therein.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be consolidated with those of the Issuer.

"**substantial part**" means 50 per cent. or more by value of the whole.

"**T2**" means the real time gross settlement system operated by the Eurosystem or any successor system;

"**Talon**" means a talon for further Coupons;

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty establishing the European Communities, as amended;

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation*: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Interpretation – Definitions)* to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. **Status**

The Notes constitute direct, unconditional and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 (*Negative Pledge*), at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

5. **Negative Pledge**

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement) the Issuer will not, and will ensure that none of its Material Subsidiaries will, create or have outstanding any Security Interest other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or payment under any guarantee or indemnity granted by the Issuer or any Material Subsidiary in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by a Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

6. **Fixed Rate Note Provisions**

(a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes:

(i) if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable; or

(ii) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Interest Periods for which the Fixed Rate Note Provisions are stated to apply.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. **Floating Rate Note Provisions**

(a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes:

(i) if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable; or

(ii) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Interest Periods for which the Floating Rate Note Provisions are stated to apply.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the

Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis, subject as provided in Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*) below:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) *ISDA Determination:*

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(A) the Floating Rate Option is as specified in the relevant Final Terms;

(B) the Designated Maturity, if applicable, is a period specified in the relevant Final Terms; and

(C) the relevant Reset Date unless otherwise specified in the relevant Final Terms, has the meaning given to it in the ISDA Definitions.

Unless otherwise defined capitalised terms used in this Condition 7(d) shall have the meaning ascribed to them in the ISDA Definitions.

(e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(i) *Benchmark Replacement*:

Notwithstanding the provisions in this Condition 7 (*Floating Rate Note Provisions*), if the Issuer or Calculation Agent determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the relevant Series of Notes:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Reference Rate, failing which an Alternative Reference Rate, and in each case an Adjustment

Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 7(i) during any other future Interest Period(s)).

(ii) if the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 7(i) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 7(i):

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall replace the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7(i));

(B) if the relevant Independent Adviser or the Issuer (as applicable):

(I) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7(i)); or

(II)is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7(i)); and

(C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(I) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) any Reference Banks, Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Relevant Financial Centre and/or Relevant Screen Page (all as defined in the Final Terms) applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(II) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(i)); and

(iv) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 7(i)(iii)(C) to the Fiscal Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 18 (*Notices*).

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 7(i) or such other relevant changes pursuant to Condition 7(i)(iii)(C), including any changes to these Conditions and the Agency Agreement.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 7(i) prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 7(c) (*Floating Rate Note Provisions – Screen Rate Determination*).

For the purposes of this Condition 7(i):

"**Adjustment Spread**" means a spread (which may be positive or negative or zero) or formula or methodology for calculating a spread, in each case which the Independent Adviser or the Issuer to be applied to a Successor Reference Rate or an Alternative Reference Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(v) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(vi) (if no such recommendation has been made or in the case of an Alternative Reference Rate) the Independent Adviser or the Issuer determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as the case may be); or

(vii) (if the Issuer determines that no such industry standard is recognised or acknowledged), the Independent Adviser or the Issuer determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Alternative Reference Rate**" means an alternative benchmark or screen rate that the relevant Independent Adviser or the Issuer (as applicable) determines is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods.

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or

(v) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case by a specific date within the following six months; or

(vi) it has become unlawful (including, without limitation, under the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as amended from time to time, if applicable) for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate, *provided that* in the case of sub-paragraphs (ii), (iii) and (v), the Benchmark Event shall occur on the later of (a) the date which is six months prior to the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be and (b) the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer.

"**Original Reference Rate**" means:

(i) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes; or

(ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 7(i).

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"**Successor Reference Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

8. Zero Coupon Note Provisions

(a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being not applicable), and *provided that* if either the Floating-Fixed Rate Note Provisions or the Fixed-Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, such time of redemption does not fall during an Interest Period the Rate of Interest in respect of which is calculated in accordance with the Floating Rate Note Provisions; or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

in each case, on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation)* as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which the agreement is reached to issue the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant final terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the

relevant final terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

(c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to, but excluding, the Optional Redemption Date (Call)). Any notice so given shall oblige the Issuer to redeem the Notes on the Optional Redemption Date (Call) accordingly.

(d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) *Clean-Up Call Option*: If the Clean-up Call Option (defined herein) is specified in the relevant Final Terms as being applicable, in the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased and cancelled by the Issuer, the Issuer may, at its option (the "**Clean-Up Call Option**") but subject to having given not less than thirty (30) nor more than sixty (60) days' notice to the Noteholders, redeem all, but not some only, of the outstanding Notes. Any such redemption shall be at par together, if appropriate, with any interest accrued to the date fixed for redemption. Any Notes that have been redeemed and cancelled by the Issuer pursuant to Condition 9(c) (*Redemption and Purchase – Redemption at the option of* *the Issuer*) at an Optional Redemption Amount (Call) equal to the Make-Whole Amount shall not be considered as purchased and cancelled for the purposes of this Condition 9(e).

(f) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant final terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(f), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(g) *Redemption at the option of Noteholders upon a Change of Control Put Event*: If at any time while the Notes remain outstanding a Change of Control Put Event occurs, the holder of any Note will have the option (unless, prior to the giving of the Change of Control Put Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*) or, if applicable, Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*)) to require the Issuer to redeem such Note on the Change of Control Put Date at its Change of Control Redemption Amount together with interest accrued to, but excluding, the Change of Control Put Date.

If a Change of Control Put Event occurs, the Issuer shall, within 14 days of the occurrence of such Change of Control Put Event, give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control and the procedure for exercising the option contained in this Condition 9(g).

To exercise the right to require redemption of this Note, the holder of this Note must deliver this Note at the specified office of any Paying Agent at any time during the normal business hours of such Paying Agent falling within the period (the "**Change of Control Put Period**") of 45 days after that on which a Change of Control Notice is given, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Change of Control Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 9(g). All unmatured coupons shall be dealt with in accordance with the provisions of Condition 10 (*Payments*). The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the holder concerned a non-transferable receipt (a "**Change of Control Put Receipt**") in respect of the Note so delivered. The Issuer shall redeem the Notes in respect of which Change of Control Put Receipt have been issued on the date (the "**Change of Control Put Date**") being the tenth day after the date of expiry of the Change of Control Put Period, *provided, however, that* if, prior to the Change of Control Put Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Change of Control Put Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Change of Control Put Notice and shall hold such Note at its specified office for collection by the depositing Noteholder against surrender of the relevant Change of Control Put Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(g), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes. Payment in respect of any Note will be made on the Change of Control Put Date by transfer to the bank account (if any) specified in the Change of Control Put Notice and, in every other case on or after the Change of Control Put Date, in each case against presentation and surrender or (as the case may be) endorsement of such Change of Control Put Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 9(g).

(h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.

(i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(i) or, if none is so specified, a Day Count Fraction of 30E/360.

(j) *Purchase:* The Issuer and any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price (provided that they are purchased together with all unmatured Coupons relating to them).

(k) *Cancellation:* All Notes redeemed pursuant to the Conditions and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold. All Notes purchased in accordance with Condition 9(j) (*Redemption and Purchase – Purchase*) and any unmatured Coupons attached to or surrendered with them may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

10. **Payments**

(a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

(b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation)*) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*), Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 9(f) (*Redemption and Purchase – Redemption at the option of Noteholders*), Condition 9(g) (*Redemption and Purchase – Redemption at the option of the Noteholders upon a Change of Control Put Event*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. Taxation

(a) *Gross up:*

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

(i) in the case of any Note and/or Coupon presented for payment by or on behalf of a holder who is liable to such Taxes in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or

(ii) if such Note or Coupon is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(iii) in the case of a Note and/or Coupon presented for payment in the Republic of Italy; or

(iv) in the case of a Note and/or Coupon presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(v) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive, law or agreement implementing or complying with, or introduced in order to conform to, such Directive; or

(vi) in the case of any Note and/or Coupon presented for payment by or on behalf of a Noteholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(vii) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1st April 1996 ("Decree No. 239") and any related implementing regulations (as the same may be amended or supplemented at the date of issue of the Notes); or

(viii) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities (the states allowing for an adequate exchange of information with the Republic of Italy are those listed in Ministerial Decree of 4 September 1996, as amended and supplemented).

12. Events of Default

If any of the following events occurs:

(a) *Non-payment:* the Issuer (1) fails to pay any amount of principal in respect of the Notes when due and such failure continues for a period of seven days, or (2) fails to pay any amount of interest in respect of the Notes when due and such failure continues for a period of 14 days; or

(b) *Breach of other obligations:* without prejudice to Condition 12(a) (*Events of Default – Non-payment*), the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 30 days following the service by a Noteholder on the Issuer of a written notice of such default addressed to the Issuer, delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) *Cross-default of Issuer or Material Subsidiary:*

(i) any other Indebtedness for Borrowed Money (other than Project Finance Indebtedness) of the Issuer or any of its Material Subsidiaries becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or

(ii) any such Indebtedness for Borrowed Money (other than Project Finance Indebtedness) is not paid when due or, as the case may be, within any applicable grace period, or

(iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money (other than Project Finance Indebtedness),

provided that the aggregate amount of the Indebtedness for Borrowed Money, guarantees and/or indemnities in respect of which one or more of the events mentioned in this Condition 12(c) have occurred (in the case of (iii) taking into account only the amount which the relevant person has failed to pay) equals or exceeds €40,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against euro as quoted by any leading bank on the day on which this Condition 12(c) operates); or

(d) *Enforcement*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 45 days; or

(e) *Security enforced:* any mortgage, charge, pledge, lien or other encumbrance, created or assumed by the Issuer or any of its Material Subsidiaries in respect of all or a substantial part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

(f) *Insolvency etc:* the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends the payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Material Subsidiaries; or

(g) *Winding up etc:* an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by (A) a reconstruction, amalgamation, reorganisation, merger, demerger or consolidation (i) on terms approved by a resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby all or substantially all of the undertaking and assets of the Material Subsidiary are transferred, sold, contributed, assigned to or otherwise vested in the Issuer or another of its Material Subsidiaries, or (B) a Permitted Reorganisation; or

(h) *Analogous event:* any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (g) above.

Then any Note may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent.

13. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

14. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

15. Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided, however, that**:

(a) the Issuer shall at all times maintain a Fiscal Agent; and

(b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and

(c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

(d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

16. Meetings of Noteholders; Noteholders' Representative; Modification and Waiver

(a) *Meetings of Noteholders*: the Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following provisions shall apply in respect of the

Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time and, where applicable Italian law so requires, the Issuer's by laws:

(i) a meeting of Noteholders may be convened by the Issuer and/or the Noteholders' Representative (as defined below) and shall be convened by either of them upon the request in writing of Noteholders holding not less than one twentieth of the aggregate principal amount of the outstanding Notes;

(ii) a meeting of Noteholders will be validly held (subject to any mandatory laws, legislation, rules and regulations of Italian law, as well as the Issuer's by-laws, in force from time to time) if: (a) in respect of a meeting convened to pass a resolution relating to a Reserved Matter, there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes; or (b) in respect of a meeting convened to pass a resolution that does not relate to a Reserved Matter, (i) in the case of a sole meeting (*convocazione unica*), there are one or more persons being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes, (ii) in the case of a first meeting (*prima convocazione*), there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes, (iii) in the case of a second meeting (*seconda convocazione*), there are one or more persons present being or representing Noteholders holding more than one-third of the aggregate principal amount of the outstanding Notes or (iv) in the case of any subsequent adjourned meeting (*convocazioni successive*), there are one or more persons present being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes; provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum; and

(iii) the majority required to pass an Extraordinary Resolution at any meeting (including any adjourned meeting) convened to vote on any resolution will be (a) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting or (b) for voting on a Reserved Matter, the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes, and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting, provided that, to the extent permitted under applicable provisions of Italian law, the Issuer's by-laws may in each case provide for higher majorities. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders.

(b) *Noteholders' Representative*: a representative of the Noteholders (*rappresentante comune*) (the "**Noteholders' Representative**"), subject to applicable provisions of Italian law, may be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a resolution of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

(c) *Modification:* the parties to the Agency Agreement may agree, without the consent of the Noteholders or the Couponholders, to (i) any modification of any provision of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any provision of the Agency Agreement which in the opinion of the Issuer is not materially prejudicial to the interests of the Noteholders or the Couponholders. These Conditions may be amended by the parties to the Agency Agreement, without the consent of the Noteholders or Couponholders, to correct a manifest error.

17. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

18. Notices

Without prejudice to any further formalities and other requirements set out under any applicable Italian laws and regulations (including Article 125-*bis* of Legislative Decree No. 58 of 24 February 1998, as amended), notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (*https://www.luxse.com/*) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

19. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. Governing Law and Jurisdiction

(a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Conditions 16(a) and 16(b) are subject to compliance with mandatory provisions of Italian law.

(b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes and/or the Coupons (including any non-contractual obligation arising out of or in connection with the Notes).

(c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*: Notwithstanding Condition 21(b) (*English courts*), as an alternative to the jurisdiction of the courts of England, the Noteholders may take proceedings relating to a Dispute ("**Proceedings**") before any competent courts in the Republic of Italy.

(e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London, EC2N 4AG or, if different, at its registered office for the time being or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer, appoint a further person in England to accept service of process on its behalf within 15 days. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF FINAL TERMS

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97/the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**EU MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**EU MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification –** Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Final Terms dated [●]

Acea S.p.A.

Legal Entity Identifier (LEI): 549300Q3448N041CTH56

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

under the €5,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 4 August 2023 [and the supplement[s] to the base prospectus dated [●] [●][and [●] [●]]] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**")]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 8 of the Prospectus Regulation] and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 20 July 2022. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and, save in respect of the Conditions, must be read in conjunction with the base prospectus dated 4 August 2023 [and the supplement[s] to the base prospectus dated [●] [●][and [●] [●]]] (together, the "**Base Prospectus**") in order to obtain all the relevant information. The Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Regulation. The Conditions are incorporated by reference in the Base Prospectus.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and the Final Terms are available for viewing at the Issuer's website (www.acea.it) and will also be published on the website of the Luxembourg Stock Exchange (https://www.luxse.com/).

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes become fungible:	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [●]]].
2.		Specified Currency or Currencies:	[●]
3.		Aggregate Principal Amount:	[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
4.		Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●] *(insert date, if applicable)*]
5.	(i)	Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to and including [●]]. No Notes in definitive form will be issued with a denomination above [●]. (*Under current practices of Euroclear and Clearstream, unless paragraph 25 (Form of Notes) below specifies that the Permanent Global Note is to be exchanged for Definitive Notes "in the limited circumstances described in the Permanent Global Note", Notes may only be issued in denominations which are integral multiples of the lowest Specified Denomination and may only be traded in such amounts, whether in global or definitive form.*) *(Note – The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each*

			Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency)). (*Notes, including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)*.)
	(ii)	Calculation Amount:	[●] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.*)
6.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
7.	Maturity Date:		[●] [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
8.	Interest Basis:		[[●] per cent. Fixed Rate] [EURIBOR +/– [●] per cent. Floating Rate] [Fixed-Floating Rate] [Floating-Fixed Rate] [Zero Coupon] (further particulars specified in paragraphs [13/14/15/16/17] below)
9.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their principal amount.
10.	Change of Interest or Redemption/Payment Basis:		[●]/[Not Applicable] [*Specify the date when any fixed or floating rate change occurs or cross refer to paragraphs 13 (Fixed Rate Note Provisions) and 14*

		(Floating Rate Note Provisions) below and identify these]
11.	Put/Call Options:	[Investor Put] [Change of Control Put] [Issuer Call] [Clean-up Call Option] [(further particulars specified in paragraphs [18/19/20/21] below)] [Not Applicable]
12.	[Date [Board] approval for issuance of Notes] obtained:	[●] [and [●], respectively]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	**Fixed Rate Note Provisions**		[Applicable]/[Not Applicable]/[Applicable for the period starting from [●] [and including] [●] ending on [but excluding] [●]] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[●] in each year
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v)	Day Count Fraction:	[Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
	(vi)	Unmatured Coupons void	Condition 10(f) (*Unmatured Coupons void*) is [Applicable/Not Applicable]
14.	**Floating Rate Note Provisions**		[Applicable]/[Not Applicable]/[Applicable for the period starting from [●] [and

		including] [●] ending on [but excluding] [●]]
		(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Interest Period(s):	[●]
(ii)	Specified Period:	[●]
(iii)	Specified Interest Payment Dates:	[Not Applicable]/[[●], subject to adjustment in accordance with the Business Day Convention set out in sub-paragraph (v) below]
		(*Note that this item adjusts the end date of each Interest Period (and consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 10(g) (Payments - Payments on business days) and the defined term "Payment Business Day".*)
(iv)	[First Interest Payment Date]:	[●]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
(vi)	Additional Business Centre(s):	[Not Applicable]/[●]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[[Fiscal Agent]/[*an institution other than the Fiscal Agent*] shall be the Calculation Agent]/[Not Applicable]
(ix)	Screen Rate Determination: (Conditions 7(c) (*Floating Rate Note Provisions – Screen Rate Determination*) and 7(d)) *(Floating Rate Note Provisions – ISDA Determination)*	
	• Reference Rate:	EURIBOR

- Reference Banks: [●]/[Not Applicable]
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]
- Relevant Time: [●]
- Relevant Financial Centre: [●]

(x) ISDA Determination: [Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)

- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
- Floating Rate Option: [EUR-EURIBOR-Reuters]/[EUR-EURIBOR]

  (*The Floating Rate Option should be selected from one of: EUR-EURIBOR-Reuters (if 2006 ISDA Definitions apply) EUR-EURIBOR (if 2021 ISDA Definitions apply) (each as defined in the ISDA Definitions). These are the options envisaged by the terms and conditions*)
- Designated Maturity: [•]
- Reset Date: [•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [(vi)] above and as specified in the ISDA Definitions]
- Additional terms relating to the 2021 ISDA Definitions: [•] / [Not Applicable]

(xi) Margin(s): [+/-][●] per cent. per annum

(xii) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]

(xiii) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]

(xiv) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]

15.	**Fixed-Floating Rate Note Provisions:**	[Applicable]/[Not Applicable] [[●] per cent. Fixed Rate in respect of the Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 14 (*Floating Rate Note Provisions*) above.]
16.	**Floating-Fixed Rate Note Provisions:**	[Applicable]/[Not Applicable] [[*Floating Rate*] in respect of the Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 13 (*Fixed Rate Note Provisions*) above.]
17.	**Zero Coupon Note Provisions**	[Applicable]/[Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Accrual Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Day Count Fraction:	[Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

18.	**Call Option**	[Applicable]/[Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s) (Call):	[●]
	(ii) Optional Redemption Amount(s) (Call) of each Note:	[[●] per Calculation Amount]/[The greater of (i) 100 per cent. of the principal amount of the Notes and (ii) the Make-Whole Amount]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount	[●] per Calculation Amount

	(c)	Notice period:	[●]/[Not Applicable]
	(iv)	Redemption Margin: *(Only applicable to Make-Whole amount)*	[[●] per cent.]/[Not Applicable]
	(v)	Reference Bond: *(Only applicable to Make-Whole amount)*	[*insert applicable reference bond*]/[Not Applicable]
	(vi)	Reference Dealers: *(Only applicable to Make-Whole amount)*	[●]/[Not Applicable]
19.	**Put Option**		[Applicable]/[Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	Notice period:	[●]/[Not Applicable]
20.	**Change of Control Put**:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraph of this paragraph)*
	[(i)	Change of Control Redemption Amount(s) of each Note:]	[●] [per Calculation Amount]
21.	**Clean-up Call Option**		[Applicable]/[Not Applicable]
22.	**Final Redemption Amount of each Note**		[●][per Calculation Amount]
23.	**Early Redemption Amount (Tax) per Calculation Amount payable on redemption for taxation reasons**:		[[●] per Calculation Amount]/[Not Applicable]
24.	**Early Termination Amount per Calculation Amount payable on event of default or other early redemption**:		[[●] per Calculation Amount]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]* [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] (**Notes may only be issued pursuant to this option in amounts equal to the Specified Denomination or integral multiples thereof*)
26.	New Global Note:	[Yes]/[No]
27.	Additional Financial Centre(s):	[Not Applicable]/[●]
28.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes]/[No]. [As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

Signed on behalf of Acea S.p.A.:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing	[Official List of the Luxembourg Stock Exchange]/[None]
(ii)	Admission to trading:	[Application [has been/is expected to be] made for the Notes to be admitted to trading on the [regulated market of the Luxembourg Stock Exchange] [(*specify relevant regulated market*)] with effect from [●].]/[Not Applicable][2] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading*.)
(iii)	Estimated total expenses of admission to trading:	[●]/[Not Applicable][3]

2. **RATINGS**

[The Notes are not expected to be rated]/[The Notes to be issued [have been/are expected to be] rated:

[Fitch: [●]]

[Moody's: [●]]

[[Other]: [●]]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

Option 1 - CRA established in the EEA and registered under the EU CRA Regulation including option to refer to any endorsement or certification under the UK CRA Regulation.

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). [[*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest

2 Insert "Not Applicable" where the Notes are not to be admitted to trading.

3 Insert "Not Applicable" where the Notes are not to be admitted to trading.

update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website http://www.esma.europa.eu.]. [The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] /[[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]/ [[*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EC) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the CRA Regulation (UK).]

Option 2 - CRA established in the EEA, not registered under the EU CRA Regulation but has applied for registration. Details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and has applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] /[European Securities and Markets Authority]. / [European Securities and Markets Authority]. [[*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website http://www.esma.europa.eu.]. [The rating [Insert *legal name of particular credit rating agency entity providing rating*] has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] /[[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]/ [[*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EC) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 3 - CRA established in the EEA, not registered under the EU CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). [*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). [[*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website http://www.esma.europa.eu.]. [The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation (UK)**").] /[[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]/ [[*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EC) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 4 - CRA established in the UK – including option to refer to any endorsement or certification under the EU CRA Regulation

[*Insert legal name of particular UK credit rating agency entity providing rating*] is established in the UK and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). [[*Insert legal name of particular UK credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on [UK FCA's Financial Services Register]]. [The rating [*insert legal name of particular UK credit rating agency entity providing rating*] has given to the Notes to be issued under the Programme is endorsed by [*insert legal name of EU credit rating agency*], which is established in the EEA and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**").] [[*Insert legal name of particular UK credit rating agency entity providing rating*] has been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**)".] [[*Insert legal name of particular UK credit rating agency entity providing rating*] has not been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation (EU)].

Option 5 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the EU CRA Regulation AND/OR under the UK CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes to be issued under the Programme is endorsed by [*insert legal name of EU credit rating agency*], which is established in the EEA and registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended (the "**EU CRA Regulation**") [and] [*insert legal name of UK credit rating agency*], which is established in the UK and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")

Option 6 – CRA not established in the EEA and relevant rating is not endorsed under the UK CRA Regulation or the UK CRA Regulation but CRA is certified under the EU CRA Regulation AND/OR the UK CRA Regulation

[*Insert legal name of particular credit rating agency providing rating*] is not established in the EEA but is certified under [Regulation (EC) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**")] [and] [Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")].

Option 7 – CRA neither established in the EEA nor certified under the EU CRA Regulation or the UK CRA Regulation and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**") or Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating

	agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below.)

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

[[Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests)*]

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to Base Prospectus under Article 23 of the Prospectus Regulation.)*]

4. **USE OF PROCEEDS, ESTIMATED NET PROCEEDS**

(i) Use of Proceeds	[●]/[Not Applicable] (If the Notes are Green Bonds, describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied or make reference to the relevant bond framework to which the net proceeds of the Tranche of Notes will be applied.)
(ii) Estimated net proceeds	[●]/[Not Applicable]

5. **YIELD**

Indication of yield:	[●]/[Not Applicable]

6. **HISTORIC INTEREST RATES**

[Details of historic EURIBOR rates can be obtained from Reuters]/[Not Applicable]

7. **[THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.] To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information]./ [Not Applicable.]]

8. OPERATIONAL INFORMATION

ISIN Code:	[●]
Common Code:	[●]
[Intended to be held in a manner which would allow Eurosystem eligibility:]	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[[Not Applicable]/[●] (*give name(s), address(es) and identification number(s))*]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]

9. **DISTRIBUTION**

(i)	U.S. Selling Restrictions:	[TEFRA C/TEFRA D/TEFRA]/[Not applicable]
(ii)	Method of distribution:	[Syndicated]/[Non-syndicated]
(iii)	If syndicated:	*(If not applicable, delete the remaining sub-paragraphs of this paragraph (iii))*
	(a) Names and addresses of Managers and underwriting commitments	[●]
	(b) Stabilising Manager(s) if any	[Not Applicable]/[●]
	(c) If non-syndicated, name and address of Dealer:	[Not Applicable]/[●]
(iv)	Prohibition of Sales to EEA Retail Investors:	[Not Applicable]/[●]
(v)	Prohibition of Sales to UK Retail Investors:	[Not Applicable]/[●]

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream.

Payment Business Day: In the case of a Global Note, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Exercise of put option: In order to exercise the option contained in Condition 9(f) (*Redemption and Purchase – Redemption at the option of Noteholders*) or Condition 9(g) (*Redemption and Purchase – Redemption of the option of the Noteholders upon a Change of Control Put Event*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the

Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (*https://www.luxse.com/*).

Calculation of interest: The calculation of any interest amount in respect of any Note which is represented by a Global Note will be calculated on the aggregate outstanding principal amount of the Notes represented by such Global Note and not by reference to the Calculation Amount.

USE OF PROCEEDS

The net proceeds of any issue of Notes will be used by the Issuer for general corporate purposes. If, in respect of any particular issue of Notes, a particular use of proceeds is identified, such use of proceeds will be specified in the applicable Final Terms.

If a Tranche of Notes to be issued is described as "Green Bonds", the applicable Final Terms will describe the relevant "green" projects to which the net proceeds of the Tranche of Notes will be applied and refer to the relevant green bond framework, if any. A Tranche of Notes will be described as "Green Bonds" only if the net proceeds of such Tranche of Notes will be used to finance and/or refinance, in whole or in part, an Eligible Green Project.

"**Eligible Green Projects**" means projects falling within the broad categorisation of "Green Project" pursuant to the then applicable "Green Bond Principles" published by the International Capital Markets Association (ICMA).

Any green bond framework and any Second-party Opinion will be made available on the Issuer's website[4]. The green bond framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. For the avoidance of doubt, none of these documents are incorporated into, or form part of, the Base Prospectus.

For the avoidance of doubt, the Dealers have not undertaken, nor are responsible for, any assessment of the eligibility criteria, any verification of whether the Eligible Green Projects meet the eligibility criteria, or the monitoring of the use of proceeds of Notes issued under the Programme.

[4] For further information, please refer to the Issuer's website at: https://www.gruppo.acea.it/en/investors/financial-structure/green-bond

DESCRIPTION OF THE ISSUER

OVERVIEW

ACEA S.p.A. ("**ACEA**", "**Acea**" or the "**Issuer**") is a joint stock company (*società per azioni*) incorporated and operating under Italian law. Its registered office and principal place of business is at Piazzale Ostiense, 2, 00154 Rome, Italy and it is registered with the Companies' Register of Rome under number 05394801004. ACEA may be contacted by telephone on +39 0657991.

ACEA was incorporated on 29 September 1997. Pursuant to Article 3 of its by-laws, the corporate existence of ACEA is set to end on 31 December 2050, but this term may be extended.

Pursuant to Article 4 of its by-laws, the main corporate purposes of the Issuer are: (i) the procurement, generation, transmission, distribution and sale of electric power and heat deriving from an energy source, in accordance with applicable provisions of law; (ii) the integrated management of the water resources including the collection, conduction, distribution, sewerage, purification and treatment as well as protection, monitoring and expansion of water basins; (iii) the management of public fountains and ornamental fountains; (iv) the planning, implementation and management of systems for public lighting as well as traffic lights and circulation-linked systems; and (v) the promotion, the diffusion and the implementation of actions and plants supplied with renewable and similar energy sources.

The ordinary shares of ACEA have been listed on the Italian Stock Exchange since 1999. As at 1 August 2023, ACEA had a market capitalisation of Euro 2,344,743,549, ACEA has been assigned a Baa2 issuer rating with a "negative outlook" by Moody's and a BBB+ long-term issuer default rating with a "negative outlook" by Fitch, a subsidiary of Fitch Ratings Ltd. Moody's and Fitch are established in the European Union and are registered under the CRA Regulation. As such, Fitch and Moody's are included in the list of credit ratings agencies published by the ESMA on its website available (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation.

ACEA is the parent company of an integrated group consisting of ACEA and its consolidated subsidiaries (collectively, the "**Group**" or the "**ACEA Group**"). The Group is an industrial group active in the management of energy, environmental and water services: the production, sale and distribution of energy, the development of renewable energy sources, the disposal and creation of energy from waste, public lighting and an integrated water service (aqueducts, sewerage and purification). The Group mainly operates in Italy (primarily in Rome as well as throughout other parts of Italy) and, to a lesser extent, with respect to the water sector, outside Italy (Honduras, Peru, Colombia and the Dominican Republic).

The Group provides services in, and focuses on, the consolidation and creation of value from, seven main business areas:

- **water sector**, carrying out the activities of collection, transportation, distribution, treatment and sewerage;

- **energy infrastructure sector***,* carrying out the activities of energy distribution and public lighting;

- **generation**, carrying out the activities of power generation, energy efficiency projects and energy solutions;

- **commercial and trading sector**, carrying out the activities of energy and gas trading, sale of electricity and gas and district heating;

- **engineering and services sector**, carrying out the activities of laboratory analysis, research and planning;

- **environment sector**, carrying out the activities of waste to energy and organic waste to compost conversion; and

- **overseas**, using the Group's know-how and distinctive expertise in managing infrastructure and export the business in which the Group operates (mainly water services in Latin America area).

For the financial year ended 31 December 2022, the consolidated revenues of the ACEA Group amounted to approximately Euro 5,138 million (an increase of 29.4 per cent. compared to the financial year ended 31 December 2021). For the financial year ended 31 December 2022, the consolidated EBITDA of the ACEA Group amounted to approximately Euro 1,305 million (an increase of 3.9 per cent, compared to the financial year ended 31 December 2021).

For the six-month period ended 30 June 2023, the consolidated revenues of the ACEA Group amounted to approximately Euro 2,296 million (a decrease of 2.2 per cent. compared to the six-month period ended 30 June 2022). For the six-month period ended 30 June 2023, the consolidated EBITDA of the ACEA Group amounted to approximately Euro 670 million (a decrease of 1.8 per cent, compared to the six-month period ended 30 June 2022).

HISTORY AND DEVELOPMENTS

ACEA was founded by the Municipality of Rome as a municipal company in 1909 under the original name *Azienda Elettrica Municipale* ("**AEM**") for the purpose of providing energy services for public and private usage throughout the Municipality of Rome. In 1937, the Governor of Rome entrusted AEM with the construction and administration of the municipal water system and water distribution network for the city of Rome. AEM was subsequently renamed *Azienda Governatoriale Elettricità e Acque* ("**AGEA**") and AGEA in 1945 became *Azienda Comunale Elettricità e Acque* ("**A.C.E.A.**"). In 1964, following the expiry of a water concession previously held by another operator, the Municipality of Rome transferred to A.C.E.A. the assets used to conduct that operator's water distribution business, notably the aqueduct of *Marcio*, bringing municipal water distribution under its sole control. In 1985, A.C.E.A. began water purification activities, servicing a customer base of approximately three million residents, which step constituted the foundation of its integrated management services for the entire water cycle. In 1989, A.C.E.A. adopted the name of *Azienda Comunale Energia e Ambiente* and took over the management of the public lighting services within the Municipality of Rome. Three years later it was transformed from a municipal company (*azienda municipalizzata*) into a special company (*azienda speciale*) and, with effect from 1 January 1998, was incorporated as a joint stock company under Italian law no. 142 of 8 June 1990, adopting its present name (*i.e.* ACEA S.p.A.).

In 2001, ACEA became the third largest electricity distributor in Italy in terms of volumes distributed[5], acquiring the electricity distribution division for the metropolitan area of Rome from Enel Distribuzione S.p.A.

In 2002, ACEA and Electrabel S.A. ("**Electrabel**"), a Belgian company and a member of the GDFSuez Group (previously the Suez Group), entered into a strategic joint venture (named AceaElectrabel) to develop energy activity in Italy: notably, production, trading and sales to free market consumers and customers under contract. The first full year of operation of the joint venture was 2003.

In the same year, ACEA and Electrabel, operating through a newly-incorporated company EblAcea S.p.A. ("**EblAcea**") participated in the consortium that purchased Interpower S.p.A. ("**Interpower**"), the third and final generation company sold by Enel S.p.A. as part of the generation downsizing programme imposed on Enel S.p.A. pursuant to the Bersani Decree. Interpower, now renamed Tirreno Power S.p.A., is the fourth largest electricity generator in Italy[6].

In the same year, ACEA took over management of the whole sewerage system in Rome.

In 2004, ACEA launched the integrated water service in the ATO 2 area (Rome – Central Latium) and in the same year won the right to manage the service in new areas, consolidating its national leadership in water management. ACEA also purchased a stake in Tirreno Power S.p.A. in the same year and established a plan to increase energy production.

In 2006, ACEA purchased A.R.I.A S.p.A. (previously named TAD *Energia Ambiente*), entering the waste to energy market.

In 2010, the Board of Directors of the Issuer approved a preliminary termination agreement of the Acea-Electrabel joint venture between ACEA and GDF Suez Energia Italiana S.p.A. ("**GSEI**"). The unwinding of the joint venture between ACEA and GSEI was completed on 31 March 2011. For further details on this joint venture and its unwinding, please see "*Description of the Issuer – Principal activities – Energy*" below.

In 2011, ACEA Distribuzione S.p.A., following the admission to an incentive treatment granted by the ARERA, started the development of the Smart Grid pilot project.

On 23 January 2012, the purchase of the Piazzale Ostiense site was completed, taking advantage of the opportunity presented by the disposal carried out by Beni Stabili, by exercising the right of first offer set out in the lease, for a purchase price equal to Euro 110,000,000.

In 2012, in accordance with the general guidelines of the Group strategy aimed at monetising the Group's non-core assets, the Group sold Apollo S.r.l., a company engaged in the photovoltaic business, to RTR Capital S.r.l. (a company within the Terra Firma group).

During the same year, the Group launched Project Acea 2.0 to enable the Issuer to fully integrate and manage all business processes using innovative mobile technologies. This innovation program was made possible by the new work force management system, a digital IT platform – developed by SAP Italia S.p.A. ("**SAP**") – that allows the Issuer to coordinate

---

5 Source: data elaborated by the Issuer's management on the basis of publicly available information.
6 Source: data elaborated by the Issuer's management on the basis of publicly available information.

and monitor its activities and its suppliers in real time. The digitalization process initially involved the water networks in Rome and Frosinone and the electricity distribution network in Rome.

On 26 September 2015, ACEA ATO 2 S.p.A. ("**ACEA ATO 2**") opened its "Operations Room", meeting the deadlines set out in the project roadmap planned in its first work order to SAP. On 28 September 2015, customers were welcomed at the offices and obtained access to services using the new systems. During 2016, other subsidiaries implemented Project Acea 2.0, introducing innovative management processes and systems.

On 20 June 2016, Acea Distribuzione S.p.A., in compliance with the provisions of annex A to resolution 296/2015/R/com of the AEEGSI, changed its business name to ARETI S.p.A. ("**ARETI**"), adopting a new logo for exclusive use by ARETI as of 1 July 2016.

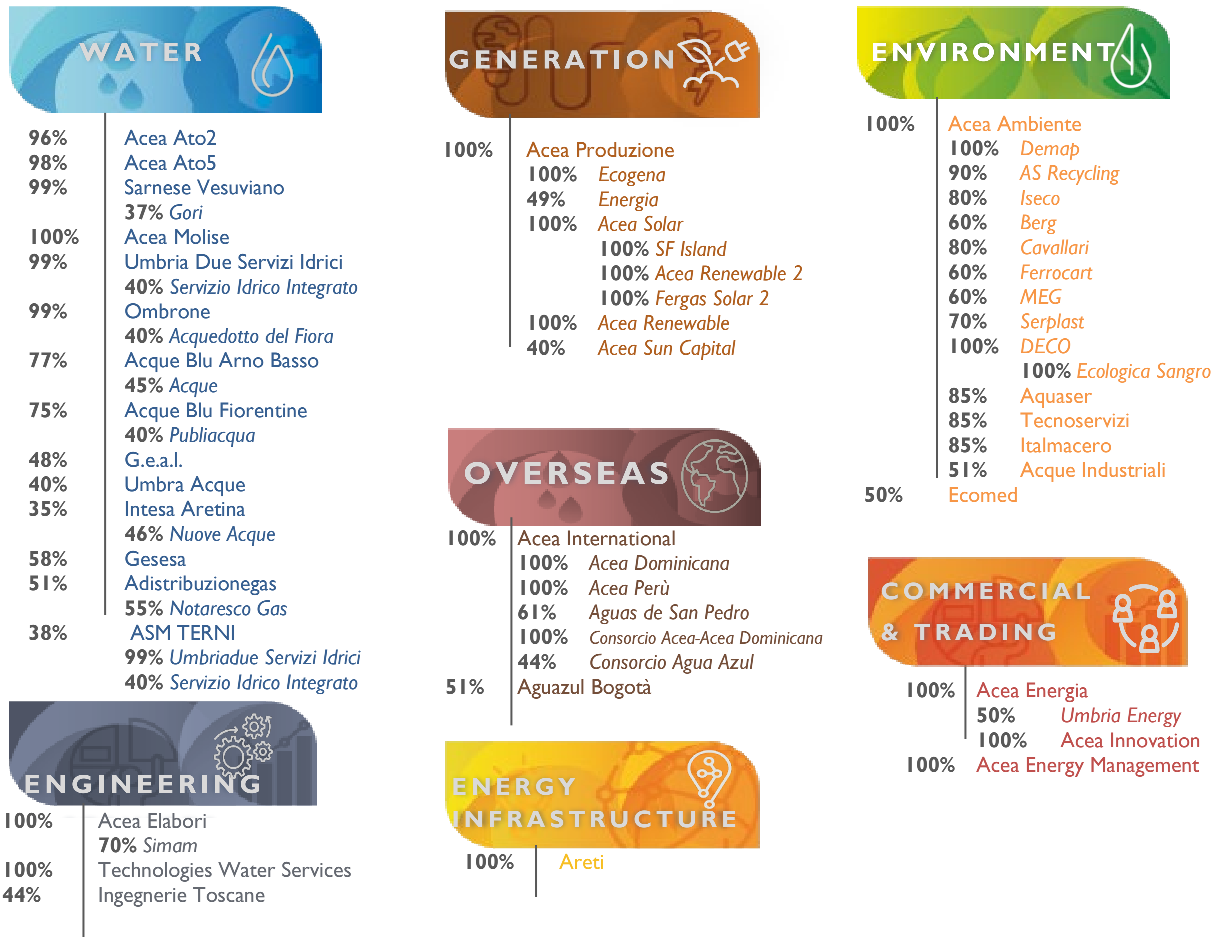
On 26 October 2020, the Board of Directors of Acea approved the 2020-2024 business plan (the "**Business Plan**"), which supersedes the previous 2019-2022 business plan approved on 2 April 2019 (the "**Previous Business Plan**"). For further details and information on the Business Plan, please see "*Description of the Issuer – Strategy*" below.

On 22 March 2022, Acea closed the agreement with the UK investment fund, Equitix, for the sale of a majority interest in its photovoltaic holding company to which ACEA's photovoltaic assets were transferred for a total installed capacity of 105 MW.

STRUCTURE OF THE GROUP

The Issuer is the parent company of the Group, which, as of 31 December 2022, was made up of 88 companies in which the Issuer holds shares, of which 66 are consolidated on the integral method and 22 are consolidated on shareholder's equity.

The following diagram illustrates the main companies of the Group as at 31 December 2022:



PRINCIPAL ACTIVITIES

The Issuer exercises corporate, service, direction and control functions and its subsidiaries are operating companies in the integrated water services, energy infrastructure, commercial and trading of electric power and gas, environment, engineering and services and overseas sectors.

The above principal activities are reconciled to the Group's operating segments, which are presented consistently in the consolidated financial statements of the Issuer for the years ended 31 December 2022 and 2021, as follows:

- Water: includes the operations in the Italian Integrated Water Services operating segment;
- Energy infrastructure[7]: includes the operations in the Distribution and Public Lighting operating segments;
- Generation: includes the operations in the Generation and "Industrial" Energy Efficiency operating segments;

[7] "Energy Infrastructure" refers to Areti and public lighting.

- Commercial and trading: includes the operations in the Energy Management, Sale and "Retail" Energy Efficiency operating segments;

- Overseas: includes the operations in the Overseas operating segment;

- Environment: includes the operations in the Environment (*i.e.* sludge management, treatment, recycling, waste to energy and waste disposal) operating segment;

- Engineering and services: includes the operations in the Engineering & internal consultancy and Laboratory Analysis operating segments.

The tables in this section set forth the contribution to revenues, costs, income from equity investments and gross operating profit (EBITDA) of each of the Group's lines of business for the relevant reference period [8]. Such figures exclude intra-sector transactions between subsidiaries belonging to the same line of business, but show intra-group transactions, which are condensed with the holding corporate results.

Gross Operating Profit (EBITDA)	**Year ended 31 December**	
	2022	**2021**
	millions of euro	
Water	669	655.3
Energy infrastructure	352.2	371.6
Generation	89.8	79.5
Commercial and trading	90.0	80.5
Environment	101.6	63.7
Engineering and services	13.2	17.3
Overseas	33.0	27.4
Corporate/Consolidation Adjs.	(43.7)	(39.3)
Consolidated EBITDA	**1,305.0**	**1,256.1**

8 In the following tables Revenues, Costs and EBITDA are data rounded to the first decimal figure. Due to this rounding the values shown may not correspond exactly to the sum of its parts.

INTEGRATED WATER SERVICES AND GAS DISTRIBUTION

The Group is the leading provider of integrated water services to the Italian water market and the largest operator in Italy with a current customer base of approximately, 9,000,000 Italian residents representing approximately 15 per cent. of the entire Italian market.

In 2022, revenues from integrated water services amounted to Euro 1,374.4 million with an increase equal to Euro 136.5 million (11.0 per cent.) compared to the previous year (Euro 1,237.9 million).

The table below shows the contribution to revenues, operating and personal costs, Income from equity investments and EBITDA of the Group's integrated water services business segment for the financial years ended on 31 December 2022 and 31 December 2021.

Integrated Water Services	**Year ended 31 December**	
	2022	**2021**
	millions of euro	
Revenues..	1,374.4	1,237.9
Costs..	705.4	582.6
Gross Operating Profit (EBITDA)	669.0	**655.3**

In Italy, the water sector (as well as the energy sector) is governed by the ARERA (formerly AEEGSI), an independent body established under Law no. 481 of 14 November 1995 in order to regulate and control the electricity and gas sectors. The district public authorities (the *Autorità di Ambito Territoriale Ottimale* or ATO[9]), in accordance with the provisions of the ARERA, give recommendations on the water tariff for the district subject to approval of the ARERA.

Integrated water services in Italy are managed by ACEA under the concession regime (*in regime di concessione*) in the following Italian regions:

(1) Lazio, where ACEA ATO 2 and ACEA ATO 5, respectively, provide their services in the provinces of Rome and Frosinone;

(2) Campania, where Gori S.p.A. ("**Gori**") and Gesesa S.p.A. ("**Gesesa**"), respectively, provides water services in part of the province of Salerno and in part of the province of Naples and in the provinces of Avellino and Benevento;

(3) Tuscany, where the Group operates in the province of Pisa through Acque S.p.A., in the province of Florence through Publiacqua S.p.A., in the province of Arezzo through Nuove Acque S.p.A., in the provinces of Siena and Grosseto through Acquedotto del Fiora S.p.A. and in the province of Lucca through Geal S.p.A.;

[9] For a detailed description of the ATO and the water tariff mechanism, please see "*Regulation*" below.

(4) Umbria, where the Group operates in the province of Perugia through Umbra Acque S.p.A. and in the province of Terni through Umbriadue Servizi Idrici S.c.a.r.l. and Servizio Idrico Integrato S.c.p.a.; and

(5) Molise, where the Group operates in the province of Campobasso through ACEA MOLISE S.r.l.

The service provided by the Group comprises (i) the management of the entire cycle of integrated water services from withdrawal at the springs to transportation via aqueducts and the water network, (ii) the distribution of water to end users and (iii) the purification of waste water in treatment plants.

Management of Water Services in Lazio

ATO 2 Central Lazio

The ACEA Group manages, as the sole operator, the integrated water services of ACEA ATO 2, covering Rome and its province, one of the largest Italian integrated water districts in terms of geographic area.

Supply sources supply drinking water are about 3,700,000 inhabitants of Rome and Fiumicino and 106 Municipalities of Lazio, through five aqueducts and a system of pipelines under pressure. Three additional sources of supply provide the resource not drinking water to be introduced into the Rome watering network.

In 2022, ACEA ATO 2, in order to safeguard the sources of supply and implement an increasingly sustainable management of water resources, completed the study of the availability, in quantitative terms, of potential groundwater resources and the possible impacts related to the withdrawal of water resources through the monitoring of several variables and the implementation of appropriate interpretative models. One of the key goals of the Issuer is to reduce physical and commercial losses and improve network efficiency. The Issuer keeps implementing actions to achieve this goal.

In particular, in 2022:

- although the summer season was particularly dry, with water resources below the 25th percentile in recorded history, the efficiency initiatives implemented by the company made it possible to significantly reduce withdrawals of water directly from the environment and consequently limit supply problems. In fact, only the municipality of Percile, which was also recently acquired, made use of nocturnal water shifts;

- the districting of an additional 1,373 km of the water network was completed. The purpose of districting networks, namely the delimiting of the distribution districts (or measurement districts), is to make the network operations more efficient, controlling in detail the level of the losses in the individual districts and guide the instrumental research activities for their reduction. Overall, as of 31 December 2022, there were approximately 12,967 km of districted water pipes with continuous remote monitoring;

- the search for hidden leaks was carried out through a punctual and systematic analysis of the networks according to the anomalies emerging from the monitoring of the water districts implemented;

- pressure regulator devices were installed in order to actively manage water pressure and reduce pipe bursts across the distribution network; one such device is the regulation hub at Colle Oppio (Rome), which has improved the efficiency of the water service across a wide area of Rome's 1st municipal district;

- implementation of remote monitoring of meters installed at supply sources continued, with the aim of optimising the quality of process measurement and the timeliness of measurement acquisition for the purpose of preparing correct water balance;

- actions aimed at ensuring the administrative regularisation of cases of unlawful withdrawals, supplies not reactivated, contracts not correctly transferred from previous managements, etc., continued, including by employing new strategies.

As at 31 December 2022, ACEA ATO 2 managed a total of approximately over 7,000 kilometres of sewerage network, 653 sewerage pumping stations - of which 178 in the Roma Capitale area - and a total of 161 waste treatment plants – 31 of which in the Roma Capitale area - for a total quantity of treated water equal to 578.2 Mmc (data referring to managed treatment plants only). ACEA ATO 2 manages the waste treatment system and pumping stations that serve the network and sewage trunk lines.

As of 31 December 2022, the six main treatment plants had treated a volume of water equal to about 16.06 Mmc, in line with the volume treated during 2021 (16.37Mmc).

In 2022, the programme of real-time monitoring of the flow rates treated by the plants continued, which to date have reached a total of 578.2 Mmc out of 160 managed plants.

Having overcome the critical issues dictated by the sludge emergency and the COVID-19 emergency, there are no critical situations and the overall downward trend in production is confirmed, mainly due to the reduction of sludge as a result of the construction of drying plants and the optimisation of anaerobic digestion processes in the main plants, as well as the construction of ozonolysis installations.

With regard to analytical certificates for sludge and waste, in 2022 there was a slight decrease in the number of analyses carried out by Acea Elabori (external certified laboratory) compared to the average for the same period in previous years, also as a result of the lack of parallel special sampling by the Regional Environmental Protection Agency ("**ARPA**") due to the COVID-19 emergency, while the number of determinations reported on most analytical certificates has increased (more extensive types analysed).

ATO 5 South Lazio – Frosinone

ACEA ATO 5, ACEA's 98.45 per cent. owned subsidiary, is the company which manages the integrated water services of ATO 5 Southern Lazio – Frosinone covering a geographic area with a population of approximately 489,000 inhabitants and 86 municipalities (the management of the Municipality of Paliano still remains to be acquired, while the Municipalities of Conca Casale and Rocca D'Evandro are "outside the scope"). As of 31 December 2022, ACEA ATO 5 covered a population of approximately 455,164 inhabitants, with a service coverage of approximately 93% of the territory. The number of users is 200,091. The company is also responsible for all other related, resulting or associated water activities.

The water supply and distribution network cover more than 6,170 km and has a sewerage network of around 1,802 km which manages the return of the treated water to the environment.

The sewerage-purification system comprises a network of sewers and trunk lines connected to 122 waste treatment terminals. ACEA ATO 5 manages 232 sewage pumping plants and 127 treatment plants.

With regard to 2022, the digitalisation of the networks in the managed area continued, with the inclusion of data in the GIS - Geographic Information System. According to the 2019-2022 plan for significant activities, as of 31 December 2022 the size of the water network is 6,170 total km (1,207 km of water supply network plus 4,963 km of distribution network).

Management of water services in Campania

Gori, a joint-stock company in which ACEA's 99.16 per cent. owned subsidiary Sarnese Vesuviano S.r.l. holds 37.05 per cent., is the company which manages the integrated water services of ATO 3 of the Campania region, known as the "*Sarnese Vesuviano*" area, where it provides water services in the northern part of the province of Salerno and in the southern part of the province of Naples. Gori provides integrated water services, which cover an area of approximately 900 square kilometres with a population of approximately 1.47 million inhabitants. A total of 5,141 km of water network is currently managed, consisting of 869 km of primary abstraction network and 4,272 km of distribution network, and a 2,625 km drainage system.

Gori currently manages 13 water sources, 114 wells, 201 tanks, 118 water pumping stations, 201 wastewater pumping stations and 12 waste treatment plants.

Gori provides integrated water services on the basis of an agreement entered into on 30 September 2002 between Gori and the Water District Authority of Sarnese Vesuviano, which has a duration of 30 years.

Gesesa, a joint stock company which operates in the Sannita District, promotes and develops the initiative for the Management of the Integrated Water Service in Municipalities in the Province of Benevento.

Gesesa manages the Integrated Water Service in 22 Municipalities in the province of Benevento for a total resident population of about 120,000 inhabitants spread over an area of about 710 square kilometres with a water infrastructure of about 1,547 km, a sewerage network of 553 km and about 332 plants managed. The total number of user accounts amounts to about 57,405, for which 2022 consumption was estimated at about 7.7 million cubic metres of water.

The sewerage service is provided to approximately 80% of users while the purification service reaches about 40% of users.

Gesesa began to establish the foundations consistent with the resolutions of the board for a new path of growth and development aimed at achieving strategic objectives that provide for the company's growth. For these reasons, the investments also focused on the improvement and adaptation of the sewerage systems and the restructuring of the treatment plants and the preliminary design of those not yet present in the territory.

In May 2020, following a decision by the Public Prosecutor at the Court of Benevento, 12 Gesesa purification plants were seized with the appointment of a judicial administrator. Gesesa has expressed its willingness to bear costs for significant purification activities. The Court of Benevento therefore gave its approval to carry out these activities. Gesesa also had a private audit carried out with reference to 18 other managed purification plants and not subjected to seizure, in order to identify any necessary actions to improve the purification results.

Subsequently, the purification activities relating to the sequestered plants were started. In particular, during the meeting, held on November 2021, of the technical advisory committee set up to manage the agreed activities, the timing of the necessary interventions was redetermined as of 31 March 2022, largely due to delays in the supply of materials encountered due to the Covid Emergency, with an increase of approximately 15% of the estimated cost of the works (which amounts to approximately Euro 800,000).

In November 2021, the competent Court ordered the seizure of money, for confiscation purposes, of fungible assets, real estate and anything else of patrimonial value in Gesesa's availability, up to a value of over Euro 78,000,000, with appointment of a judicial administrator. Gesesa immediately challenged this provision and the request for review was fully accepted by the Court on 21 December 2021 and, consequently, the preventive seizure decree was cancelled, with the consequent release of the assets and their subsequent return to the company.

Upon completion of the activities, the judicial administrator filed a specific report with the Public Prosecutor acknowledging the positive conclusion of the plant's re-functionalization activities. In the light of such report, the Public Prosecutor: on the one side, with a provision dated 9 September, considered the requirements that gave rise to the appointment of the judicial administrator to have ceased; on the other side, the release of the purification plants from the seizure was not ordered due to the lack of the conditions for such release.

Consequently, the competent Court confirmed the permanence of the seizure of the purification plants. Since the public prosecutor has not contested the provision of the Court of Benevento, the latter became final. In relation to the criminal proceeding, in June 2022, the company was notified of the conclusion of the preliminary investigations and the preliminary hearing was set for 23 January 2023, then postponed to 26 June 2023. In February 2023, the company filed a request for release from seizure of the purification plants. The Court did not accept this request as the public prosecutor represented the need to carry out further investigations (to be performed by the competent judicial police) with reference to the systems.

Management of water services in Tuscany

Acque S.p.A. ("**Acque**") is the company that manages the integrated water services of ATO 2 Tuscany – *Basso Valdarno* covering a geographic area with a population of approximately 734.798 inhabitants and 57 municipalities in 2022, in the provinces of Florence, Lucca, Pisa, Pistoia and Siena. The water network covers nearly 6,066 km and the sewerage network is approximately 3,080 km long (with 150 linked treatment plants. ACEA's interest in Acque is through its 76.67 per cent. owned subsidiary, Acque Blu Arno Basso S.p.A. (after the purchase from Consorzio Toscano Cooperative of its one per cent. stake in Acque Blu Arno Basso S.p.A.), which in turn holds 45 per cent. of the share capital of Acque.

Acque supplies integrated water services on an exclusive basis in ATO 2 Tuscany on the basis of an agreement signed on 28 December 2001 (that came into effect on 1 January 2002) between Acque and the Water District Authority of Basso Valdarno, which has a duration of 20 years.

On 11 February 2015, the Water Regional Authority of Tuscany agreed upon the proposal submitted by the company to extend the concession period to 2026, and on 6 April 2016, an agreement was signed which confirmed such extension of the concession period. The Board of Directors of the Water Regional Authority of Tuscany approved the 2018-2019 tariff proposal, the update of the works programme, the updating of the economic and financial plan and the extension of the duration of the concession of service from the previous deadline of 31 December 2026 to the new deadline of 31 December 2031. On 9 October 2018, with Resolution no. 502/2018/R/Idr Arera approved the tariff proposal. The new Tariff plan with the end of the concession on 31 December 2031, compared to the previous plan with the end of the concession on 31 December 2026, contains the forecast of greater investments in service infrastructure and more contained tariff increases.

On 18 December 2020, the executive council of the Water Regional Authority of Tuscany, with Resolution no. 7, approved the tariff proposal for the period 2020-2023 (according to the ARERA Resolution 580/2019/R/idr of 27 December 2019) submitted for ARERA's approval. On 28 September 2021 with Resolution No 404/2021/R/IDR, ARERA approved this proposal.

As of 1 January 2022 Acque has taken over from Acque Toscane in the management of the water service in the municipalities of Montecatini and Ponte Buggianese.

Publiacqua S.p.A. ("**Publiacqua**"), in which ACEA's 75.01 per cent. owned subsidiary Acque Blu Fiorentine S.p.A. holds 40 per cent., is the company that manages the integrated water services of ATO 3 Tuscany – Medio Valdarno with an area of approximately 3,762 square kilometres. The area includes 46 municipalities, including the provinces of Pistoia, Prato and Florence, and comprised approximately 1,297,368 inhabitants in 2022.

Publiacqua supplies integrated water services on the basis of an agreement signed on 20 December 2001 (that came into effect on 1 January 2002) between Publiacqua and the Water District Authority of Medio Valdarno, which has a duration of 20 years. The water network covers nearly 6,907 km and the sewerage network is approximately 3,820 km long with 128 linked treatment plants.

With regard to tariffs for the period 2020-2023, on 26 June 2020, the Water Regional Authority of Tuscany approved the tariffs for the third regulatory period (2020-2023) and promptly sent the tariff proposal to ARERA. Substantially, the regulatory economic and financial plan highlighted a tariff trend, and consequently a guaranteed revenue constraint that is constant over time, with application only of annual inflation. On 16 February 2021, with Resolution no 59/2021/R/idr, ARERA approved the tariff framework for the 2020-2023 period. Following said resolution, on 31 March 2021, the Tuscan Area Governing Body (AIT) and Publicacqua entered into an agreement which approved the extension of the concession to 31 December 2024.

On February 2023, the Water Regional Authority of Tuscany approved the tariffs review for the period 2020-2021. This act provides an increase of guaranteed revenue by 3 per cent. for the period 2023-2024, the approval by ARERA will probably come in June 2023.

Acquedotto del Fiora S.p.A. ("**Acquedotto del Fiora**" or "**AdF**"), in which ACEA's 99.51 per cent. owned subsidiary Ombrone S.p.A. holds 40 per cent., is the company that manages the integrated water services of ATO 6 Ombrone covering a geographic area of approximately 7,600 square kilometres in the provinces of Siena and Grosseto with a population of approximately 388,000 inhabitants in 2021 that increases, during the summer season, to approximately 636,355 inhabitants.

Acquedotto del Fiora supplies integrated water services, on an exclusive basis in ATO 6 Ombrone, on the basis of an agreement signed on 28 December 2001 between Acquedotto del Fiora and the Water District Authority of Ombrone. The concession term is 25 years from 1 January 2002, and in 2020 it was extended until 2031.

Nuove Acque S.p.A., in which ACEA's 35 per cent. owned subsidiary Intesa Aretina S.c.a.r.l. holds 46.16 per cent., is the company that manages the integrated water services of ATO 4 – Alto Valdarno ("**ATO 4**") covering a geographic area of approximately 3,270 square kilometres with a population of approximately 300.000 inhabitants. The area includes 37 municipalities in the province of Arezzo.

Nuove Acque S.p.A. supplies integrated water services, on an exclusive basis in ATO 4, on the basis of an agreement signed on 1 June 1999 between the company and the Water District Authority of Alto Valdarno. The concession term is set until 2029.

ACEA directly maintains a presence in ATO 1 – Northern Tuscany, holding a 48.00 per cent. stake in GEAL S.p.A. ("**GEAL**"), which is the only operating subsidiary. GEAL is the integrated water services operator in the municipal territory of Lucca, on the basis of a concession between the company and the Municipality of Lucca expiring on December 2025.

Management of water services in Umbria

Umbra Acque S.p.A. ("**Umbra Acque**"), in which ACEA holds a 40 per cent. stake, manages the integrated water services of ATO 1 Perugia with a geographic area of 4,300 square kilometres, approximately 494,272 inhabitants in 2021 and 38 municipalities. The water network covers nearly 6,358 km and the sewerage network is approximately 1,853 km long, with 124 linked treatment plants. Umbra Acque provides integrated water services on the basis of an agreement entered into on 18 December 2002 between Umbra Acque and Water District Authority of Perugia that came into effect on 1 January 2003, which has a duration of 25 years. Umbra Acque's concession will expire on 31 December 2031.

On July 2015, the board of directors of Umbra Acque passed a resolution to buy one per cent. of Aquaser's share capital.

The Issuer holds a 99.4 per cent. interest in Umbriadue Servizi Idrici S.c.a.r.l. ("**U2**") through ASM Terni. U2 holds, in turn, a 40 per cent. stake in Servizi Idrici Integrati S.c.p.a., the integrated water services operator in the province of Terni – ATO 4 of Umbria.

On 16 November 2020, Acea entered into an agreement for the acquisition of an additional equity holding of 15% of the share capital of Servizio Idrico Integrato S.c.p.a., thus bringing its shareholding in such company to 40%, with a line-by-line consolidation as of that date, after an amendment to the shareholders' agreements.

Management of Gas Distribution

On 18 March 2019, ACEA completed the acquisition of 51% of the share capital, held by Alma C.I.S. S.r.l. and Mediterranea Energia SCARL in Pescara Distribuzione Gas S.r.l. ("**Pescara Distribuzione**"), active in the distribution of methane gas in the Municipality of Pescara.

On 31 August 2020, ACEA completed the acquisition of 51% of the share capital of Alto Sangro Distribuzione S.r.l. ("**Alto Sangro**") (with a line-by-line consolidation of 51% of such company), which operates in the distribution of methane gas. Alto Sangro is present in 24 municipalities in the province of L'Aquila.

On 3 August 2021, Pescara Distribuzione was merged by incorporation into Alto Sangro, which at the same time changed its name to AdistribuzioneGas ("**AdG**").

As at 31 December 2021, AdG owned the gas distribution infrastructure, consisting in 868 km and almost 95,000 grid points, in part of the provinces of Pescara and L'Aquila.

On 1 May 2022, AdG signed the agreement for the acquisition of a portion of Romeo Gas S.p.A. ("**Romeo Gas**"), a joint venture between A2A, Ascopiave and Acea. The part of Romeo Gas owned by Acea is present in different municipalities in the province of Chieti, Salerno, Isernia e Campobasso. On 1 October 2022, the partial demerger of Romeo Gas was completed, implemented by assigning equity shares in favour of AdG. The purpose of the operation is part of an overall corporate reorganisation which guarantees a more efficient management of gas distribution concessions.

As at 31 December 2022, AdG owned the gas distribution infrastructure, consisting in 1672 km and 125,000 grid points, in part of the provinces of Pescara, L'Aquila, Chieti, Salerno, Isernia and Campobasso.

ENERGY INFRASTRUCTURE

The Group is the third largest electricity distributor in Italy in terms of volumes of energy distributed and the second largest operator by number of end users. It distributes electricity to the municipality of Rome, serving approximately 2.8 million inhabitants as at 31 December 2022. The Group also manages the municipality's public lighting and floodlighting service with over 204,676 light points.

In 2022 revenues from the Energy Infrastructure business segment amounted to Euro 606.5 million, with a decrease equal to Euro 19.5 million (3.1 per cent.) as compared with the previous year (Euro 626 million).

The table below shows the contribution to revenues, operating and personnel costs and EBITDA of the Group's Energy Infrastructure business segment for the financial years ended 31 December 2022 and 31 December 2021.

Energy Infrastructure	**Year ended 31 December**	
	2022	**2021**
	millions of euro	
Revenues..	606.5	626
Costs..	254.3	254.4
Gross Operating Profit (EBITDA)	**352.2**	**371.6**

Energy Distribution

The Group's energy distribution activities are operated through ARETI, a wholly owned subsidiary of the Issuer.

ARETI runs the electricity distribution services in the municipalities of Rome and Formello.

In the municipality of Rome, ARETI serves approximately 1,653,000 users, corresponding to approximately 2.8 million inhabitants by means of a grid of cables and overhead lines covering more than 31,768 km.

ARETI also carries out the planning, design, construction and maintenance of high-voltage primary distribution plants and medium and low-voltage secondary distribution networks. ARETI also manages the cemetery lighting systems in the municipality of Rome.

As at 31 December 2022, ARETI distributed 9,355 GWh to end customers, slightly up on the previous year.

EBITDA of ARETI for the financial year ended 31 December 2022 increased by 5.2 per cent compared to the previous financial year.

Public Lighting Services

ACEA manages the public lighting and artistic floodlighting service in the municipality of Rome, on the basis of a 30-year concession agreement that will expire in 2027. In March 2011, ACEA and the municipality of Rome renewed the service agreement governing performances aligning its duration to the concession, with expiration set in 2027.

Such services include: (i) energy supply; (ii) operation of facilities; (iii) plant repairs and extraordinary maintenance; (iv) network modernisation; (v) regulatory compliance of facilities; (vi) replacement of former lighting fixtures with light-emitting-diodes (LED) luminaires.

The EBITDA of public lighting for the financial year ended 31 December 2022 amounted to Euro 0.8 million, an increase of Euro 3.8 million compared to 31 December 2021 due to lower personnel expenses (grid integration project - IP) and an increase in the fee charged to the Municipality of Rome (due to energy price increases).

The services were entrusted to ACEA's wholly owned subsidiary Acea Illuminazione Pubblica S.p.A. ("**AIP**") until December 2016, placed under liquidation on 13 December 2018.

In the context of the reorganisation of the Group, the partial spin-off of AIP's business unit concerning structures in the technical and operating activities relating to "Rome public lighting" in favour of ARETI became effective at the end of December 2016, and such business unit has become the vehicle through which the Group takes part in tenders for public lighting services.

In 2022, extraordinary maintenance, modernisation and safety activities agreed with Roma Capitale regularly continued, thus creating new lighting points as part of the lighting re-engineering and development projects. With regard to the public lighting service, following the opinion given by the Italian Antitrust Authority ("**AGCM**") in Bulletin no. 49 of 14 December 2020, Roma Capitale began checking the conditions of consistency and economic convenience of the relevant performance terms, in accordance with the terms and conditions of the service contract agreement entered into by and between the Public Administration and ACEA (and through ARETI), compared to those established pursuant to the so-called "Consip Luce 3 Convention". In addition, on the basis of the positions expressed by the Italian Antitrust Authority, Roma Capitale expressed queries over the legitimacy of the award to ACEA. In this regard, with Municipal Board Resolution (D.G.C.) no. 359/2020, Roma Capitale expressly acknowledged the AGCM's opinion and addressed its competent department to achieve a termination by agreement of the service contract. On 8 February 2021, Roma Capitale communicated the results of said checks, affirming the congruity and convenience of the economic terms established with respect to the qualitative and economic parameters of the Consip Luce 3 Convention. With the same communication, Roma Capitale also confirmed the correctness of the prices applied for the public lighting service and ordered the resumption of the procedures for payment of the ascertained receivables of ACEA and ARETI with respect to the service contract. In July 2021, Roma Capitale undertook to settle the acknowledged receivables and, as of 1 June 2022, negotiations between the parties regarding the acknowledgement of the sums due and the scheduling of related payments are still ongoing.

Since 2022, ACEA and Roma Capitale started negotiating terms and conditions of a possible settlement of disputes concerning termination of a service contract. As of June 2023, the negotiations are still ongoing.

Technological innovation projects

2G digital meter project

In an increasingly advanced technological context, ARETI launched the "2G Digital Meter" project, with the aim of replacing the first-generation electricity meter system with the 2G Smart Metering system (in compliance with the requirements of the ARERA Resolution 306/2019/R/eel) (the "**2G SMS**").

In this regard, in April 2019 ARETI launched the procedure for the selection of the supplier of the field equipment (meters and concentrators) and the related central purchasing system, which ended in September 2019 with the publication of the award.

The supplier selected for provision of the 2G SMS was Enel Global Infrastructure & Networks.

On 14 September 2019, ARERA submitted the "request for authorisation to recognise investments" (RARI), which was subsequently amended and supplemented. On 30 April 2020, ARETI declared the request approved.

With Resolution no. 293/2020 of 28 July 2020, ARERA approved the 2G SMS from 1 January 2021 and admitted relevant investments (for specific recognition of capital costs) regarding the 2G SMS from the same date.

In 2020, the development of the application map continued unabated and all the latest features planned for wave 3 were released into production on 7 August 2020. The progress of the development activities of the application map allowed for the release of all the functions planned for the date of 10 December 2021.

With Resolution 105/2021/R/eel, ARERA amended requirement R-4.01 under Annex A to Resolution 87/2016, specifying that, in the case of second-generation meters installed at withdrawal points equipped with previous meters, the information displayed must show a reading of the totals for the months prior to the replacement, for a period of 26 months and 15 days starting from the replacement. The previous version of the regulation stated "at least" 26 months and 15 days. This amendment was implemented by 30 July 2021, also with regard to the 2G systems already in service.

As of 31 December 2022, installations completed totalled around 12,600 concentrators - meaning the perimeter of activity was substantially achieved - as well as around 648,000 metres, with continued delays with respect to the goals set in the RARI, already noted in previous quarters. This slowdown was caused by reduced availability of equipment and can be quantified at 23% based on 2022 and about 10% on a cumulative 2020-2022 basis.

At the beginning of 2022, the equipment supplier Gridspertise S.r.l. announced that it was unable to meet its planned meter delivery schedule for 2022, due to unavailability of electronic components on the international market. A reduction of between 20% and 50% in delivery was assumed. As of 30 June 2022, the reduction in deliveries stood at 30% for the most critical equipment (2G Singlephase meters). Although Areti was able to offset this reduction in the first quarter of 2022 with available inventories, it was forced to reduce the number of monthly installations starting in April.

To ensure compliance with the new measurement processes and the operation of the new technology (concentrators and electronic meters), a complex evolution of the Areti application map was required. In addition to the introduction and integration of a new system for remote management and remote reading of the second-generation field equipment (Beat Suite), it was necessary to make changes to the main applications related to logistics and warehouse processes, field processes (replacement of the concentrator and first generation meter), commercial systems (development and management of the PDFM system), integration systems (middleware) and WFM and mobile systems, in addition to the development of a new metering acquisition, validation and publication system.

In particular, the progress of the development of the application map allowed for the release of all the functions planned for the wave date of 30 June 2022.

Areti's single EData Lake

The third quarter of 2020 saw the consolidation of the ARETI's single EData Lake, an initiative launched in 2018 in partnership with SAS Institute with the aim of making data available for the business distribution, which has been further extended in 2021. The calculation infrastructure operates in the Google Cloud environment. Activities run from the definition of a data model to the process of releasing it to an analysis environment, including infrastructure management. The current sources for the procurement of data are: SAP HGP, the extranet server, third-party FTP servers and specific Oracle databases.

Network diagnostics and monitoring project

The project is divided into the following four main lines of action:

(1) Primary station diagnostics with UGV Drones

The project involved the development of an unmanned ground vehicle prototype for autonomous or remotely piloted inspection of primary stations ("**UGV**"). The UGV drone has sensors for detecting environmental parameters (temperature sensors, partial discharges, cameras) and sensors for moving autonomously in the environment (lidar, GPS and cameras). It executes inspection plans independently and can be remotely controlled for targeted security checks and operations. The system may also transmit inspection information to an operator located at a location other than the place of operation.

In 2020, activities continued for optimisation of the autonomous prototype, developed in 2019 for primary station monitoring. As part of this project, a system for transmitting the ultrasonic signal of partial discharges was also developed and patented. The system is used when the partial discharge sensor and the monitoring instrument cannot be connected by cable.

In 2021, the construction and testing of an autonomous drone charging station – in which the drone is able to park and charge autonomously at the end of its missions – was completed. In 2022, released developments related to the control room and improvements to on-board sensor management resulting from the initial experiment.

During 2022, testing of the control room and new features for improved on-board sensor management resulting from the first trial was completed, and the first rounds of experimental inspections in consultation with the network were initiated.

(2) Substation diagnostics (CS-Plus):

The project involved testing an integrated IoT (Internet of Things) solution for remote monitoring, diagnostics and management services. In 2020, testing with various suppliers led to the consolidation of the solution and definition of specifications for the peripheral architecture side. In 2022, testing procedures for smart access control were completed. Field experimentation was also completed with the installation on the IoT solution of services for (i) access control, (ii) ambient temperature, (iii) transformer temperature, (iv) humidity and (v) flooding.

(3) Overhead line diagnostics

The project involved the combination of periodic analyses of satellite images, using artificial intelligence algorithms (developed to detect man-made and/or vegetation interference), and targeted inspections with drones to enable a continuous monitoring of overhead lines.

During 2020, the platform for management of the process was launched. The process was found to be highly innovative both by the Politecnico di Milano university drone observatory and space economy observatory. In 2022, installation of the system continued, as did optimisation of the platform's features. The project was also presented by ARETI to a conference of the Drone Observatory alongside Eni and Enel.

Finally, during 2022, the first experimental flight was carried out through the so called "beyond visual line of sight" technology. The experiment, which involved Enac and Anav, provided for a remotely controlled flight beyond the visual line of sight in the Marcigliana area. The trial aims to enable new remote and automated inspection methodologies on overhead power lines in non-highly populated settings.

(4) Public Lighting monitoring

The project call for the launch of two trials to verify the possibility of identifying lighting points in the territory and thereby determine the accuracy of the GSI database, identifying the presence of lighting points through the use of new technology.

• Satellite Analysis Trial: utilises IA analysis of daytime and night-time satellite images to identify the correct census of lighting points and their lighting status.

•Video Rounds Trial: utilises the detection of the correct census of lighting points and their lighting status through night rounds carried out by vehicles equipped with cameras and post-processing of the images using IA .

During 2022, the Satellite Analysis Trial was completed, confirming the efficacy of the solution to obtain a correct census of all lighting points. However, this solution was found not to be suitable for identifying turned off lighting points.

Primary station automation project

The main objective of the project is to define a new architecture for the command and control protection system of the primary station, oriented towards the reduction/simplification of low voltage wiring, the use of standard protocols developed for communication between the equipment in the field and the command and control protection system, as well as towards the remote control system.

In addition, in the Collantina site a laboratory was set up to verify communication between the peripheral apparatus and the new Enel unified digital protection devices. Tests did not give satisfactory results and evaluation is underway of alternative methods to achieve the indicated functions.

Development of Areti telecommunications network

During the period 2020-2021, the telecommunications network project involved the creation of a high-speed and high-reliability fibre-optic network that links all primary stations. These represent the main backbone of the network from which all smart-grid services will be launched.

This network structure ensures security and reliability in the transmission of information between the centre and the periphery, with the aim of allowing the proper operation of technology systems and network management systems, the remote control of equipment installed in substations and, where possible, the metering points and other types of sensors in order to convey to the central systems. Such network also allows the implementation of advanced automation for most substations, in order to significantly improve the quality of the electricity service.

GENERATION

The Group operates in the electricity generation area, mainly through hydropower, thermal and photovoltaic energy generation plants. The Group also produces electricity through cogeneration plants, all located in the Lazio region.

In 2022 revenues from the Generation business segment amounted to Euro 175.3 million, with an increase equal to Euro 49.0 million (38.8 per cent.) as compared with the previous year (Euro 126.3 million).

The table below shows the contribution to revenues, operating and personnel costs and EBITDA of the Group's Generation business segment for the financial years ended 31 December 2022 and 31 December 2021.

Generation	**Year ended 31 December**	
	2022	**2021**
	millions of euro	
Revenues..	175.3	126.3
Costs..	85.4	46.8
Gross Operating Profit (EBITDA)	**89.8**	**79.5**

EBITDA at 31 December 2022 was equal to Euro 89.8 million, an increase of Euro 10.3 million compared to 31 December 2021, mainly due to Acea Produzione S.p.A. ("**Acea Produzione**"), as a result of the increase in the prices on the energy markets.

Energy Generation and Cogeneration

The Issuer operates in the electricity generation area mainly through Acea Produzione S.p.A. ("**AP**"), a subsidiary owned 100 per cent. by the Issuer, carrying out the activities of power generation and cogeneration (district heating).

The production system of AP currently consists of a series of generation plants with total installed capacity of 229.2 MW, composed of five hydroelectric plants (three located in Lazio, one in Umbria and one in Abruzzo), fifty-two photovoltaic plants (with installed capacity of 3.1 MWp), two "mini hydro" plants, Cecchina and Madonna del Rosario, two thermoelectric power stations, Montemartini and Tor di Valle, the latter consisting of a modern high-efficiency cogeneration plant, replacing the previous combined cycle plant.

Tor di Valle's thermoelectric power station consists of three high-efficiency methane gas powered engines (the last one was launched for commercial operation on 9 July 2021), each with an electrical power of 9.5 MW, for a total of 28.5 MW, as well as three additional boilers and 6 storage tanks. In the current configuration, in addition to selling electricity to the market during the most profitable hours, the plant provides for electricity in SEU to the total electricity users of the adjoining Rome South Treatment Plant and the thermal energy necessary for the supply of district heating service in the districts of Torrino Sud, Mostacciano and Mezzocammino in the Municipality of Rome. The plant allows the Company to meet its commitments under the capacity market auction award during the 2022 - 2037 period.

AP is proceeding with the authorisation process for the installation of 2 new cogeneration units, with a capacity of 1.5 MW each, which will be powered by the biogas coming from the treatment plant located in the south of Rome and will produce electricity to be fed into the grid and thermal energy that will be supplied to the treatment plant and partly fed into the district heating grid.

In 2022, AP generated a volume of 442.4 GWh through the directly owned power plants. During the period, AP's production was subdivided into hydroelectric plant production of 326.7 GWh, production from mini-hydro plants of 3.2 GWh, thermoelectric production of 109.6 GWh and photovoltaic production of 2.9 GWh. AP's production mix is mainly from renewable sources with "green" production, representing approximately 81% of the total. In addition, about 60% of total production is incentivised following investments in hydroelectric power plants or participation in the "feed-in tariff" scheme for the photovoltaic segment.

With regard to district heating, AP, through the cogeneration module of the Tor di Valle power plant, supplied heat to the Torrino Sud and Mostacciano districts (located in the south of Rome) for a total of 63.9 GWht, for a total of 3,581 utilities served (194 condominiums and 3,387 real estate units).

Acea Liquidation and Litigation S.r.l. (formerly Elgasud S.p.A., "**Acea LL**"), which operates in the Puglia and Basilicata regions, was set up on 10 November 2006 under a joint venture agreement between Amgas Bari, Amet Trani and AE. After the acquisition by AE of the 49 per cent. stake formerly indirectly owned by Amgas Bari and Amet Trani on 24 April 2015, the company is wholly owned by AE. On 10 December 2015, AE sold the company to the Issuer. Acea LL manages also residual photovoltaic plants. Moreover, as a result of the total spin-off of ACEA RSE, the tangible fixed assets consisting of the "Parco della Mistica" photovoltaic plant with a total installed power of 4,972 kWp were transferred to Acea LL.

In 2019, the ACEA Group established two new companies, wholly owned (indirectly) by Acea, operating in the photovoltaic sector: Acea Solar S.r.l. ("**Acea Solar**"), for the development of greenfield projects, and Acea Sun Capital S.r.l., for the acquisition of existing photovoltaic plants.

During the second half of 2019, Acea Sun Capital S.r.l. completed the acquisitions of several photovoltaic plants incentivised by the feed-in tariff for a total installed capacity of approximately 28 MWp. The most significant portfolio refers to the acquisition of 65% of the share capital of six vehicle companies owning 18 photovoltaic plants, with a total installed capacity of about 20MWp, which were owned by the Belenergia group.

In 2020, in accordance with the provisions of the Business Plan, the ACEA Group continued to acquire companies in the photovoltaic market. As at 31 December 2020, the ACEA Group acquired 18 companies, including PF Power of Future S.r.l., IFV ENERGY S.r.l. and Euroline 3 S.r.l., for a total installed capacity of approximately 33.6 MW. Moreover, during the first half of the 2020, Acea acquired 49.9% of Energia S.p.A.'s capital was acquired, with a total installed capacity of 7.7 MW.

In July 2020, the ACEA Group acquired 49% of Belaria S.r.l., with an installed capacity of 3.0 MW. ACEA also completed the acquisition of Fergas Solar S.r.l., which is the owner of a single authorisation for the construction of a 20MW solar power plant in Basilicata, and obtained an authorisation for the construction of a 5MW power plant on its own industrial land in Lazio (for a 15MW portfolio in Lazio). In the development of greenfield photovoltaics, ACEA is also carrying out a balanced mix of projects, with particular attention to areas of an industrial nature, and has a total of over 400MW in the pipeline.

As part of the corporate reorganisations of the energy infrastructure segment, in July 2020, the ACEA Group completed the merger of certain photovoltaic companies.

On 21 March 2021, Acea entered into an agreement for the acquisition of an additional equity holding of 35% of the share capital of Solaria Real Estate S.r.l. ("**Solaria RE**"), thus bringing its shareholding in such company to 100%. Furthermore, on 27 July 2020, Acea carried out the merger by incorporation of Brindisi Solar S.r.l., Acquaviva S.r.l., Compagnia Solare 2, Compagnia Solare 3 and SPES S.r.l. into Solaria RE.

In line with the Business Plan, the Group continued to acquire companies in the photovoltaic market during 2021. As at 30 December 2021, 18 companies were acquired for a total installed capacity of approximately 62 MW. In addition, during 2021 the Group acquired the entire corporate capital of JB Solar S.r.l., M2D, PSL and Solarplant. Furthermore, two new companies, Acea Green and Acea Renewable, were established and several plants previously owned by Acea Produzione and Acea Solar were transferred to them.

At the end of 2021, ACEA and Equitix signed an agreement regulating the acquisition by Equitix of a 60% stake in a newly established company, in which a portfolio of photovoltaic plants owned by Acea Sun Capital and Acea Solar with total installed capacity of 105 MW, including 46 MW qualifying for various feed-in tariffs and 59 MW represented by newly built plants already connected or in the process of being connected to the national grid are to be transferred. On 22 March 2022, closing of such transaction was perfected.

Ecogena

As a result of the total spin-off of ACEA RSE on 30 December 2015, Ecogena S.p.A. ("**Ecogena**") is a wholly-owned subsidiary of AP.

The operational management of Ecogena mainly focuses on three areas: (i) the consulting in the Esco sector and the provision of services related to the increase in the energy efficiency of third parties (inside or outside of the ACEA Group); (ii) the supply of energy services through the management of cogeneration (or trigeneration) plants and district heating networks and the sale of energy produced to customers; and (iii) the coordination of the Group companies with regard to energy-efficiency projects.

The Ecogena's production system is made up of a set of cogeneration plants, combined with district heating networks, for a total of 1.9 MW of installed capacity in Lazio (in the first quarter of 2021, Alfasigma's cogeneration plant was sold).

As at 31 December 2022, Ecogena achieved a production volume of approximately 5.2 GWh (electricity), 16.5 GWh (thermal) and 10.6 GWh of refrigeration.

With regard to Europarco's trigeneration plant, the expansion of the plant has been completed, doubling the cooling capacity installed in the plant with a relative increase in electricity. A third boiler was also added. The entire project was carried out by reusing and exploiting the plants in the Cinecittà World facility, which was then divested. In December 2020, the tender procedure for the selection of the supplier - that is required to add a further 400 kW cogenerator on the site - was completed. The construction of said cogenerator was completed during the course of 2021.

In April 2020, the new configuration of the Porta di Roma plant was put into operation, including a new 3.3 MWt boiler as part of a substantial modification authorised in 2012. The plant's management system was also modernised. In September 2020, works on the implementation of a further 240 kW boiler at the Saxa Rubra plant, as well as on the renovation and upgrading of the plant's remote-control systems were completed.

On behalf of Acea Innovation, Ecogena performed activities regarding services for design and permissions of 16 lots of the ACEA Group mobility plan, which are splitted in different waves:

- Wave 1 (W1) – Lotto 1-5;

- Wave 2 (W2) – Lotto 6 – 13; and
- Wave 3 (W3) – Lotto 14 – 16.

Following approval of the commercial offer and preparation of the contact, Ecogena delivered plans for charging infrastructure to the competent Department of the Municipality of Rome.

Regarding the W1, with the determination of 11 November 2020, the Mobility Department approved 115 charging stations (WAVE I).

The Services Conference (*Conferenza di Servizi*) was followed by the preparation of requests for excavations licences for the 87 systems approved in the first phase, which will be followed by requests for licences for other 19 systems in the initial months of 2021. In 2022, Ecogena obtained 92 excavations licenses and completed 78 installations of charging infrastructures.

Regarding the W2, with the determination of 26 May 2021, the Mobility Department approved 182 charging stations (WAVE II).

The Services Conference (*Conferenza di Servizi*) was followed by the preparation of requests for excavations licences for the 92 systems approved. To 2022, Ecogena obtained 76 excavations licenses and completed 70 installations of charging infrastructures.

Ecogena also setted up the activities related to the charging infrastructure for 13 sites (Wave II) spread over the territories of two municipalities in the province of Rome (Velletri and Castel Gandolfo).

Regarding the W3, with the determination of 18 May 2022, the Mobility Department approved 51 charging stations (WAVE III).

The Services Conference (*Conferenza di Servizi*) was followed by the preparation of requests for excavations licences for the 51 systems approved. In 2022, Ecogena obtained 3 excavations licenses and completed 2 installations of charging infrastructures.

With reference to the cogeneration field, in December 2021, an energy service contract was signed with Mondorevive S.p.A., through the construction of a 2 MWe plant. In March 2022, the authorization process for the construction of the plant was launched in the Province of Varese. The service conference concluded positively in September 2022 and the works (that are still in progress) began in October.

Preliminary checks on other industrial projects are underway, as well as other preparatory activities for the evaluation of opportunities in the photovoltaic and cogeneration fields, which envisage the construction of plants in ESCO mode, with the provision of energy services to the end customers.

COMMERCIAL AND TRADING

The Issuer operates in the Commercial and Trading business segment through the following main subsidiaries:

- Acea Energia S.p.A. ("**AE**" or "**Acea Energia**"), a wholly-owned subsidiary, carrying out the activities of sales of electricity and gas and related services to final users and, after the merger with Acea Energia Holding S.p.A. ("**AEH**") in 2014, also the activities of trading energy, gas and heat in the domestic and international market;

- Acea Energy Management S.r.l. ("**AEMA**"), a wholly-owned subsidiary established on 16 October 2015 whose corporate purpose is the supply of electricity, gas and fuel to the customers of the Group, as well as the management and optimisation of the energy portfolio. AEMA handles the commercial relations with the main national and foreign suppliers of electricity and gas and oversees the management of energy consumption levels;

- Acea Innovation S.r.l. ("**AI**"), a wholly-owned subsidiary focused on a new energy business, based on (i) e-mobility, through the installation and management of charging infrastructures and the provision of related services, (ii) energy efficiency, through the design and execution of energy efficiency projects for houses/condominiums and for B2B clients, (iii) smart compost, through the installation and management of innovative circular economy solutions for organic waste treatment via composting.

In 2022, revenues from the Commercial and Trading business segment amounted to Euro 3,159.7 million, with an increase equal to Euro 1,081.3 million (52 per cent.) as compared with the previous year (Euro 2,078.3 million).

The table below shows the contribution to revenues, operating costs and personnel costs, and EBITDA of the Group's Commercial and Trading business segment for the financial years ended on 31 December 2022 and 31 December 2021.

Commercial and Trading	**Year ended 31 December**	
	2022	**2021**
	millions of euro	
Revenues..	3,159.7	2,078.3
Costs..	3,069.7	1,997.8
Gross Operating Profit (EBITDA)	**90**	**80.5**

The Commercial and Trading business segment, responsible for the management and development of electricity and gas sales and related customer relationship activities, as well as the Group's energy management policies, closed 2022 with an EBITDA of Euro 90 million, an increase of Euro 9.5 million compared to 2021. The increase is mainly attributable to Acea Energia, as a result of the increase in energy and gas margins and other revenues, partially offset by a worsening in costs of materials and overheads and personnel costs.

Energy Management

AE carries out the energy management activities for the Group, in particular with respect to sale and production.

AE may act directly as the contractor, pursuant to art. 7 of Legislative Decree No. 50 of 18 April 2016, under the relevant supply contracts from affiliate companies belonging to the Group which were also the contracting entities.

The company also liaises with the energy market operator ("**GME**", "**Market Operator**" or "***Gestore del Mercato***") and with Terna S.p.A. ("**Terna**"). In relation to Terna, AE is the shipper for dispatching on behalf of AP and other companies in the ACEA Group.

It performs the following main activities:

- the optimisation and assignment of electricity produced by the Tor di Valle and Montemartini thermoelectric plants and by the S. Angelo hydroelectric plant;

- the negotiation of fuel procurement contracts for the power generating plants for Tor di Valle plant;

- the supply of natural gas and electricity for the sales companies of the Group to end customers;

- the optimisation of the electricity and energy procurement portfolios, as well as the management of the risk profile of the Energy area companies.

In 2022, Acea Energia purchased electricity from the market for a total of 8,240GWh, of which 5,828 GWh through bilateral contracts and 2,412 GWh through the power exchange, in order to resell it to end customers of the free market and to optimise the energy flows and the purchasing portfolio.

Electricity and gas sales

As far as the commercial market is concerned, the retail portfolio continues to grow and the quality of service improved.

In 2022, AE sold electricity on the standard-offer market for a total of 1,391 GWh, with a 17.9% reduction on a trend basis. The number of withdrawal points totalled 661,231 (719,380 at 31 December 2021). The sale of electricity on the free market amounted to 5,986 GWh for Acea Energia and 345 GWh for Umbria Energy S.p.A., for a total of 6,331 GWh, with a decrease compared to last year of 3.5%. The average number of withdrawal points in 2022 totalled 502,403 (478,127 at 31 December 2021).

In addition, Acea Energia and the other sales companies of the Group sold 208 million Sm3 of gas to end customers and wholesalers, which involved 233,101 re-delivery points (compared to 226,687 re-delivery points as at 31 December 2021).

AE also operates in local markets through the following joint ventures:

- ***Umbria Energy S.p.A.*** ("**UE**"), which operates in Umbria, was set up on 24 September 2004 as a joint venture between ASM Terni S.p.A. and AE, with each shareholder holding 50 per cent.

- ***Cesap Vendita Gas S.r.l.*** ("**CVG**"). As part of the restructuring of the investment in the Sin(e)rgia Group, in February 2015 UE took over 100 per cent. of CVG through a capital increase by contribution in kind of UE's credit with CVG. This investment was previously held by Si(e)nergy S.p.A. in liquidation.

In July 2021, a commercial partnership agreement was signed between Acea Energia and Wind Tre S.p.A. regarding the definition, promotion and advertisement of offers related to the supply of electricity and gas by Acea Energia, characterised by the brand “Wind Tre powered by Acea Energia”. During the course of 2021, the commercial offers dedicated to the initiative were gradually promoted inside the sale points belonging to the Wind Tre network in a limited number of Italian regions.

On 18 January 2022, Acea Energia and WindTre S.p.A. announced the extension of their commercial partnership. At present, more than 2 thousand WindTre sales points distribute solutions for electricity and gas supplies. The electricity offered in the WindTre Electricity & Gas Power by Acea Energia solutions is 100% obtained from renewable sources.

On 18 May 2022, the new advertising campaign WindTre Electricity & Gas Powered by Acea Energia debuted on TV.

Entry into the business of electric mobility charging services

On 12 April 2021, Acea entered into the business of electric mobility charging services across the country by launching the “Acea e-Mobility” app (the "**App**"), making it possible to charge an electric vehicle at over 10,000 points in Italy, thanks to interoperability agreements entered into by and between Acea and several other sector operators. The App was developed to provide customers with a useful tool for the easy management of all steps in the charging service. The App allows to locate available active charging columns, book them, charge an electric or plug-in vehicle, monitor the charging status and manage payments with the main channels available (credit/debit card, prepaid cards or Apple Pay). The “Acea e-Mobility Card” will also be available along with the other associated services. Charging points will be free to book through the App until 31 December 2021. Acea Energia also offers three different wallbox models that will allow customers to charge their vehicles at their own home.

ENVIRONMENT

The Environment business segment coordinates the activities of the Group companies operating in the areas of waste management and waste-to-energy conversion. The Group operates in such areas in Umbria, Lazio, Tuscany, Marche, Valle d’Aosta, Abruzzo, Veneto and Piemonte. The overall amount of waste treated in 2022 was approximately of 1,715 kTon, with an increase of 200 kTon (13 per cent.), compared to the previous year (approximately 1,52 kTon. The total amount of electricity sold in 2022 was approximately of 322 GWh, with a decrease of 6 GWh (1.8 per cent.) compared to the previous year (approximately 328 GWh).

In 2022, revenues from the Environment business segment amounted to Euro 342.4 million, with an increase of Euro 107.7 million (46 per cent.) compared to the previous year (Euro 234.7 million).

The table below shows the contribution to revenues, operating costs and personnel costs and EBITDA of the Group’s Environment business segment for the financial years ended 31 December 2022 and 31 December 2021.

Environment	**Year ended 31 December**	
	2022	**2021**

	millions of euro	
Revenues…………………………..	342.4	234.7
Costs………………………………	240.8	170.9
Gross Operating Profit (EBITDA)	**101.6**	**63.7**

The main Group companies operating within the Environment business segment include Acea Ambiente S.r.l. ("**ACEA Ambiente**") and companies within the waste transport and treatment (each described below).

Acea Ambiente

ACEA's wholly-owned subsidiary ACEA Ambiente is engaged in the management of waste treatment plants, the recycling and disposal of solid urban and special waste, renewable electricity production and waste management, as well as in the direct management of assets contributed by its plants. The company has electricity vending relations with AE to which it transfers volumes of energy produced by the three lines of the San Vittore plant and by the line of the Terni plant, the state-owned company which promotes and supports renewable energy sources.

Moreover, with the aim of significantly boosting business within this segment, overcoming the fragmentation and redundancy of the structures dealing with strategic processes (in particular, trade development), business and staff and enabling a greater focus on the activities covered by the strategic plan, the following strategic transactions were carried out:

Terni waste-to-energy plant (UL 1)

The waste-to-energy plant located in Terni produces electricity from renewable sources and operates specifically in a pulper paper mill waste to energy plant.

The waste pulper contributions allowed the plant to meet the combustible requirements for the entire year and reach expected performance levels as regards both waste pre-treatment and the production of electricity. Some interventions were made in 2016 to enhance plant performance, leading to increased efficiency in terms of containing operating costs. The verification procedure implemented by Gestore dei Servizi Energetici S.p.A. S.p.A. (*i.e.*, a state-owned company which promotes and supports renewable energy sources in Italy, "**GSE**") has been successfully completed.

In 2020, the contractual planning for the delivery of pulper waste met the fuel requirements for the entire period. On 19 February 2020, the region affirmed a non-substantial amendment measure of the Integrated Environmental Authorisation, adopted by Decree no. 1314 of 17 February 2020, concerning the increase in volumes authorised to be discharged into public sewerage, after appropriate treatment of industrial wastewater and run-off wastewater.

In 2021, the contractual planning for the delivery of pulper waste guaranteed the fuel requirements for the entire period. On 27 April 2021, a specific request was submitted to the National Committee for the management of Directive 2003/87/EC and for the management of the project activities of the Kyoto Protocol to the Italian Ministry of Energy Transition, intended for the exclusion of the Terni waste-to-energy plant from the scope of the so-called Emission Trading System (ETS), pursuant to art. 2, paragraph 2, letter c) of Italian Legislative Decree no. 30/13, for definition of pulper waste under the category "of non-hazardous special waste produced by treatment plants, supplied annually with urban waste for a quota greater than 50% in weight". In 2022 the Committee assessed that the Terni plant is out of the scope of the Emission Trading System.

Following a request for a review of the validity of renewal of the Integrated Environmental Authorization (AIA) in the context of its adaptation to the BAT Conclusions for waste incineration plants (referred to in Commission Implementing Decision (EU) 2019/2010 of 12 November 2019) presented in October 2021, the review of the Integrated Environmental Authorization was obtained, with executive determination of the Umbria Region of 18 March 2022 (Ref no. 2780), which extended its duration until 2038. In this regard, the aforementioned determination provides for new emission limits with respect to the previous authorization: in particular, the adjustment of the fume treatment line was requested in order to achieve the performance levels to guarantee plant operation. At the same time, the Umbria Region itself approved and authorized the implementation of interventions relating to the revamping of the fume treatment line, in compliance with the documents referred to in the technical annex to the application presented by the Company (namely, in compliance with "Framework 3"). The executive project relating to the interventions relating to the revamping of the fume treatment line was verified by the UVP Unit of Acea Elabori S.p.A.. To this end, a tender procedure was called, and on 15 November 2022 the tender for the Revamping was awarded to the TME company.

In 2022, the contractual planning for the delivery of pulper waste guaranteed the fuel requirements for the entire period. With Resolution no. 66/22 of 24 March 2022, the Italian national authority for the implementation of Directive EC 2003/87/EC (i.e. *Comitato nazionale di gestione e attuazione della direttiva 2003/87 CE*) resolved to revoke the authorisation to emit gas for the plant (authorisation number 1711) with retroactive effectiveness from 1 January 2021. Therefore, ACEA Ambiente sold all the CO2 quotas accruing to financial year 2021 already credited to its accounts equal to 128,858 quotas, plus those optioned for financial year 2022, equal to 30,000 quotas.

Paliano RDF production plant (UL 2)

The Paliano RDF production plant has a single authorisation for the production of Refuse Derived Fuel ("**RDF**"), expiring on 30 June 2018. Although the authorisation has expired, in June 2020 the Municipality of Paliano issued the building permit for the complete reconstruction of the building, the re-qualification of the related site and the implementation of ancillary services.

After the partial destruction of the plant occurred in 2013 due to a major fire, ACEA Ambiente subsequently took steps to obtain building permits to reconstruct the affected buildings. The work carried out and the additional procedural authorisation obtained by ACEA Ambiente made it possible to reopen the analysis procedure to obtain an Integrated Environmental Authorisation for the plant's operation.

The environmental checks were completed according to the planning provisions approved by the competent territorial authorities, confirming the absence of contamination due to the fire which occurred in 2013. However, contamination thresholds were exceeded in the water supply, which are likely to be linked to the base values present in the Castellaccio di Paliano area, which is mainly formed of volcanic soil. In accordance with applicable law, ACEA Ambiente submitted the environmental check plan to the competent authorities, which will need to authorise the beginning of the monitoring phase. As regards the authorisation for the reconstruction and operation of the RDF production plant, on 18 October 2017 the Office of Public Works, Maintenance and Regional Planning of Paliano expressed an unfavourable opinion in the decision-making AIA Conference on the compatibility of the RDF production plant in the municipality of Paliano. Therefore, ACEA Ambiente has undertaken legal action before the competent Administrative Court that is still ongoing.

With regard to the procedure for assignment of the characterisation activities, expressions of interest (*manifestazioni di interesse*) have been received ahead of the call for tenders. On 16 June 2020, the Municipality of Paliano issued a building permit for some demolition and reconstruction works, consisting of the construction of the purification plant, the first rain tanks, the biofilter, the installation of a photovoltaic plant, a scrubber and the recovery/adaptation of the entire warehouse located therein, damaged by a recent fire. With determination no. 1003 of 16 September 2020, the Municipality of Anagni issued a landscape authorisation for the demolition of the treatment plant and underground tanks.

On 26 April 2021 the works for the demolition of the treatment plant, underground tanks and former mineralised water production building resumed, following the update to the executive plan, and are currently continuing as planned. On 29 April 2021 the start of the works with site preparation activities was communicated to the Municipality of Paliano.

As of the date of this Base Prospectus, the demolition of the former treatment plant is complete, having the specific measure for closing of works been issued on 25 February 2022.

With regard to the Paliano site, as part of the ongoing redevelopment, on 17 January 2023 the Ministry of the Environment requested additions and clarifications to the "Risk analysis" already sent to the authorities. The documentation is being prepared by the technicians appointed by the company.

San Vittore del Lazio waste-to-energy plant (UL 3)

The San Vittore del Lazio waste-to-energy plant also produces electricity from renewable sources, and, specifically, from RDF.

Plant reconditioning works were completed in 2011 through the implementation of lines two and three of the plant, while works for the complete renovation of line one were completed in October 2016. Measure No. G00063 of 13 January 2016, notified on 26 January 2016, granted the new Integrated Environmental Authorisation valid for 8 years from 24 July 2013 to 24 July 2021. This authorisation completed the procedure for renewing the Authorisation for construction and operating the plant, meaning significant rationalisation in terms of authorisation requirements for the San Vittore del Lazio plant.

Expected performance of the plant during 2022, both in terms of waste treatment and production of electricity, were affected by adverse weather conditions recorded in the first half of the year, together with planned in relation to the line 2 turbo-generator and to improvements of performance of line 1.

As at the date of this Base Prospectus, the San Vittore plant is the only waste-to-energy plant on a regional scale and represents a strategic terminal for the waste chain.

The waste-to-energy plant holds an Integrated Environmental Authorization issued by the Lazio Region with D.D. G00063 of 13 January 2016, which originally envisaged expiry on 25

July 2021 (8 years from the expiry of the previous authorization). Following the presentation to the Lazio Region, on 17 July 2020, of a specific request to extend the duration of the AIA for a further 8 years (reserved for plants registered pursuant to Regulation (EC) No. 1221/2009 (EMAS), to pursuant to Article 29 -octies, paragraph 8, of Legislative Decree No. 152/06, as amended by Article 7 of Legislative Decree No. 46/2014), with Executive Resolution G01864/21 of 23 July 2021, the same Region authorized the extension of the validity of the authorization deed to 24 July 2029. The provision was the subject of an appeal to the President of the Republic by the Municipality of San Vittore del Lazio and some other Municipalities in the immediate vicinity, to which the Society objected.
Following the presentation, on 7 August 2020, of the authorization request for the construction of a new line (i.e. the fourth line), the Lazio Region issued the following authorization provisions:

- D.D. no. G09041 of 12/07/2022 Positive Environmental Impact Assessment;
- D.D. no. G14621 26/10/2022 Integrated Environmental Authorization;
- D.D. no. G14844 28/10/2022 Single Regional Authorization Provision.

The tender process for the identification of the Contractor for the construction of the 4th line is underway. To date, the pre-site preparation activities related to the clearing of war devices are underway in the tax land of the same line.

The preparation of the documentation for the AIA Renewal of the existing lines is in progress, for the purposes of compliance with the sector BAT.

With Regional Decree 290 of 12 May 2022, the Region of Lazio approved the documentation on Plans for waste management ("***Piano Regionale Gestione Rifiuti***" – **PRGR**) implementation status and the identification of "minimal" and "intermediate" end of cycle plants. The San Vittore del Lazio plant was classified as a "minimal" as it has reached its authorised capacity. In the light of this, almost all incoming flows will begin to be regulated by the competent authority, which will also determine the tariff to be applied. In addition, assessments and numerical processing is currently under way to prepare the EFP, which will obviously include preliminary analysis as it is the first year of implementation. Given the classification of this plant as "minimal", in October 2022 Acea Energia prepared and submitted the economic financial plan for 2022-2025.

At present, approval of the tariffs from the relevant bodies is awaited, pursuant to the relevant ARERA regulations.

Orvieto waste dump plant (UL4)

The waste dump plant is located in the municipality of Orvieto and manages urban and special waste. On the same site there is a non-hazardous waste dump, currently being cultivated, and a non-separated biological mechanical waste treatment plant for the separation and sale of organic waste from separate collection. The plant operates under the Integrated Environmental Authorization D.D. no. 5797 of 9 June 2022, which substitutes the previous AIA n. 7019 of 5 July 2018 (on 29 December 2020 with prot. 7309-20, in compliance with the timescales set out in the calendar approved by the Umbria Region, an application for review, with validity of renewal, of the AIA was presented for the adaptation of the same to the BAT Conclusions for waste treatment plants referred to in the Commission Implementing Decision (EU) 2018/1147 of 10 August 2018). By virtue of the EMAS registration of the plant, the AIA has a duration of 16 years and will expire in 2038.

The works for the conversion of the three existing maturation beds in aerobic biotunnels, authorized with Executive Determination 3636/21 of 27 April 2021, now implemented in the AIA, with execution of the acceptance tests to be carried out in January 2023.

In August 2022, important extraordinary maintenance interventions were started on the anaerobic digestion section. During the maintenance period, the following activities were carried out: the opening of the fermenter and its complete cleaning, the doubling of the leachate transport lines, the replacement of the fermenter membrane, the mixer and the level sensor, the implementation of the systems air heating to the biocells, the installation of new filters on the scrubbers, the replacement and backup of the supervisor. Furthermore, it was necessary to temporarily interrupt the flows of extra-scope organic waste, while still guaranteeing the deliveries of waste regulated by contract with AURI. The works were completed with the plant resuming the loading ramp from 30 September 2022.

With the Deliberation of the Government of the Umbria Region n. 2 of 5 January 2022 ("*Regional strategic landfills; disposal requirements and technical and management specifications for rational use. Guidelines pending the approval of the Integrated Waste Management Plan*") it was established that, given the maximum total volume envisaged for the expansion of the three regional landfills, the Orvieto landfill is considered residually expandable with respect to Belladanza. This resolution was immediately confirmed by contesting its content and proceeding on 1 February 2022 with the extension request, which was, however, followed by the Region's communication of non-admissibility pursuant to the resolution. This resolution was challenged in February 2022 at the Umbria Regional Administrative Court. This was followed by further exchanges of notes as well as a meeting as part of the technical table set up again with resolution no. 2/2022 referred to above. With resolution no. 600 of 15 June 2022, the Umbria Region Council pre-adopted the proposal for a Regional Integrated Waste Management Plan (PRGR). In the intentions of the Region, the same will be approved within the current year. On 19 August 2022, Acea Ambiente presented its observations, which were accepted in some passages.

The Plan was adopted by the Regional Council of Umbria with resolution no. DGR 1135 of 2 November 2022 after the positive conclusion of the SEA.

At present, there is evidence of the conclusion of the PAUR procedure only for the Belladanza landfill, and the start of the procedure for the Borgogiglione site. Therefore, on 7 December, the Company proceeded to request the reactivation of the proceeding but on 21 December, the Region replied that the request was not acceptable, proceedable and therefore archived. Acea Ambiente is preparing a further feedback note.

With resolution no. 600 of 15 June 2022, the Umbria Region Council pre-adopted the Proposal for a Regional Integrated Waste Management Plan (PRGR). In the intentions of the Region, the same will be approved within the current year. Acea Ambiente presented its observations on 19 August 2022 which were accepted in some passages.

The Plan was adopted by the Regional Council of Umbria with resolution no. DGR 1135 of 2 November 2022 after the positive conclusion of the SEA.

Furthermore, the applicable tariff system for 2022 remains to be defined in consideration of the uncertainties related to the regulation system managed by ARERA. Precisely on this subject, the Umbria Region has issued the DGR n. 375 of 27 April 2022 with the identification of the plants necessary for closing the waste cycle. In particular, the Orvieto plants have been identified as "minimum" for the TMB plant, part of the composting plant, part of the landfill; additional (i.e. on the market) for the remaining unrestricted volumes. As a result of the aforementioned DGR, AURI, as the subject responsible for receiving and transmitting PEFs, with note prot. 5514 of 17 June 2022 requested the sending of financial plans within 3 weeks and convened a meeting on 28 June 2022. On 18 November the Company sent AURI the documentation required by art. 7 of the ARERA resolution and in particular PEF and accompanying report. The documentation was subsequently integrated on 13 December.

Aprilia waste treatment plant (UL7)

The plant produces and markets mixed compost conditioners; in particular it operates in the areas of Campoverde in Aprilia on the basis of a single authorisation for special non-hazardous waste treatment and recycling plants obtained from the Province of Latina with a maximum capacity of 66,000 tonnes/year.

On 5 June 2020, a warning was sent to comply with the relevant technical and professional requirements, giving it 30 days to resolve the various problems and to bring the plant to a point where commissioning could be commenced. Acea Ambiente made a formal claim against the company T.ME. S.p.A. Termomeccanica Ecologia for economic damages and penalties due to delays, failures in machinery performance and management errors. After an extremely challenging start-up phase, the contractor announced the launch of performance testing on 30 November 2020. With Directive no. G14240 of 26 November 2020, the Lazio Region communicated the successful completion of the review of the updated documentation, as submitted from time to time and, with Directive no. G00101 of 12 January 2021, issued the new Integrated Environmental Authorization, as a review of the previous authorization granted with Directive no. G08408 of 7 July 2015. During 2021, the functional testing of two significant works carried out at the plant was completed, namely the line for production of SRF from plant surplus, which will enable waste to be delivered to the San Vittore del Lazio plant, and the compost bagging line, which will open up further market outlets for the placement of soil improver.

By Executive Determination GR3000-000003 dated 9 August 2021, the Lazio Region authorised a non-substantial variance for remodelling of incoming waste streams, installation of a centrifuge, and installation of a reverse osmosis system. On 17 August 2021, the Company filed a request for a non-substantial variance for the implementation of a project to convert the existing biogas power plant to a biomethane production facility. In a note dated 3 November 2021, the Lazio Region deemed to classify the variance as substantial, requesting an update of the request, which the Company promptly submitted with updated attachments on 22 November 2021. Currently the process has not progressed.

The plant was also subject, during 2021, to certain interventions functional to the subsequent admission to the payment of administrative penalties relating to (i) the exceeding of certain limits on composted soil improver with sludge produced in the previous year, (ii) the above-mentioned dispute relating to odorous emissions in 2017 (which led to the seizure of the plant, subsequently revoked) and (iii) the exceeding of certain acoustic limits found in 2021. All prescriptive reports were resolved with compliance and admission of payment by subsequent settlement.

With Regional Decree 290 of 12 May 2022, the Lazio Region approved the documentation on PRGR implementation status and the identification of "minimal" and "intermediate" end of cycle plants. The Aprilia plant was identified as "minimal", as it has reached its authorised capacity. In light of this, almost all incoming flows would be directly regulated by the competent authority, which would also determine the tariff to be applied.

Monterotondo Marittimo plant (UL5)

The composting and anaerobic digestion plant of Monterotondo Marittimo (plant UL5 in Tuscany) is currently authorized by virtue of the Integrated Environmental Authorization referred to in D.R. no. 15895 of 15 September 2021, as amended by Executive Determination 19226 of 4 November 2021, in compliance with the BAT Conclusions, for waste treatment plants (referred to in Commission Implementing Decision (EU) 2018/1147 of 10 August 2018).

The new AIA, by virtue of the achievement of the certification of the Environmental Management System to the UNI EN ISO 14001 standard, has authorized the plant for a duration of 12 years.

In March 2023, the plant obtained the EMAS certification with the consequent extension of the duration of the Integrated Environmental Authorization by a further 4 years (until 2037).

On 31 March 2022, the expression of interest was sent to the Tuscany Region for making the plant available for the treatment of waste produced in the Tuscany region in order to proceed with the qualification of the plant as a minimum (for ARERA purposes) not only for the green fraction but also for OFMSW. On 22 June 2022, in this context, a meeting was held at the headquarters of the Regional Council during which the functioning of the plant was illustrated to the Fourth Commission, the current flows of regional waste treated and its potential Subsequently in on 13 July 2022 a meeting was held with the Director of ATO Toscana SUD and on 6 September a further meeting with the directors of ATO SUD and ATO Costa also in the presence of the Regional Councilor.

The need to include the plant in the correct circuit of urban waste from Tuscany would also envisage a simplification in the supply of the spaces available for the disposal of waste in landfills, this being an element to pay attention to.

Sabaudia plant (UL6)

With regards to the *Sabaudia plant (UL6)*, during the third quarter of 2015 the company filed an application to increase its capacity by up to 50,000 tonnes per annum of compostable waste, with the construction of a new aerobic composting section, so as to attain an overall capacity of 78,000 tonnes per annum of treatable waste.

With regard to the composting section of the *Sabaudia plant*, the Integrated Environmental Authorisation issued by the Lazio Region on 1 December 2008 is still being renewed. In any case the Integrated Environmental Authorisation was formally extended by the Lazio Region pending the conclusion of the authorisation process. During this process, the Province of Latina requested the acquisition of the water authorisation. ACEA Ambiente obtained the authorisation from the Lazio Region and a favourable opinion for the water concession of areas belonging to the water/fluvial state property from the Consorzio di Bonifica dell'Agro Pontino.

On 27 November 2019, the Province of Latina issued the state concession/authorisation for water alone. In order to comply with the requirements of the state concession, it was necessary to carry out certain projects to temporarily interrupt waste management in order to avoid interfering with the work. A suspension of deliveries was implemented starting from 31 October 2019. Operationally, with the temporary suspension of the deliveries, the last composting cycles ended by June 2020.

The tender procedure was completed and the aforementioned works for the adaptation of the plant to the requirements of the Consorzio di Bonifica Agro Pontino were assigned following verification of the adequacy of the tenders. The works were completed on 10 March 2021. As at the date of this Base Prospectus, part of the works (demolition and reconstruction of a roof) has not been possible to execute because it was subject to the issuance by the Municipality of Sabaudia of an amnesty, which must be followed by a planning authorisation. With protocol no 51589 of 30 November 2021, the Municipality of Sabaudia issued the planning opinion which resolves the issue of building permits. The Municipality's final investigation for the amnesty permit remains to be completed.

Pending the resumption of the plant activity in its new configuration (scheduled for January 2024), all the UL6 operating personnel was progressively transferred to the UL7 composting plant in Aprilia.

Chiusi Plant (UL Bioecologia)

On 29 November 2018, ACEA Ambiente acquired from Siena Ambiente S.p.A. the 100% of the share capital of Bioecologia S.r.l., a company operating in the liquid waste purification, treatment and intermediation sector ("**Bioecologia**"). The activity is carried out in the treatment plants located in the municipalities of in Le Biffe, Pianino and ex Comova.

The plant Bioecologia is located in Le Biffe - Municipality of Chiusi. It was previously owned by Bio Ecologia S.r.l. and then merged by incorporation into Acea Ambiente S.r.l., with effect from 1 May 2021. Bioecologia is authorized on the basis of the Integrated Environmental Authorization issued with Executive Decree n. 16494 of 18 August 2022, valid until 18 August 2034, for an authorized quantity of 99,900 tons/year. After a long investigation, the review of the environmental authorization was finally obtained with a positive result and, at the same time, the go-ahead to proceed with the redevelopment and modernization of the chemical-physical waste pre-treatment section.

In 2022, maintenance was carried out to ensure adequate residual treatment capacity in the suspended biomass biological segment and make it more efficient in terms of electricity consumption.

Replacement of the bed of oxygenators of the second oxidation reactor allowed a significant economic saving. Similarly, evident increased oxidative capacity for the segment made it possible to begin treatment of a waste flow in line with expectations.

Polo CIRSU (waste disposal plant)

On 30 June 2022, Acea Ambiente awarded the so-called former "Polo CIRSU" business unit, which is used for the transfer, treatment, recovery and disposal of solid urban waste, equipped with integrated environmental authorizations and made up of movable assets, buildings, plants and landfills. "Polo CIRSU" is located in Notaresco (TE), Casette di Grasciano and offered for sale by the Court of Teramo as part of the bankruptcy procedure R.F. No. 91/2015.

The business branch is made up of the landfill called "Grasciano 1", completely depleted in the authorized volumes, the new landfill "Grasciano 2" consisting of a first lot of 234,000 cubic meters and a second lot to be built, with an authorized volume of 246,000 cubic meters, a composting plant and a platform for the valorisation of waste from separate collection and durable goods.

On 9 September 2022, the Court of Teramo (Bankruptcy Section), issued the decree n. 138/2022 for the transfer of the said business unit. By the enactment of such decree, on 25 October 2022, the Waste Management Service of the Abruzzo Region obtained the transfer of the Integrated Environmental Authorization (AIA) of the site to Acea Ambiente by means of the resolution no. DPC026/249. With reference to this plant, by providing Deco S.p.A., 65% owned by Acea Ambiente, with the related skills and financial capacity required, under the service contract finalized on 23 November 2022, Acea Ambiente has entrusted Deco S.p.A. with the activities which are functional to the operation of the CIRSU pole, obtaining, with resolution DPC026/306 of 13 December 2022 of the Abruzzo Region, the transfer of the Integrated Environmental Authorizations (AIA), previously belonging to Acea Ambiente.

The transport and recovery of treatment sludge activities

All the activities of transport and recovery of treatment sludge were previously carried out by Aquaser S.r.l., Kyklos S.r.l., Solemme S.p.A. (from 1 July 2015, the merger of S.A.MA.CE. S.r.l. into Solemme S.p.A. came into effect) and Isa S.r.l. Until the end of 2015, such companies were called the "Aquaser Group". Since 2016, due to the corporate reorganisation described above, the quota and shares in these companies belong to Aquaser (ISA) and ACEA Ambiente (Kyklos S.r.l. and Solemme S.p.A.).

The facilities of the former Aquaser Group, through the treatment of sewage sludge coming from the integrated water operators of the Group, allow significant synergies between the Group companies operating in the environmental sector and those in the water sector. The integrated water operators, which are required by law to dispose of sewage sludge that is produced at the end of the water cycle process, can reduce the costs of such disposal by transferring their final waste to specialised environmental facilities instead of disposing of them in landfills or at other sites outside the Group. At the same time, the environmental companies benefit from a continuous and consolidated supply of organic waste to be converted into marketable products.

AQUASER S.r.l. ("**AQUASER**") was set up in order to manage ancillary services associated with the integrated water services, undertaking the recovery and disposal of sludge from biological treatment and waste produced from water treatment, treating effluent and liquid waste, and providing services connected thereto. The company is 85.29 per cent. owned by ACEA Ambiente, 1.00 per cent owned by ACEA, 1.00 per cent owned by ACEA Ato5, 1.00 per cent owned by ACEA Ato2, 8.00 per cent. owned by Acquedotto del Fiora, 1.00 per cent. owned by Umbra Acque, 1.00 per cent. owned by Publiacqua and 1.71 per cent. owned by Acque.

AQUASER currently transports and recovers sludge for most of the water companies in the ACEA Group. The location of the plants is important: two in Lazio, which process the sludge transferred under the contract with ACEA ATO 2 and ACEA ATO 5, and one in Tuscany near

Grosseto, which processes the sludge transferred under the contracts with companies operating in Tuscany and Umbria, resulting in a reduction of transportation costs.

During 2021, the company consolidated its market position by strengthening its transport activities through the acquisition of vehicles and personnel that now allow the management, at least partially, of the corresponding services.

AQUASER currently wholly or partially performs the service of loading, transport and recovery/disposal of waste from water purification for the companies of the ACEA Group.

In 2022, the AQUASER began planning services for customers mainly consisting of Integrated Water Service managers within the Acea Group, on the basis of contracts governing relations between the parties, most of which multi-year.

ISA S.r.l. ("**ISA**"), a company which merged into AQUASER with effect from 1 November 2016 after the corporate reorganisation process described above, previously operated in the services, logistics and transportation sectors, with a strategic importance to reach market consolidation objectives.

ISA was bought to strengthen the group organization and provide group services in a more independent way, not only transportation but also services relating to other activities associated with and complementary to the farmland spreading of sludge, the maintenance of the drying beds and automatic discharge services, which have led to a significant increase in business activities. ISA’s services are almost exclusively provided to associate companies. ISA currently has its own fleet for haulage activities.

Acque Industriali S.r.l.

Acque Industriali S.r.l., through the management of specific platforms, provides intermediation and liquid waste treatment services to private companies operating both regionally and nationally, as well as activities collateral to those of the integrated water cycle consisting mainly in the recovery and disposal of biological sludge.

The company carries designs and builds plants mainly related to the treatment of wastewater and sludge and waste in general, as well as the treatment of atmospheric emissions, following up with their subsequent ordinary and extraordinary management, as well as carrying out design, direction and execution of works in the field of environmental remediation of polluted sites, mainly in the industrial sector. It also performs research and development in the sectors of reference in partnership with research bodies at both a regional and national level.

The preliminary phases for the authorization reviews and the implementation of the best practices of the Empoli Pagnana and Poggibonsi plants are currently ongoing. Following the decisions taken by the Tuscany Region during the Service Conference (*Conferenza di Servizi*) for the authorization review of the Pontedera waste treatment plant, it was necessary to waive the Integrated Environmental Authorisation (AIA), as was already done for the Single Environmental Authorisation (AUA) of the Pisa San Jacopo waste treatment plant, directing management efforts to the Pagnana site, to enhance the asset with redevelopment, modernization and plant upgrading interventions.

Iseco

At the end of February 2017, ACEA acquired ISECO S.p.A. ("**Iseco**") as part of the acquisition of the TWS Group (Technologies for Water Services).

It has been operating since 1987 in the sector of water services and in the production of whey powder, dealing with the executive design, construction and management of industrial ecological plants, also with complex technology and public service, and managing the plant for drying of whey from Saint Marcel, in the Valle d'Aosta region.

Iseco also operates in the milk-diary business, whose main activities consist in the production of whey powder, the sale of the related products for zootechnical and food use and the processing of seroderivatives on behalf of third parties. As a result of the strong upturn recorded in the whey market, during 2021 a boost was given to the processing of this product in a concentrated and crystallised form on behalf of third parties.

Demap S.r.l.

Demap S.r.l., in which Acea acquired an equity interest of 90% on 4 July 2019 ("**Demap**"), carries out its activity in the field of sorting plastic packaging from urban waste collection. It is one of the 30 or so selection centres that have an agreement with the COREPLA consortium, responsible for achieving the recycling and recovery targets for plastic packaging of consumed products.

Separate collection of plastic packaging is regulated at a national level by a framework agreement between Anci and Conai and by the technical annexes concluded between Anci and the individual value chain consortia which, in the case of plastic packaging, provide that collection may be transferred to the sorting centre either selectively (mono-material collection) or jointly (multi-material collection). Demap carries out its business in compliance with current regulations and is authorised under Italian Legislative Decree 152/06 with procedure issued by the Province of Turin no. 133-25027/2010 of 23 June 2010.

On 12 December 2021, a fire broke out at the storage shed (known as DEMAP2), located in Beinasco, of waste consisting of plastic packaging from the urban collection of separated fractions, adjacent to the plant and owned by the company. Although investigations by the Public Prosecutor's Office are still underway, the accident seems to have originated from a diesel-powered forklift.

On 14 December 2021, ARPA installed a mobile laboratory in order to monitor the evolution of air quality in the areas surrounding the fire over the long term. Given the difficulties in extinguishing the fire, although in a decidedly minor and controlled form, the fire continued in the days following the event. Therefore, the fire which started on 12 December and ended - in the phase of possible environmental impact - around 24 December 2021, released dangerous and toxic gases into the atmosphere which led the Municipality of Beinasco to undertake, after consultation with Civil Protection and local health authorities, a series of actions aimed at limiting or at least reducing to the minimum, any possible exposure to the population. These measures were necessary given the levels of contaminants detected in the first hours of intervention on the ground and also confirmed in the days immediately following the fire by monitoring carried out on the ground with portable instruments. About ten days after the development of the fire, in correspondence with a greater atmospheric instability over the whole territory, the concentrations of almost all pollutants measured by the ARPA mobile laboratory returned to the average for the period.

In the days immediately following the event, the company took steps to identify a specialist in the activities of demolition and removal of the burnt material and the partially collapsed shed. With Seizure Decree of 16 December 2021, the evidentiary seizure of the DEMAP2 shed, of the burnt waste contained therein, of the waste present on the forecourt, as well as of the forklift truck from which the fire presumably originated, was ordered. By order of 30 December 2021, the Turin Public Prosecutor's Office authorised the removal of the burnt waste to a depleted landfill in Vinovo and the demolition of the shed.

During the week of 14 January 2022, all the verification operations were carried out in order to allow for, as soon as possible, the complete resumption of activities, after cleaning, mechanical and electrical maintenance. On 16 February 2022, following the necessary testing, the plant resumed regular operation.

Berg S.p.A.

Berg S.p.A., in which Acea acquired an equity interest of 60% on 18 October 2019 ("**Berg**"), operates in the environmental services sector and in particular in the treatment of liquid and solid waste.

Berg carries out is activities at the Frosinone plant, managing the storage and treatment of hazardous and non-hazardous liquid and solid waste. In terms of authorisation, the plant has an Integrated Environmental Authorisation issued by the Lazio Region with Executive Resolution B0201/09 of 30 January 2009, expiring on 30 January 2025. In May 2021, the company submitted a request to review the Integrated Environmental Authorisation for its adjustment to the BAT Conclusions for waste treatment plants (as per Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 of the European Commission). During the same year, the experimental authorisation pursuant to Art. 211 of Legislative Decree No 152/06 for the combined pilot plant for the recovery of fly ash, bottom ash and residual sodium carbonate was obtained, with Executive Resolution GI0926/2021 by the Lazio Region, with a duration of 2 years from the date of issuance of the acceptance certificate.

Ferrocart S.r.l. and Cavallari S.r.l.

On 19 February 2020, Acea entered into an agreement for the acquisition of an equity holding of 60%, respectively, of the share capital of Ferrocart S.r.l. ("**Ferrocart**") and Cavallari S.r.l. ("**Cavallari**") (which owns 100% of Multigreen S.r.l. ("**Multigreen**")), active in the storage, treatment and selection of waste.

The companies Ferrocart, Cavallari and Multigreen, which together own four plants with a total authorised capacity of more than 145 thousand tonnes per year, operate in the provinces of Terni and Ancona, performing activities pertaining to the selection and recovery of paper, iron, wood, plastic and metals. They are also active in the management of differentiated production and packaging refuse collection as well as the disposal of waste, mostly on behalf of Corepla ("National Consortium for the Collection, Recycling and Recovery of Plastic Packages").

Based on 100% of the enterprise value of Ferrocart and Cavallari, the transaction had an economic value of Euro 25 million. Ferrocart and Cavallari were fully consolidated by Acea from 22 April 2020.

Effective from 1 January 2021, Multigreen was merged by incorporation into Cavallari.

In 2021, the total amount of material processed in Cavallari's secondary plastic selection plant was equal to 36,300 tonnes, while the secondary fuel production plant of said company reached the new target of 12,000 tonnes processed in the year.

On 23 May 2022, following the exercise of the purchase options by the Ondulsud S.r.l. and AP Servizi S.r.l., as envisaged in the agreements submitted at the time of the acquisition of part of the company's share capital, Acea Ambiente acquired 80% of the share capital of Cavallari.

On 3 November 2022, Acea Ambiente, through Cavallari, acquired 100% of the share capital of Italmacero S.r.l. ("**Italmacero**") which was part of the industrial perimeter of Cavallari through a lease contract for a business unit, still in force, through which the activities of the industrial site in Falconara Marittima (AN) were already managed by Cavallari. Italmacero is a company operating in the mechanical treatment and recovery of separate urban waste (mixed packaging, monomaterial fractions) and special non-hazardous waste. The price paid for the acquisition was Euro 1.2 million.

During 2021, Ferrocart maintained its relationships with companies that manage separate collection of waste either through contracts for direct assignment or through tenders. Relations with all value chain consortia also continued regularly, as did the intermediation service for the pulper. Starting from 7 January 2021, the dismantling and assembly works of a new plant for processing plastic bottles began; the plant is still subject to tests.

On 20 February 2022, the plant was affected by a fire that involved a pile of waste from the sorting of separate collection, which damaged several roofing structures. ARPA Umbria proceeded to carry out sampling activities in order to monitor the quality of air in the surroundings of the site. As the plant was not affected by the fire, its regular use was resumed as early as 22 February 2022. The causes that produced this event are currently being ascertained and the company has been involved in requests for documentation, which has been promptly provided without having to interrupt the plant's operations.

On 6 December 2022, in the context of a public procedure launched by ASM Terni S.p.A. to identify an economic operator to strengthen and extend its strategic development lines, Acea Ambiente transferred its 60% equity investment in Ferrocart to ASM Terni S.p.A.

Deco S.p.A.

Deco S.p.A. ("**Deco**") operates in the waste sector in Abruzzo and is engaged in the design, construction and management of plants for the treatment, disposal and recovery of municipal solid waste and plants for energy recovery from renewable sources. The scope of the business includes: a Mechanical-Biological Treatment (MBT) plant with an authorised capacity of 270,000 tonnes/year, a photovoltaic plant, a biogas plant and two disposal plants. The company also holds 100% of Ecologica Sangro S.p.A., a company operating in Abruzzo in the sector of integrated management of solid urban waste. On 23 January 2023, Acea acquired the remaining 35% of Deco's share capital, in which it already held a 65% stake.

Meg S.r.l. and S.E.R. plast S.r.l.

Located in San Giovanni Ilarione (province of Verona), Meg S.r.l. operates in the plastic recycling business, a segment which is downstream with respect to that of post-consumption plastic selection in which ACEA is already present with Demap and Cavallari.

In January 2022, Acea Ambiente acquired 70% of S.E.R. plast S.r.l., which operates in the same business sector as Meg S.r.l. The company is located in Cellino Attanasio (province of Teramo).

A.S. Recycling S.r.l.

On 22 December 2021, Acea Ambiente acquired 90% of A.S. Recycling, a company that is currently inactive but which will become a Corepla affiliated centre for secondary plastic SRF recycling (Breakdown of plastics into the various polymer categories for sorting). The company is located in Cittaducale (province of Rieti).

Tecnoservizi

On 4 October 2022, Acea Ambiente acquired 70% of Tecnoservizi S.r.l. ("**Tecnoservizi**"), a company located in Monterotondo (province of Rome). The economic value of the transaction, in terms of enterprise value for 100% of Tecnoservizi is about Euro 21 million. The price paid for the acquisition was Euro 5.2 million and a further portion for the balance of the price, i.e. Euro 1.6 million, will be paid in the second half of 2025. The EBITDA expected in full operation on an annual basis is approximately Euro 4 million. Tecnoservizi operates in the waste treatment area, and more precisely in the segment of services for the collection, treatment and recovery of differentiated and undifferentiated waste. Such business represents, since more than 25 years, a stable and consolidated reference in the delicate infrastructural system of the urban and special waste cycle of the Lazio Region, being a platform for the main supply chain consortia. In particular, Tecnoservizi carries out its activity in the sector of recovery and recycling of industrial, civil, hospital (liquid and solid), urban and special waste; the waste treated is mainly pertains to construction, sanitary waste, paper, multi-material, wood, metals and bulky waste.

ENGINEERING AND SERVICES

The Engineering and Services business segment of the Group has a developed know-how in the design, construction and management of integrated water systems and develops research projects aimed to the technological innovation in the water, environmental and energy sectors. Particular importance is dedicated to laboratory services (analytical controls) and engineering consultancy.

In 2022, revenues from the Engineering and Services business segment amounted to Euro 117.6 million, with an increase of Euro 5.7 million (5.1 per cent.) compared to the previous year (Euro 111.9 million).

The table below shows the contribution to revenues, operating and personnel costs, Income from equity investments and EBITDA of the Group's Engineering and Services business segment for the financial years ended on 31 December 2022 and 31 December 2021.

Engineering and services	**Year ended 31 December**	
	2022	**2021**
	millions of euro	
Revenues	117.6	111.9
Costs	104.4	94.7
Gross Operating Profit (EBITDA)	**13.2**	**17.3**

Acea Engineering Laboratories Research Innovation S.p.A. ("**Acea Elabori**"), previously called LaboratoRI S.p.A., is ACEA's wholly-owned subsidiary within the Group principally responsible for undertaking research and development projects. Acea Elabori provides engineering, laboratory, research and innovation services in the sectors of the water, waste and energy cycle, across all the areas of interest of the Group.

The activities carried out concern the various fields of technical-managerial interest, which include analytical checks on the integrated water and waste cycle, protection and optimisation of the use of water resources, design and construction of works for the integrated water service and for treatment – disposal – energy recovery from waste and for the production of hydroelectric and thermoelectric energy.

Laboratory activities

The laboratory offers analytical services on the various environmental matrices connected with the prescriptions dictated by relevant regulations.

In 2022, as part of the analytical activities carried out on water intended for human consumption, analytical services were performed on 10,671 samples and 395,162 analyses were carried out against the 12,120 samples and 444,838 analyses for 2021.

With reference to the checks carried out for wastewater (sewage and treatment systems managed by Group Acea), 9,150 samples were analysed for a total of 177,311analyses (10,656 samples and 193,107 analyses in 2021).

Engineering activity

Acea Elabori supplies engineering services to the companies in the Water Segment, in particular ACEA ATO 2 and ACEA ATO 5.

In recent years, the company has consolidated the development of engineering activities in other Energy Infrastructure and Environment Segments of Acea as well, with the design and direction of works for the valorisation of waste and the production of hydroelectric and thermoelectric energy and related "specialist and support" activities.

In particular, Acea Elabori implemented the engineering segment through the internalization of the construction activities in EPC approach, in particular ACEA ATO2.

On 8 April 2020, Acea entered into an agreement for the purchase of an equity holding of 70% of the share capital of Simam S.p.A. (*Servizi Industriali Manageriali Ambientali*) ("**Simam**"), a leading company in the engineering, construction and management of water and waste treatment facilities, and in environmental interventions and remediation, with high-tech global services.

The acquisition represented an evolution of the Engineering and Services business segment, aimed at ensuring efficiency and flexibility of support for the operating companies, providing value to the Group and strengthening the internal know-how, through the standardisation of production solutions and the application of new technologies in the fields of design and project management. Synergies were immediately put in place with the launch of development sites and integration projects. The economic value of the transaction, in terms of enterprise value for 100% of the company, is equal to Euro 30 million. The agreement envisages the possibility of acquiring additional shares of up to 100% of the company from 2023. Accordingly, on 21 April 2023, Acea completed the acquisition of the remaining 30% stake in Simam.

Based on 100% of the enterprise value of Simam, the transaction has an economic value of Euro 30 million. Simam has been fully consolidated by Acea from 7 May 2020. The sale and purchase agreement provides for the possibility to purchase additional shares up to 100% of the Simam's share capital, starting from 2023. The expected annual contribution to EBITDA is approximately Euro 7 million. Finally, On 24 July 2020 the price adjustment amounted to Euro 1.3 million.

On 21 April 2023, Acea completed the acquisition of the remaining 30% of Simam (see section *Recent Developments - Acea: acquisition of SIMAM completed*).

Research and innovation activities

Acea Elabori carries out research and innovation activities in the water, environmental and energy sectors and develops technical consulting and applied research projects for the companies of the ACEA Group, aimed at technological and digital innovation, process optimisation and recovery of materials and energy with a focus on the circular economy and sustainable management, also making use of framework agreements with the scientific community and national and EU funded programmes.

Among these projects, the so called "ACEASMARTCOMP Project" was prepared with the invaluable support of the University of Tuscia and Enea, targeting the logic of the Waste Transition and proposing a new model of organic waste management, from large plants to diffuse waste management.

The project, which has required extensive development and involved internal and external expertise from many different areas, was patented in 2020 and is in the process of being industrialised.

TWS offers a complete range of activities in the design, construction and management of plants for the management of integrated water service. In 2021, work continued on the construction contracts acquired on the market prior to TWS's entry into the ACEA Group and at the same time the implementation of works for the companies of the Group.

Intra-group activities constitute the new mission of TWS's business, as it can acquire orders from the market to an extent not exceeding 20%, in accordance with regulatory requirements.

Ingegnerie Toscane S.r.l. manages the conception and development of projects aimed at the completion of works, including the design, construction supervision and safety coordination. Year 2021 saw a strengthening of the traditional engineering services, which will assume greater weight within the services provided by the company, also as a result of the greater investments of the companies managing the Integrated Water Service, which are the main clients of the works design. From 2022, Ingegnerie Toscane will possibly manage an implementation of contracts acquired on the market.

OVERSEAS

The companies of the Overseas business segment of the Group provide integrated water services in Latin America (notably in Honduras, Dominican Republic, Colombia and Peru), with a customer base of approximately 4 million people. The activities of the Overseas segment are conducted with local and international partners, including through training of staff and transfer of expertise in favour of local entrepreneurs.

In 2022, revenues from the Overseas business segment amounted to Euro 95.1 million, with an increase of Euro 18.0 million (23.3 per cent.) compared to the previous year (Euro 77.1 million).

The table below shows the contribution to revenues, operating and personnel costs, Income from equity investments and EBITDA of the Group's Overseas business segment for the financial years ended on 31 December 2022 and 31 December 2021.

Overseas	**Year ended 31 December**	
	2022	**2021**
	millions of euro	
Revenues..	95.1	77.1
Costs..	62.1	49.7
Gross Operating Profit (EBITDA)	**33**	**27.4**

The Group operates in the Overseas business segment mainly through the following companies:

- Acea International S.A. an holding company substantially wholly-owned by the Issuer to which in April 2017 the Issuer transferred the shares of the following companies:
  - Aguas de San Pedro S.A. (Honduras) ("**Aguas de San Pedro**"), which carries out its activity with respect to customers of San Pedro Sula. The Group holds 60.65% of the share capital of Aguas de San Pedro, which is fully consolidated;
  - Acea Dominicana S.A. (Dominican Republic) ("**Acea Dominicana**"), which provides the service to the local municipality known as CAASD (*Corporación del Acueducto y Alcantarillado de Santo Domingo*). Acea Dominicana is wholly owned by Acea.
- Agua Azul Bogotà S.A. (Colombia), of which the Group holds 51% of the share capital and is consolidated on the basis of the equity method with effect from the 2016 financial statements as a result of a change in the composition of the Board of Directors. The company is currently in liquidation.

- Consorcio Agua Azul S.A. (Peru) ("**Consorcio Agua Azul**"), which provides water and sewerage services in the city of Lima. The Group held 25.5% of the share capital of Consorcio Agua Azul. On 13 January 2020, the Group acquired additional shares in the company from the outgoing shareholder Impregilo International Infrastructures N.V. As a result, the Group's shareholding in Consorcio Agua Azul increased from 25.5% to 44.0%.

- Acea Perù (Peru), which is wholly owned by Acea International S.A., was established on 28 June 2018, in order to take development opportunities in Peru. From December 2019, the company is operating in the north area of Lima for an emergency situation in the maintenance of water supply.

- Consorcio ACEA, established on 15 December 2020, is controlled by Acea Perù (99%) and ACEA ATO 2 (1%). Consorcio ACEA signed a three-year contract for the management of pumping stations for drinking water in Lima.

- Consorcio Acea Lima Norte, controlled by Acea Perù (99%) and ACEA ATO2 (1%), established on 5 January 2021. Consorcio Acea Lima Norte signed a three-year contract for maintenance of the water and sewerage network in the northern zone of Lima.

- Consorcio Acea Lima Sur, controlled by Acea Perù (99%) and ACEA ATO2 (1%), established on 6 October 2021. Consorcio Acea Lima Sur signed a three-year contract for corrective maintenance of the water and sewerage network in the southern zone of Lima. The contract started in December 2021.

STRATEGY

On 26 October 2020, the Board of Directors of Acea approved the 2020-2024 Business Plan (the "**Business Plan**") which supersedes the previous 2019-2022 business plan (the "**Previous Business Plan**") and was published on its website along with a press release summarising the main elements of such Business Plan.

The Business Plan, which is characterised by a strong focus on sustainability, sets out the main financial targets of the Group, which include:

- total capital expenditures of Euro 4.7 billion (including expenditure for extraordinary transactions) during the period 2020-2024, with a growth of approximately 700 million Euro compared to the Previous Business Plan;

- an increase in the regulated asset base from Euro 4.4 billion at the end of 2019, to Euro 5.3 billion at the end of 2022 and Euro 5.9 billion at the end of 2024; and

- a balanced evolution of the ratio between Net Financial Position and regulated asset base, from 0.7x at the end of 2019, to 0.8x at the end of 2022 and 0.7x at the end of 2024.

The Business Plan, which builds on, and continues the actions provided under, the Previous Business Plan also includes a significant evolution of the Group's focus on sustainability, in particular the strong growth in the generation of electricity from renewable sources, in the photovoltaic business, and the commitment to electric mobility in order to effectively contribute more and more to energy transition and decarbonisation. These elements are reflected in the acronym "GRIDS", which summarizes the actionable levers the ACEA Group is focused on. In particular, such "GRIDS" are designed to deliver continued growth (Growth), to increase the development of renewables, with 747 MW installed PV capacity in 2024

(Renewables), to push on technological innovation also in industrial processes (Innovation), to achieve ambitious targets and exceed them (Delivery), with an approach that sees sustainable development as a cornerstone, in terms of an increasing focus on environmental impact and circular economy (Sustainability) with actions that directly reflect on company activities and on the products / services offered to our customers. The main services offered to customers supporting the ecological transition concern the installation of residential photovoltaic facilities and solar thermal plants (with the installation of about 1,000 domestic plants in 2024), the smart comp, a proximity composters that reduce the impacts of organic waste (with a target of 150 composters installed by 2024), the "100% ECO" sales offer - dedicated to all the customers of the free market. Acea will supply 100% green electricity, produced exclusively from renewable sources and certified with a "guarantee of origin", and gas with 0% CO_2 emission thanks to carbon dioxide emissions compensation through the purchase of certified carbon credits (VER: Verified Emissions Reduction).

Investments

The Business Plan provides for a target of Euro 4.7 billion in investments, approximately Euro 700 million higher than the Previous Business Plan, of which Euro 4.3 billion related to industrial capex, over 80% of which in regulated businesses, and Euro 0.4 billion related to extraordinary transactions. A major drive will be on innovation where, over the period covered by the Business Plan, Euro 615 million will be invested in selected projects mainly concerning digitalisation (including the development of a new Salesforce CRM platform and the introduction of a corporate data lake and a data-driven asset management) and the creation of systems for intelligent grids and service management.

The planned industrial capex initiatives are as follows:

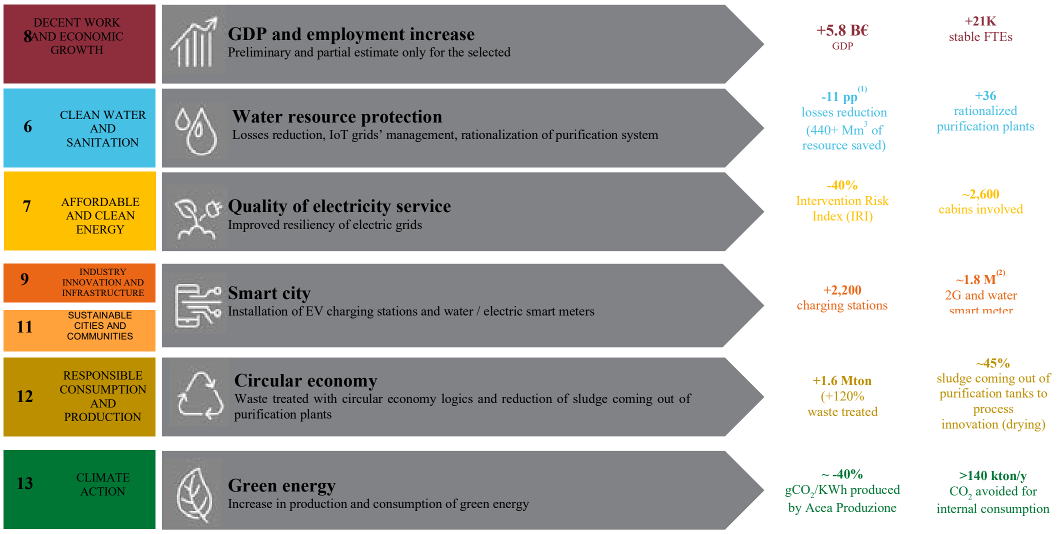
- Euro 2.2 billion in the Water sector, including Euro 170 million for projects related to ensuring the water supply continuity of the Peschiera and Marcio aqueducts;
- Euro 1.3 billion in the Energy Infrastructure sector, of which Euro 145 million for upgrade investments in the power grid's resilience and Euro 155 million for development work on the power grid;
- Euro 0.2 billion for investments in organic growth of the Environment sector, as well as an additional amount of Euro 0.2 billion for extraordinary transactions, focused on waste recovery and treatment plants;
- Euro 0.2 billion in the Commercial & Trading sector, mainly for activities aimed at new customer acquisition, digitalisation and the development of smart service offerings;
- Euro 0.1 billion in the electricity Generation business segment, plus a further Euro 170 million for extraordinary transactions to accelerate expansion of the photovoltaic plant portfolio; and
- Euro 0.3 billion in other investments mainly related to IT systems and other investments.

For additional information, see " – *Business segment actions*" below.

Focus on Sustainability

In accordance with the Business Plan, the Group's growth and value creation will be tied to the achievement of sustainability objectives, which are increasingly reflected in the performance indicators. Sustainability represents a characterising and structural element that guides the Group's business decisions and operational management. Such focus on sustainability is reflected in the Business Plan, as Euro 2.1 billion in capital expenditures, out of a total of Euro 4.7 billion, representing an increase of Euro 400 million (of which, more than Euro 180 million relate to the installation of smart water and electric meters, more than Euro 120 million relate to the efficiency and resiliency of electric grids and more than Euro 100 million relate to the improvement of the purification system, including the reduction of dried sludge leaving the systems and upgrading of anaerobic digestion plants) as compared to the Previous Business Plan) are related to specific sustainability targets, selected based on their priority and relevance for the Group. More specifically, these investments will be dedicated to the protection and management of water resources, through actions on the grid that are expected to deliver significant reductions in leaks corresponding to a targeted recovery of 440 million cubic metres of water over the Business Plan period.

The following graph provides for the Acea's targets pursued in the sustainability sector through the Business Plan 2020-2024.



---

(1) Weighted average for the area.
(2) 1.3 million of meters related to the Energy Infrastructure business (ARETI) and 0.5 million meters related to the Water business.

The investments in sustainability will also include the contribution to the development of electric mobility, through the installation of more than 2,200 electric charging stations, and the fight against climate change, by increasing the electricity produced by photovoltaic plants.

Specifically, the following chart shows the split of the capital expenditure investments projected and the sustainable developments goals, related to the sustainability targets to be reached by Acea over the Business Plan.

Sustainable development goals	**Capital expenditure in Euro/million**	**Sustainability targets of the Issuer over the Business Plan**
6 CLEAN WATER AND SANITATION	263	water losses reduction
6 CLEAN WATER AND SANITATION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION	220	resiliency of Rome aqueduct system
6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMTION AND PRODUCTION; 13 CLIMATE ACTION	127	efficiency of purification system
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	234	installation of smart meters for water and electricity
7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION	492	resiliency and efficiency of electric grids
7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	58	infrastructure modernization and remote mgmt
11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMTION AND PRODUCTION	445(1)	circular economy treatment of waste
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION	29	e-mobility infrastructure
7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION	212	increase of green energy generation

---

(1) Including Euro 206 million of capital expenditure in M&A activities.

With regard to the sustainability ratings and indexes, in 2022 Acea recorded a score of "B, Management level" from CDP (formerly Carbon Disclosure Project), an international organization that runs a global disclosure system for companies, cities, states and regions to manage their risks and impacts linked to climate change. In July 2022, Standard Ethics promoted Acea by raising its outlook to "positive" mantaining the "EE" corporate sustainability rating. Furthermore, from June 2021, Acea is included in the SE Mid Italian Index, made up of a basket of 20 mid-caps listed on the Italian Stock Exchange. In January 2022, Gaïa Rating - the French agency that assesses non-financial results and the effective integration of sustainability policies into corporate governance - published its rating on Acea, which saw a further growth, for the third consecutive year, in its sustainability indicators with a score of 82 out of 100 obtained in the overall evaluation of ESG. In December 2022, Acea has been included in the "MIB ESG Index", which is dedicated to Italian blue-chip companies. The index combines measurement of economic performance with ESG impacts, in line with the UN Global Compact principles. In January 2023, Acea has improved again its score

(62/100)[10] in the assessment promote by Gaïa Rating, the French agency that assesses non-financial results on the basis of 75 indicators and 4 areas of assessment (environment, social, governance and stakeholder relations).

Business segment actions

With specific reference to each business segment of the Group, the Business Plan provides the following actions:

- **Water**: the expected growth in the Water sector is underpinned by an investment plan of Euro 2.2 billion, that will lead to a growth in the regulated asset base to Euro 3.2 billion by 2024, reflecting an increase of 45% as compared to the end of 2019. Acea, as Italy's leading water operator, intends to continue safeguarding the water resource by enhancing the quality and efficiency of the service offered in its geographical areas of operation, increasingly characterising itself as a "Smart Water Company" for the management of water resources in a sustainable and responsible manner. The main actions to be implemented during the Business Plan period will be related to the resilience and efficiency of the water service in the managed areas, with enhancements involving the Peschiera and Marcio aqueducts ensuring the water supply continuity, with an expected capital expenditure equal to Euro 170 million, the installation of an additional 500 thousand smart water meters and projects for the division of the grid into districts, the rationalisation of small water purification plants (with 36 rationalised plants) and their automation, the on-going pursuit of water resource protection and a reduction of 11 pp[11] of water losses and the performance optimisation of the grids through a water management system (with -15 pp of incidence of failure). Acea will also evaluate opportunities for the growth and consolidation of the business by participating in new tenders in other territories.
- **Energy Infrastructure**: the expected growth in the Energy Infrastructure sector is underpinned by an investment plan of Euro 1.3 billion which will result in a regulated asset base of Euro 2.7 billion Euro as at the end of 2024, reflecting a growth of approximately 22% as compared to the end of 2019. Acea intends to strengthen its role as key player in the energy transition process via development projects aimed at satisfying the growing electricity demand and the integration of distributed generation within the delivery system. The initiatives that the Group intends to pursue in this area will involve the technological evolution of the grid, with digitalisation projects through remote control and IoT (Internet of Things) systems on private and public grids (equal to more than 60% medium voltage "**MV**"/low voltage "**LV**" of cabins) and the installation of second-generation smart meters, with approximately 1.3 million of installed meters by the end of 2024. Investments will also continue to be deployed in the resilience and strengthening of the power grid, with upgrades on specific cabins rewarded with a premium compared to the reference WACC (with more than Euro 145 million of capital expenditure). Moreover, the Business Plan provides for the introduction of a new control center for the grids' management, with a capital expenditure of more than Euro 13 million, and for the development of the work on grids reflecting the new regulation on service continuity (including the recognition of a penalty for suspension), consisting of more than Euro 155 million of investments.

[10] In 2022, Gaïa Rating has changed its assessing methodology as well as the score awarded in the previous evaluations, therefore the 2021 Acea's score (82/100), previous published, is not comparable.

[11] Weighted average for the area, equal to 440+ Mm^3 of saved water over the Business Plan.

- **Generation**: the Group plans to invest an amount equal to Euro 0.2 billion during the Business Plan period, mainly in extraordinary transactions but also in the development of projects already included in the portfolio for (Euro 47 million). The plan foresees an increase in power generation from green sources to support the decarbonisation and energy transition processes. To achieve this goal, Acea intends to increase its portfolio with approximately 747 MW of installed photovoltaic plant capacity by the end of 2024, of which 569 megawatt from greenfield facilities in industrial and agricultural areas and 178 megawatt from extraordinary transactions, accelerating the photovoltaic portfolio growth. The growth envisaged in the Business Plan will also be enhanced by a partnership with financial investors, with a view to strengthening Acea's positioning in the sector, while maintaining a solid capital structure. Moreover, among the main initiatives in the Generation business segment, Acea intends to deconsolidate its photovoltaic stake in order to reduce its financial exposure (with approximately Euro 150 million of deconsolidation in the Net Financial Position) and to increase its focus on photovoltaic investments, with the goal of becoming one of the main players in the sector. The new facilities will have an annual output at regime of over 1 TWh, corresponding to approximately 550 kt of avoided CO2 emissions.

- **Commercial and Trading**: the Group plans to reach customer base with free-market supply arrangements of 1.6 million, resulting in a 17% increase in the total customer base as compared to the end of 2019. In terms of commercial activities, the actions foreseen in the Business Plan envisage a growth at national level, with a particular focus on central and southern Italy (with more than 240 thousand customers, reporting a net growth compared to 2019), supported by the regulated market phase-out, and an acceleration in the use of digital channels, through the implementation of a new platform for the customer journey management, which will entail the digitization of more than 100 thousand customers compared to 2019. The commercial push will take place in a more competitive and challenging context driven by the expected full liberalisation of the electricity market from 2022, thanks to cross-selling and up-selling opportunities, resulting in the change to the free market for about 700 thousand consumers, that will represent a chance to enhance and consolidate the Company's position in the sector. Furthermore, Acea intends to boost the dual fuel penetration in the gas sector on the existing customer base, acquiring more than 80 thousand new gas customers compared to those in 2019. Acea will also focus on the offering of "Smart Services" to strengthen its relationship with customers through the provision of value-added services, such as those associated with energy efficiency, to increase the ACEA Group's brand franchise and to implement the installation of residential photovoltaic facilities and solar thermal plants (with approximately 1,000 plants installed by the end of 2024). A further boost will come from the e-mobility segment that will see over 2,200 charging stations installed by 2024 and from the introduction of more than 150 "Smart Comp" composters by the end of 2024, to be managed remotely through an IoT (Internet of Things) platform developed by Acea. Finally, Acea intends to push on energy efficiencies services, leveraging on opportunities from fiscal incentives, covering more than 100 condominiums by the end of 2024.

- **Environment**: the growth in the Environment sector will be supported by investments totalling Euro 0.4 billion, of which Euro 0.2 billion related to extraordinary transactions. The growth will mainly be driven by the market consolidation towards the strengthening of the Waste-to-Material (WtM) chain, with a circular economy (also with a "one-stop-shop" approach, aimed at adding more than 0.6 Mt/y of capacity by 2024) and integration of the acquired companies and the development of new M&A initiatives, which will drive an increase in the volumes of waste treated by the Group, which is expected to reach 2.9

million tons by 2024. Acea intends to create value from the post-merger integration of acquired companies and the development of industrial synergies through an operating model commissioning and a control system integration (with more than 15 plants by 2024). The development of the business area will be focused on strengthening the waste recovery cycle, especially in Central Italy, in coherence with the circular economy development objectives, positioning the Group, in particular, as a key player in the processing and recycling of paper and plastic waste. This will lead to a further development in the special waste segment, promoting synergies with the Water (*e.g.* sludge) and the WtE (*e.g.* ashes) segments, with more than 0.5 Mt/a of added capacity by the end of 2024. Therefore, the "core business" of Acea in this business segment will result in the consolidation of energy recovery (WtE), in the disposal treatment of non-separated waste and in the disposal / treatment of organic waste (with more than 0.5 Mt/a of added capacity by the end of 2024).

- **Engineering & Services**: the Group plans to implement the Engineering & Services segment through the development of a building oriented company, tasked with a turnkey management of construction and engineering activities, and through the end-to-end management of investments, reducing the execution times and strengthening the laboratory activities. In particular, this will result in the development of a commercial unit supporting the growth and of a research center. Moreover, Acea plans to improve its performance (gaining more than 20% of insourcing margin as general contractor) reducing unitary costs related to Servizio Idrico Integrato S.c.P.A. ("**SII**") and to construct plants through the internalisation of construction activities with an EPC (with more than Euro 440 million of realised plants by 2024).

Additional Strategic Opportunities

Thanks to its solid financial and capital structure, the Group expects to be able to pursue additional strategic opportunities that will further consolidate its position in the areas where it is already present, in line with the market trends of the sector.

CORPORATE GOVERNANCE OF THE ISSUER

The corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange are set forth in the Italian Civil Code, in Legislative Decree No. 58 of 24 February 1998, as subsequently amended (*Testo Unico della Finanza*) and in the relevant CONSOB implementing regulations.

ACEA's corporate governance is implemented in accordance with Italian legal requirements and best practice, and is compliant with the model recommended by the Corporate Governance Code (*Codice di Corporate Governance*) approved in January 2020 by the Corporate Governance Committee of the Italian Stock Exchange.

ACEA has adopted a "traditional" corporate governance system consisting of the shareholders' meeting, the board of directors and the board of statutory auditors.

The auditing of ACEA's financial statements is undertaken by an independent auditing firm enrolled with the specific register provided by the law (for further details, please see "*General Information – Auditors*" below).

Board of Directors

Pursuant to Article 15 of the Issuer's by-laws, ACEA's board of directors (the "**Board of Directors**") shall consist of a minimum of seven and a maximum of thirteen members, who shall remain in office for a period of no longer than three years, after which they may be re-elected.

ACEA's by-laws provide for a voting list system for the appointment of all members of the Board of Directors[12].

The current members of the Board of Directors were appointed at the ordinary shareholders' meeting held on 18 April 2023 and, with the exception of the following, will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of ACEA as of and for the year ending 31 December 2025.

The Board of Directors, therefore, is currently composed of thirteen members, ten of whom are independent in accordance with applicable law, ACEA's by-laws and the Corporate Governance Code.

The Board of Directors has a key role in the organisational structure of ACEA and the Group as it is the body which defines the strategic objectives of the Group and monitors their implementation and progress. It is vested with all the powers provided by law and the Issuer's by-laws, including powers of ordinary and extraordinary administration.

Name	Position	Date elected
Barbara Marinali	Chairman	18 April 2023
Fabrizio Palermo	Chief Executive Officer and General Manager	3 May 2023
Antonella Rosa Bianchessi	Director*	18 April 2023
Alessandro Caltagirone	Director*	18 April 2023
Massimiliano Capece Minutolo del Sasso	Director*	18 April 2023
Antonio Cusimano	Director*	18 April 2023
Thomas Devedjian	Director**	18 April 2023
Elisabetta Maggini	Director*	18 April 2023
Luisa Melara	Director*	18 April 2023
Angelo Piazza	Director*	18 April 2023
Alessandro Picardi	Director*	18 April 2023

12 The voting lists shall be submitted at least twenty or twenty-five days, respectively, before the date set for the first annual meeting of the Board of Directors by the exiting directors or by the shareholders who alone or together with other shareholders, represent at least one per cent of the shares entitled to vote at the ordinary general meeting. No person can be a candidate in more than one list and each shareholder has the right to vote for only one list. The appointment shall proceed as follows: (i) half plus one of the directors shall be elected from the list that obtains the majority of votes; and (ii) the remaining directors shall be elected from the other lists.

Name	Position	Date elected
Patrizia Rutigliano	Director*	18 April 2023
Nathalie Tocci	Director*	18 April 2023

*Independent non-executive director
**Non-executive director

The business address of each of the members of the Board of Directors is the registered office of ACEA at Piazzale Ostiense, 2, 00154 Rome, Italy.

Other offices held by members of the Board of Directors

The principal business activities and other directorships, if any, of each of the members of the Board of Directors outside the Group are summarised below.

Name	Position	Company/organization
Barbara Marinali	Director	Webuild S.p.A.
Fabrizio Palermo	None	None
Antonella Rosa Bianchessi	None	None
Alessandro Caltagirone	Vice Chairman	Alborg Portland Holding A/S
		Cementir Holding N.V.
		Caltagirone Editore S.p.A.
	Director	Vianini Lavori S.p.A.
		Il Messaggero S.p.A.
		Caltagirone Sp.A.
		Il Gazzettino S.p.A.
		Fincal S.A.
		Società per lo sviluppo Urbano S.p.a.
	Sole Director	Finanziaria Italia 2005 S.p.A.

Name	Position	Company/organization
Massimiliano Capece Minutolo del Sasso	Chairman	Il Mattino S.p.A.
		ICAL2 S.p.A.
		Società per lo sviluppo urbano S.p.A.
		Domus Roma 15 S.r.l.
		Domus Italia S.p.A.
	Sole Director	Porto Torre S.p.A.
		Romana Partecipazioni 2005 S.r.l.
		Imprese Tipografiche Venete S.r.l.
		Servizi Italia 15 S.r.l.
	Chief Executive Officer	Energia S.p.A.
	Director	Immobiliare Caltagirone S.p.A.
		Fincal S.p.A.
		FGC S.p.A.
		Il Gazzettino S.p.A.
		Piemme S.p.A.
		Vianini S.p.A.
Antonio Cusimano	Senior Vice President, General Counsel	Nexsans S.A.
Thomas Devedjian	CFO	Suez Group
Elisabetta Maggini	Director	Sorgente SGR S.p.A.
		Sorgente Group S.r.l.
		Consap S.p.A.

Name	Position	Company/organization
	Chairman	ASP Regione Lazio
		ANCE Roma Giovani
Luisa Melara	Corporate legal advisor	ANCE (Ass. Naz. Costruttori Edili)
Angelo Piazza	Founding Partner	Associazione Professionale A.A.A. Low Firm
	University Professor	Università Studi di Roma Foro Italico
	Director	SAVE S.p.A.
	Director	CDP Real Asset Società di Gestione del Risparmio S.p.A
	Chairman Statutory Auditor	La Villata S.p.A. Immobiliare di Investimento e Sviluppo
	Presidente O.d.V.	La Villata S.p.A. Immobiliare di Investimento e Sviluppo
	Presidente O.d.V.	Fondazione Enrico Mattei
Alessandro Picardi	Chairman	FinLombarda Gestioni SGR S.p.A.
		Nexting S.r.l.
Patrizia Rutigliano	None	None
Nathalie Tocci	Institute Director	Istituto Affari Internazionali (IAI)

Internal committees of the Board of Directors

In accordance with the Corporate Governance Code, the Board of Directors has established the following internal committees:

(i) the Appointments and Compensation Committee (composed of Massimiliano Capece Minutolo (Chairman), Angelo Piazza, Patrizia Rutigliano and Nathalie Tocci);

(ii) the Risks and Control Committee (composed of Alessandro Picardi (Chairman), Antonino Cusimano, Massimiliano Capece Minutolo del Sasso and Thomas Devedjian and Elisabetta Maggini);

(iii) the Ethics, Sustainability and Inclusion Committee (composed of Elisabetta Maggini (Chairman), Massimiliano Capece Minutolo Del Sasso, Antonella Rosa Bianchessi and Luisa Melara and Patrizia Rutigliano); and

(iv) the Related Party Committee (composed of Angelo Piazza (Coordinator), Massimiliano Capece Minutolo Del Sasso and Antonella Rosa Bianchessi, Luisa Melara and Patrizia Rutigliano).

Officers

The table below sets forth ACEA's current executive officers who are not members of the Board of Directors (together with their role and their respective departments) at the date of this Base Prospectus.

Name	Position	Area
Sabrina Di Bartolomeo	Executive	Administration, finance and control
Elisabetta Scosceria	Executive	Legal Affairs
Cosmo Damiano Marzulli	Executive	Corporate Affairs
Elvira Angrisani	Executive	Investor Relations
Virman Cusenza	Executive	Communications
Claudio Mancini	Executive	Human Resources
Emiliano Sorrenti	Executive	Technology & Solutions
Giovanni Papaleo	Executive	Chief Operating Office
Valerio Marra	Executive	Sales and Trading

Further to the above, as at the date of this Base Prospectus, Acea is in the process of appointing an executive officer responsible for the "Investor Relations & Sustainability" area.

Board of Statutory Auditors

Pursuant to Article 22 of Acea's by-laws, Acea's board of statutory auditors (the "**Board of Statutory Auditors**") is composed of three statutory auditors and two alternate auditors.

Acea's by-laws provide for a voting list system for the appointment of all members of the Board of Statutory Auditors. The members of the Board of Statutory Auditors shall be appointed according to provisions of Article 15 of Acea's By-laws concerning the appointment of the Board of Directors. The appointment procedure is as follows: (i) half plus one of the Statutory Auditors and one Alternate Statutory Auditor shall be elected from the list that obtains the majority of votes; and (ii) the remaining members shall be elected from the minority lists. The Shareholders' Meeting shall appoint the Chairman.

The Board of Statutory Auditors is vested with the supervision and control powers provided by applicable law, by the Issuer's by-laws and by the Corporate Governance Code.

The current members of the Board of Statutory Auditors were appointed by the ordinary shareholders' meeting held on 27 April 2022 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of the Issuer as of and for the year ending 31 December 2024.

The Board of Statutory Auditors of Acea is currently composed of the following members:

Name	**Position**
Maurizio Lauri	Chairman
Claudia Capuano	Statutory Auditor
Leonardo Quagliata	Statutory Auditor
Rosina Cichello	Alternate Auditor
Vito Di Battista	Alternate Auditor

The business address of each of the members of the Board of Statutory Auditors is Piazzale Ostiense, 2, 00154 Rome, Italy.

Other offices held by members of the Board Statutory Auditors

The principal business activities and other directorships, if any, of each of the members of the Board of Statutory Auditors outside the Group are summarised below.

Name	**Position/office**	**Company / organization**
Maurizio Lauri	Statutory Auditor	Tirreno Power S.p.A.
	Statutory Auditor	Banco BPM S.p.A.
	Chairman of the Board of Statutory Auditor	Officine CST S.p.A
Claudia Capuano	Chairman of the Board of Statutory Auditor	Financit S.p.A (già BNL Finance S.p.A.)
	Statutory Auditor	RML Comunicazione S.r.l.
	Member of the Supervisory Body (*organismo di vigilanza)*	COTRAL S.p.A.
	Member of the Supervisory Body (*organismo di vigilanza)* - Sole Auditor	E. B. Elettroforniture Borghini S.p.A.
Leonardo Quagliata	Statutory Auditor	Leonardo S.p.A.

Name	Position/office	Company / organization
	Chairman of the Board of Statutory Auditor	Acea Produzione S.p.A.
	Chairman of the Board of Statutory Auditor	AE Sun Capital S.r.l.
	Chairman of the Board of Statutory Auditor	Ferrovie dello Stato International S.p.A.
	Chairman of the Board of Statutory Auditor	Mondadori Libri S.p.A.
	Chairman of the Board of Statutory Auditor	Sarnese Vesuviano S.r.l.
	Chairman of the Board of Statutory Auditor	Telespazio S.p.A.
	Chairman of the Board of Statutory Auditor	Terna Rete Italia S.p.A.
	Statutory Auditor	Augusta Due S.r.l,
	Statutory Auditor	Janna S.c.r.l.
	Statutory Auditor	Mednav S.p.A.
Rosina Cichello	Statutory Auditor	Istituto Oncologico Veneto I.R.C.C.S (IOV)
	Statutory Auditor	Acque Blu Arno Basso S.p.A.
	Statutory Auditor	Ecogena S.r.l.
	Statutory Auditor	Sarnese Vesuviano S.r.l.
Vito Di Battista	Statutory Auditor	Agenzia Giornalistica Italiana S.p.A.
	Statutory Auditor	Agro Camera- Azienda Speciale della Camera di Commercio di Roma
	Member of the Board of Directors, Chairman and CEO	Angelini Finaziaria S.p.A.
	Chairman of the Board of Statutory Auditor	Avio S.p.A,
	Statutory Auditor	D - Share S.p.A.
	Chairman of the Board of Statutory Auditor	Fondazione Toscana Gabriele Monastiero
	Chairman of the Board of Directors	IBL Real Estate S.r.l.
	Director	Società per Promozioni Immobiliari s.s.
	Director	VALIM 1985 s.s.

Potential conflicts of interest

As at the date of this Base Prospectus, no member of the Board of Directors or the Board of Statutory Auditors has declared a private interest or has any other duties which constitute an actual or a potential conflict of interest of such member with respect to his duties to the Issuer or which could be material in the context of the issue of the Notes.

SHARE CAPITAL

As at 31 December 2022, Acea has an authorised, issued and fully paid-up share capital of Euro 1,098,898,884, consisting of 212,964,900 ordinary shares with a par value of Euro 5.16 each. Each ordinary share carries one voting right at the shareholders' meeting, save for 416,993 treasury shares, representing 0.2 per cent. of Acea's share capital, in respect of which the relevant voting rights have been suspended.

Pursuant to Article 6, paragraph 1 of the Issuer's by-laws, shareholders other than the Municipality of Rome, or its subsidiaries, which hold equity investments in excess of 8 per cent. of the share capital, may not exercise their voting rights in respect of any shares exceeding such threshold.

ACEA has not issued any other categories of shares or any financial instruments convertible into or exchangeable into ordinary shares.

There are no outstanding stock option or stock grant plans which require share capital increases.

MATERIAL SHAREHOLDERS

As at 31 December 2022, the shareholders which owned, directly or indirectly, a shareholding exceeding 3 per cent. of ACEA's voting capital were the following:

Declarant or party at the top of the investment chain	**Party directly holding the major shareholding**		**Percentage of the voting share capital**	**Percentage of the ordinary share capital**
	Name	**Type of Possession**	**%**	**%**
SUEZ SA	SUEZ INTERNATIONAL SAS	Beneficial ownership	23.333	23.333
		Total	23.333	23.333
	Total		**23.333**	**23.333**
ROMA CAPITALE	ROMA CAPITALE	Beneficial ownership	51.000	51.000
		Total	51.000	51.000
	Total		**51.000**	**51.000**
CALTAGIRONE FRANCESCO GAETANO	CAPITOLIUM SRL	Beneficial ownership	0.141	0.141
		Total	0.141	0.141
	CALTAGIRONE SPA	Beneficial ownership	1.174	1.174
		Total	1.174	1.174
	FINCAL SPA	Beneficial ownership	3.052	3.052
		Total	3.052	3.052
	FGC SPA	Beneficial ownership	1.085	1.085
		Total	1.085	1.085
	Total		**5.452**	**5.452**

Source: Consob

The Issuer's controlling shareholder is Roma Capitale (the Municipality of Rome).

As at the date of this Base Prospectus, to the knowledge of the Issuer there is no shareholders' agreement among the Issuer's shareholders.

LITIGATION

The aggregate volume of pending litigation in which one or more companies of the Group are involved is relatively small, both in terms of number of cases (less than one thousand) and of economic risk associated therewith. In order to address the financial impact of such litigation, ACEA appropriate provisioning in its financial statements. See also "*Risk Factors – Legal and internal control risks – Risks related to legal and tax proceedings and the potential violation of laws and regulations.*"

Below is a summary of the main legal proceedings in which the Group is currently involved.

ACEA ATO 2 – Parco dell'Aniene (Alleged Failure to repair a sewerage system)

In June 2019, the company Parco dell'Aniene S.c.a.r.l. sued ACEA ATO 2 and Roma Capitale for alleged liability of the defendants, jointly and severally or to the extent to which they are responsible, for alleged wrongful acts arising from the failure to build and/or repair the sewerage system prior to the construction works carried out by the claimant in the Tor Cervara - Via Melibeo area. The consortium is making an exorbitant claim for compensation, totalling more than Euro 105 million.

The judge, initially stating that the objection raised by ACEA regarding a lack of jurisdiction was sufficient to issue a judgement, postponed the hearing for the clarification of conclusions.

Parco dell'Aniene S.c.a.r.l. had simultaneously filed an appeal with the United Sections of the Italian Supreme Court (*Corte di Cassazione*), based on the jurisdiction matter.

By order of 29 July 2021, the Court dismissed the appeal, declaring the administrative Court as competent of jurisdiction. Consequently, the proceeding has been resumed before the Lazio Regional Administrative Court (*Tar Lazio*). Currently, the date of the hearing has yet to be announced. Thereafter, on 15 November 2022, the Court of Rome declared that the civil lawsuit was inadmissible due to lack of jurisdiction.

ACEA ATO 5 – tax inspection and fiscal disputes

As a consequence of a general tax audit started on 7 March 2018 by the *Guardia di Finanza* – the Italian Economic and Financial Police Unit of Frosinone – Section for the Protection of Public Finance, on 31 December 2019, three notices of assessment were served by the Italian Revenue Agency:

- one notice of assessment regarding IRES (*imposta sul reddito delle società*) for the year ended on 31 December 2013, for an amount of Euro 3.1 million for taxes, net of penalties and interest;
- a second notice of assessment regarding IRAP (*imposta regionale sulle attività produttive*) for the year ended on 31 December 2014, for an amount of Euro 0.9 million for taxes, net of penalties and interest; and
- a third notice of assessment regarding IRES (*imposta sul reddito delle società*) for the year ended on 31 December 2014 for an amount of Euro 5.2 million for taxes, net of penalties and interest.

The notices of assessment were served to ACEA, as consolidating and parent company. The relevant companies of the ACEA Group involved in such matter filed an appeal before the Provincial Tax Commission of Frosinone on 28 February 2020. With regard to the findings contested in these notices, supported by the opinion of their tax advisors, the relevant companies of the ACEA Group considered the Italian Revenue Agency's requests to be completely ungrounded. The proceeding is currently pending and a first hearing is still to be scheduled.

Acea paid a third of the amounts ascertained for a total amount of Euro 3,311,335 during the first half of 2020.

On 19 January 2021, the Provincial Tax Commission declared null and void the above notices. As at the date of this Base Prospectus, the case is pending before the Regional Tax Commission and the hearing date should be scheduled soon.

On 23 December 2021, two notices of assessment were served by the Italian Revenue Agency:

- one notice of assessment regarding IRES (*imposta sul reddito delle società*) for the year ended on 31 December 2016, for an amount of Euro 1.3 million for taxes, net of penalties and interest; and
- a second notice of assessment regarding IRAP (*imposta regionale sulle attività produttive*) for the year ended on 31 December 2016, for an amount of Euro 0.2 million for taxes, net of penalties and interest.

On 28 December 2021, two additional notices of assessment were served by the Italian Revenue Agency:

- one notice of assessment regarding IRES (*imposta sul reddito delle società*) for the year ended on 31 December 2015, for an amount of Euro 1.5 million for taxes, net of penalties and interest; and
- a second notice of assessment regarding IRAP (*imposta regionale sulle attività produttive*) for the year ended on 31 December 2015, for an amount of Euro 0.3 million for taxes, net of penalties and interest.

The notices of assessment were served to ACEA, as consolidating and parent company. The relevant companies of the ACEA Group involved in such matter filed an appeal before the Provincial Tax Commission of Frosinone. With regard to the findings contested in these notices, supported by the opinion of their tax advisors, the relevant companies of the ACEA Group considered that there is a remote risk of losing said proceedings.

As regards the appeals submitted against the notices of assessment for corporation tax (IRES 2015 and 2016), last hearing before the Provincial Tax Commission was held on 16 May 2023. The decision of the Provincial Tax Commission has not yet been notified.

Acea RSE tax inspection and fiscal disputes

On 14 June 2012, Acea RSE was delivered a Report on Findings from the Italian Financial Police – Rome Tax Police Department following its inspection to check the correct use of the tax suspension provisions under the VAT tax warehouse system pursuant to article 50-*bis* of Law Decree no. 331 of 30 August 1993 ("**VAT Warehouses**"), relating to certain assets imported by the company in 2009, 2010 and 2011.

Based on the alleged abusive use of the aforementioned system by the company, the inspectors charged the company with failure to pay VAT on imports – for 2009, 2010 and 2011 – amounting to Euro 16,198,714.87.

On 6 August 2012, Acea RSE submitted a defence brief pursuant to art. 12, paragraph 7, of Law no. 212 of 27 July 2000 concerning the findings contained in the aforementioned Report on Findings.

The issue relating to the concepts of simulated warehouses and the introduction of goods to the country is particularly well-known and debated, and has been the subject of numerous papers on practices issued by the Italian Customs Authority and several cases of legal intervention.

ACEA considers that all the factual and legal conditions envisaged in the regulation on the use of VAT Warehouses, as interpreted by the relevant administrative bodies, were fully satisfied and therefore the aforementioned Report on Findings is without grounds, also taking into account the following: as concerns the particular case of the provision of services for the assets held at the VAT Warehouses (case set forth in letter h) of art. 50-*bis* of Law Decree no. 331/1993), art. 34, paragraph 44 of Law Decree no. 179 of 18 October 2012, recently amended art. 16, paragraph 5-*bis* of Law Decree no. 185 of 29 November 2008 (on the authoritative interpretation of letter h) of art. 50-*bis* noted above) establishing, for that case, that VAT must be deemed definitively paid if, when the merchandise is taken from the VAT Warehouse for marketing within the country, the regulations set forth in paragraph 6 of art. 50-*bis* of Law Decree 331/93 are correctly implemented, or the reverse charge procedures pursuant to art. 17, paragraph 2, of Presidential Decree no. 633 of 26 October 1972 are correctly applied. Management believes that ACEA's approach appears to be supported by Circular n. 16/D of 20 October 2014 issued by the Customs Agency following the decision of the Court of Justice of 17 July 2014 no. C-272/13.

Enel Green Power Italia

On 27 July 2020, Enel Green Power Italia S.r.l. ("**EGP**") sued ACEA ATO 2 before the Regional Court of Public Waters "(**TRAP**)", through the Court of Appeal of Rome, claiming the recognition of its right to receive a greater amount than that already paid by ACEA ATO 2 as an indemnity for lower voltage (due in accordance with relevant provisions of the agreement entered into by and between the parties on 1985), for electricity which could not be produced with the Farfo 1 salto, Farfa 2 salto, Nazzano and Castel Giubileo systems, subject to derivation of waters from the Le Capore sources.

Specifically, EGP stated that Acea calculated in a wrong way the indemnity amount for the period from 2009 to 2019 – being non-compliance with the methods prescribed in the agreement entered into on 1985. Therefore, EGP claimed to be entitled to receive a total amount of Euro 11,614,564.85, plus additional sums as adjustments after 31 December 2019, as well as interest on arrears.

ACEA ATO 2 filed its defence, noting the ungrounded nature of the interpretation of the agreement on which EGP based its request and providing for a different method for the quantification of the indemnity, considered to be in line with the agreements reached by the parties during the course of the contractual relationship.

Based on the application of the calculation method proposed and in the light of the indemnity amounts already paid, ACEA ATO 2 formulated a counter-claim for the return of an amount equal to Euro 3,246,201.46, plus legal interest.

With a decision dated 14 November 2022, the TRAP declared its lack of jurisdiction, electing the civil Court of Rome as the competent authority to decide over the same matters.

By a writ of summon served on 25 January 2023, EGP resumed the judgement before the Court of Rome: the first hearing has been scheduled for 1 Febraury 2024.

Acea and ACEA ATO 2 - CO.LA.RI.

On 23 June 2017, Consorzio Co.La.Ri. and E. Giovi S.r.l. – respectively the manager of the Malagrotta (RM) landfill and executive consortium member – filed a claim against the Issuer and ACEA ATO 2, requesting approximately Euro 36 million as payment of the portion of landfill access tariffs, as established by Legislative Decree No. 36/2003, for the entire term of the agreement for the use of the landfill (*i.e.*, 1985 – 2009). Alternatively, should the rules of Legislative Decree No. 36/2003 be deemed non-retroactive, the plaintiffs requested the payment of approximately Euro 8 million as consideration for the period 2003 – 2009, as well as the payment of the amounts due for the period 1985 – 2003 as determined by experts appointed by court.

The judge set the hearing for conclusions on 22 March 2021 and postponed to 26 April 2022. Meanwhile, the lack of legal standing of Consorzio Co.La.Ri.'s and E. Giovi's has been objected as a consequence of the commissioner of Malagrottas' landfill established by DPCM of 18 February 2022 (in connection to remediation and post operation activities). The judge reserved ruling on such objection and, currently, the parties are waiting for the judge to lift the reservation.

ARETI – Dispute GALA S.p.A.

In November 2015, Areti signed a transport contract for the electricity distribution and metering service with Gala S.p.A. ("**Gala**"), a company that sells electricity to end users. Starting in March 2017, Gala fully ceased to pay the fees invoiced and due to Areti. On 7 April 2017, Areti, as a creditor, enforced the guarantees issued by Gala in its favour. In addition, due to non-fulfilment of the obligations deriving from the contract being disputed by both Gala and the guarantors, the termination clauses found therein were triggered. The main pending disputes generated by such matter are summarised below.

Judgement filed by the guarantor Euroins Insurance plc

In July 2017, Euroins Insurance plc, a guarantor of Gala, independently introduced an assessment proceeding to declare the non-existence of its obligation deriving from the guarantee. The proceeding was started before Section XVII of the Court of Rome. With a judgement dated 10 May 2021, the action for ascertainment of invalidity was rejected, with an order to Euroins to pay Areti Euro 5 million (plus legal interest and legal expenses). The judgement also ordered Gala to ensure the release of the guarantor, directly paying Areti Euro 5 million, plus legal interest.

On 8 June 2021, Gala spontaneously made the payment of the amount provided for in the judgement, paying Areti Euro 5,058,986.30, including legal interest (being equal to Euro

58,986.30). Considering that a parallel civil proceeding was also ongoing between Gala and Areti, such payment was made with reservation of, *inter alia*, recovery of undue payments. Gala's appeal was filed on 10 December 2021 and the hearing has been postponed to 22 June 2026 for the oral discussion.

GALA's summons to areti, Acea Energia and Acea

In March 2018, Gala requested the Court of Rome to declare the invalidity of some clauses of the transport contract stipulated with Areti in November 2015 and the consequent invalidity/ineffectiveness of the termination of the contract by Areti, ordering the latter to pay the corresponding damage, for a total amount exceeding Euro 200,000,000.00. Gala also requested that the behaviour of Areti and the other defendant companies, Acea and Acea Energia, be declared acts of unfair competition, condemning them to pay the corresponding damages. The companies of the Acea group that were involved in such proceeding promptly reacted within the terms set forth by the relevant Italian law and acted for the denial of the opposing claims, requesting their rejection. In addition, as a counterclaim, Areti requested to declare the contract legitimately terminated, as well as to ascertain and declare the non-fulfilment of Gala of the payment and guarantee obligations assumed under the transport contract with consequent order to pay the related amount, plus interest and without prejudice to the additional amounts being accrued. With the ruling of 16 June 2023, the Court, accepting the defence arguments of Areti, Acea and Acea Energia, rejected all the claims brought by Gala and accepted the counterclaim of Areti, declaring the contract terminated, with the consequent condemnation of Gala to pay. The terms for the appeal are still pending.

On 3 February 2023, Gala has registered a request to start a negotiated settlement procedure for the resolution of the crisis pursuant to Article 12 and seq. of Legislative Decree 14/2019. The procedure is currently in progress.

Acea - Milano '90

On 28 February 2007, Acea, as seller, and Milano 90 S.r.l., as purchaser ("**Milano 90**"), entered into a sale and purchase agreement for the sale of an area in the Municipality of Rome, with access from via Laurentina No. 555. On 5 November 2008, the parties subsequently amended such agreement, in order to increase the sale price from Euro 18 million to Euro 23 million – to be paid by the purchaser on 31 March 2009 – and to delete references to the earn out mechanism (the "**SPA**").

Since Milano 90 did not fulfil its duties and obligations under the SPA, Acea served a court injunction against Milano '90, for the recovery of the amounts claimed. Milano 90 opposed the aforementioned injunction and claimed the recovery of any sums paid in advance, thereby obtaining a temporary suspension of the enforcement measure brought by Acea against it.

With decision n. 3258/2018, the Court of Rome rejected the opposition filed by Milano 90 (confirming the claims made by Acea) and ordered Milano 90 to pay the costs of the proceedings.

Appeal

On 26 April 2018, Milano 90 filed an appeal against the ruling of the Court of Rome. As a result of an oral hearing, the Court of Appeal rejected the request for suspension of the enforcement measure applied. The final hearing was held on 10 September 2021. By judgment of 23 June 2022, the Court of Appeal of Rome confirmed in full the judgment of the court of first instance, ordering the other party (i.e. Milano 90) to pay the costs of the proceedings. By recurring to the jurisdiction of the Italian Supreme Court (*Corte di Cassazione*), Milano 90 appealed against the judgment issued by the Rome Court of Appeal. Currently, the date of the hearing has yet to be announced.

Enforcement procedure

Following the positive first instance decision on 27 March 2018, Acea lodged the appeal for the resumption of the enforcement procedure against Milano 90 and third party (the garnishee). As a result of the opposition lodged by the third party on 25 March 2022 the payment of the amount assigned to Acea was carried out.

ACEA and ARETI – MP 31 S.r.l. (formerly ARMOSIA MP S.r.l.)

In 2015, the Court of Rome issued an injunctive order against ARETI for an amount of Euro 26,621.34, requested by MP 31 S.r.l., formerly known as ARMOSIA MP S.r.l. ("**MP**"), in relation to the failure of ARETI to pay rental fees for the months of April, May and June 2014, due under a lease agreement connected to the property in Rome located in Via Marco Polo 31. The injunction was declared provisionally enforceable by order of 8 July 2015.

In the hearing held on 17 February 2016, the judge adjoined this case with another one pending before the Court of Rome, filed by Acea and ARETI (as transferee of the lease agreement) aimed at obtaining the termination of the lease agreement.

In the context of the latter proceeding, MP also claimed compensation for damages incurred in consideration of the degrading condition of the building – when it was released by ARETI.

With decision dated 27 November 2017, the Court of Rome upheld the application of the measure adopted against ARETI, condemning it to the payment of the previous rental fees in the amount of approximately Euro 2,759,818.76, as well as the payment of any and all the rental fees up to lease agreement expiry (*i.e.* 29 December 2022).

On January 2018, Acea filed an appeal, whose hearing - initially scheduled for 16 April 2020 – was first postponed to 19 September 2024.

Acea – Former COS rulings

The dispute concerns the ascertainment of the illegality of the contract between ALMAVIVA Contact (formerly known as COS) ("**Almaviva**") and ACEA and the consequent right of Almaviva's workers to be recognised as employees of ACEA.

The majority of cases in which ACEA was unsuccessful were settled, and, out of six claims, only two were brought before the Italian Supreme Court (*Corte di Cassazione*) by ACEA. These judgements were settled by dismissal orders – made on, respectively, 2 and 10 July 2019 – of ACEA's application and, therefore, the establishment of the employment contract between ACEA and the opposing parties as from 2004 was confirmed. The claimants have therefore started to work concretely as employees of ACEA starting from February 2020.

Quantification judgements concerning remuneration differences for the period 2008/2014

The six workers who won their cases (*i.e.* with whom a subordinate employment relationship with ACEA was established) have initiated actions quantifying their claims, requesting payment of the wages due as a result of the established employment relationship and regarding different periods of accrual of the receivables. The action for quantification proposed by the workers regarding the remuneration differences accrued between 2008 and 2014, defined with a partially unfavourable judgement issued on 26 October 2021, is currently pending before the Court of Appeal of Rome, Employment Section.

After this unfavourable verdict, ACEA paid, reserving the right to a refund, the amounts due as remuneration and pension differences plus interest and monetary revaluation.

An appeal to the Italian Supreme Court (*Corte di Cassazione*) was filed against this ruling and the first hearing is yet to be scheduled.

Quantification judgments concerning remuneration differences for the period 2014/2019

Between 2020 and 2022, four workers served four different "*Procedimenti monitori*" to obtain before the Court injunction relieves also seeking to obtain unpaid wages between 2014-2019. With regard to the two injunctions served in 2020, at the outcome of oppositions proceedings, the workers' request were accepted. . Therefore, in April 2022, Acea compensated the salary differences and other granted incidentals and ancillary costs, also filing for appeal.

With regard to the appeals notified in 2022, both trials were opposed and, with a judgement dated 4 March 2023, Acea was ordered to pay the salary differences. The terms for the appeal are still pending. Lastly, in July 2022, an appeal was filed pursuant to Article 414 of the Italian code of civil procedure by a fifth different worker, whose claims were accepted with a ruling in December 2022.

Acea – Municipality of Botricello

In 1995, the Municipality of Botricello transferred the management of its integrated water service to a temporary group of companies, which later became a consortium known as Hydreco S.c.a.r.l. ("**Hydreco**"). In 2005, the Municipality of Botricello filed a claim with the Court of Catanzaro against Hydreco - which included Sigesa S.p.A. (a company that transferred its rights to Acea) - to request the recovery of fees due for management of the integrated water service for the period 1995-2002, for an amount of approximately Euro 946,091.63, plus damages, interest and revaluation.

Hydreco filed a counter-claim for failure to adjust tariffs and loss of earnings due to the early revocation of the service. During the proceeding, an expert recognised an amount of Euro 230,000.00 in favour of the Municipality of Botricello. Nonetheless, on 29 October 2015, the Court of Catanzaro ordered Hydreco to jointly pay an amount of Euro 946,091.63, plus interest and revaluation, rejecting the counter-claims.

The losing parties filed separate appeals and, with decision of 27 March 2018, the Court of Appeal of Catanzaro suspended the execution of the appealed judgement. However, on 6 June 2020, the appeals were rejected. Therefore, Acea filed an appeal with the Italian Supreme Court (*Corte di Cassazione*). The date for the hearing has not yet been set.

AGCM (Antitrust Authority) Measure – Proceeding No. A 513

On 8 January 2019, Acea was notified by the Italian Antitrust Authority (*Autorità Garante della Concorrenza e del Mercato*) of a measure containing a joint pecuniary administrative sanction equal to Euro 16,199,879.09 against Acea, Acea Energia and ARETI in relation to the proceeding No. A 513, regarding an abuse of dominant position in the market of the sale of electricity. Fully convinced of the illegitimacy of the measure imposed, Acea and Acea Energia filed their respective appeals with the Lazio Regional Administrative Court (*Tar Lazio*). The hearing on the merits of both judgements was held on 2 October 2019.

On 17 October 2019, the appeals were upheld with separate sentences and the fine was therefore annulled.

On 17 January 2020, the Italian Antitrust Authority filed an appeal with the Italian Council of State (the "**Council of State**"). The group companies concerned lodged a cross appeal, and a hearing has yet to be scheduled.

The Council of State has therefore set 11 May 2023 as the date for the public hearing to discuss the AGCM's appeal for the reform of the Lazio Regional Administrative Court's ruling and, with a favourable ruling on 31 May 2023, rejected the appeal lodged by AGCM against Acea and Acea Energia, as well as that against Areti. It thus confirmed the illegitimacy of the measure by which the Authority had claimed that the companies had implemented an exclusionary strategy aimed at the transfer of users of the majority protection service to Acea Energia's free market offers.

Acea Energia S.p.A. - AGCM (Antitrust Authority) Measure - Proceeding No. PS12458

On 18 October 2022, the Italian Antitrust Authority (hereinafter, also "*Autorità Garante della Concorrenza e del Mercato*" or "AGCM" or the "Authority") notified Acea Energia (hereinafter, also "AE" or the "Company") of a request for information aimed at verifying the existence of commercial conduct potentially aimed at circumventing the prohibition set forth in Article 3 of the Italian Legislative Decree No. 115 of 9 August 2022 (the so-called "DL Aiuti bis"), converted into Law No. 142 of 21 September 2022. The mentioned law provides for the suspension of the effectiveness of any contractual clause unilaterally modifying the terms and conditions of price definition until 30 April 2023. AE replied to the AGCM. On 13 December 2022, the Authority sent notice to the Company of the commencement of proceedings, at the same time notifying it of the imposition of a precautionary measure against it. The Company appealed against the legitimacy of the precautionary measure before the Lazio Regional Administrative Court (TAR Lazio), which granted the appeal. The proceedings are still ongoing. The deadline for completion of the proceedings is 15 September 2023.

EMPLOYEES

As at 31 December 2022, the Group average number of employees was 10,211 and increased by 948 (compared to 31 December 2021), mainly due to the change in scope.

MATERIAL CONTRACTS

Debt issuances

On 3 March 2010, ACEA issued the JPY 20,000,000,000 2.5 per cent. Notes due 2025 (ISIN Code XS0490440384).

On 15 May 2014, ACEA established the Euro 1,500,000,000 Euro Medium Term Notes Programme to which this Base Prospectus relates.

On 15 July 2014, ACEA issued Euro 600,000,000 2.625 per cent. Notes due 2024 (ISIN Code XS1087831688) under the Programme.

On 24 October 2016, ACEA completed a liability management transaction involving a tender offer of existing notes and a new issue of Euro 500,000,000 1.000 per cent. Notes due 2026 (ISIN Code XS1508912646) under the Programme.

On 19 January 2018, ACEA increased the maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme from Euro 1,500,000,000 to Euro 3,000,000,000.

On 1 February 2018, ACEA issued Euro 700,000,000 1.500 per cent. Notes due 2027 (ISIN Code XS1767087866) under the Programme.

On 6 May 2019, ACEA increased the maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme from Euro 3,000,000,000 to Euro 4,000,000,000.

On 23 May 2019, ACEA issued Euro 500,000,000 1.750 per cent. fixed rate notes due 2028 (ISIN Code XS2001278899) under the Programme.

On 6 February 2020, ACEA issued Euro 500,000,000 0.5000 per cent. fixed rate notes due 2029 (ISIN Code XS2113700921) under the Programme.

On 16 December 2020, the Board of Directors approved the increase of the maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme from Euro 4,000,000,000 to Euro 5,000,000,000.

On 28 January 2021, ACEA issued Euro 300,000,000 0.000 per cent. green notes due 28 September 2025 (ISIN Code XS2292486771) and Euro 600,000,000 0.250 per cent. green notes due 28 July 2030 (ISIN Code XS2292487076) issued under the Programme.

On 17 January 2023 (TAP 3 February 2023), ACEA issued Euro 700,000,000 3.875 per cent. green notes due 24 September 2031 (ISIN Code XS2579284469) issued under the Programme.

Main Long Term Financing Agreements and back-up facilities

On 11 November 2005, *Cassa Depositi e Prestiti* granted to ARETI a Euro 439,333,798.96 amortising loan guaranteed by ACEA maturing on 31 December 2027.

On 25 August 2008, the European Investment Bank granted to the Issuer a Euro 200,000,000 unsecured loan comprising two tranches: a Euro 150,000,000 amortising loan maturing on 15 June 2023 and Euro a 50,000,000 bullet fully prepaid on 15 March 2018.

On 23 December 2014, the European Investment Bank granted to the Issuer a Euro 200,000,000 amortising unsecured loan maturing on 17 June 2030, partially prepaid on 15 June 2021 for an amount of Euro 50,000,000.

On 4 August 2015, the European Investment Bank granted to the Issuer a Euro 200,000,000 unsecured loan with a three-year availability period. On 2 May 2017, the Issuer requested the total disbursement of the loan with an amortizing repayment maturing on 15 December 2030.

On 18 July 2019, a pool of banks granted to Gori a Euro 80,000,000 project financing amortizing loan outstanding for Euro 73,000,000 as of 31 December 2022, maturing on 31 December 2029.

On October 2019, the Issuer fully consolidated Acquedotto del Fiora project financing amortizing loan granted by a pool of banks, outstanding for Euro 104,452,920 as of 31 December 2022, maturing on 31 December 2029 with limited recourse on the Issuer.

On 1 July 2020, Banca Nazionale del Lavoro S.p.A. granted to the Issuer a Euro 150,000,000 unsecured committed revolving facility, maturing on 30 June 2023. On 28 June 2022, it has been amended and extended in a new Euro 200,000,000 unsecured committed revolving facility, maturing on 28 June 2027. The facility is currently undrawn.

On 31 July 2020, Cassa Depositi e Prestiti S.p.A. granted to the Issuer a Euro 150,000,000 unsecured committed revolving credit facility, maturing on 31 July 2023. On 5 August 2022, it was amended and extended in a new Euro 200,000,000 unsecured committed revolving credit facility, maturing on 5 August 2025. The facility is currently undrawn.

On 29 September 2020, UniCredit S.p.A. granted to the Issuer a Euro 200,000,000 unsecured committed revolving credit facility, maturing on 29 September 2023. On 7 July 2022, the parties terminated this committed revolving credit facility and UniCredit S.p.A. granted to the Issuer a new Euro 300,000,000 unsecured committed revolving credit facility, maturing on 7 July 2027. The facility is currently undrawn.

On 30 July 2020, the European Investment Bank granted to the Issuer a Euro 250,000,000 amortising unsecured loan with a three years of commitment period. The loan was fully drawn on 13 June 2022.

On 16 November 2020, a Euro 30 million long-term structured finance transaction was signed in favour of SII. In particular, a loan equal to Euro 20,000,000 was granted by Banca Nazionale del Lavoro S.p.A. and UBI Banca S.p.A. (now merged into Intesa Sanpaolo S.p.A.), whereas a loan of Euro 10 million was granted by Umbriadue Servizi Idrici S.c.a.r.l. ("**Umbriadue**").

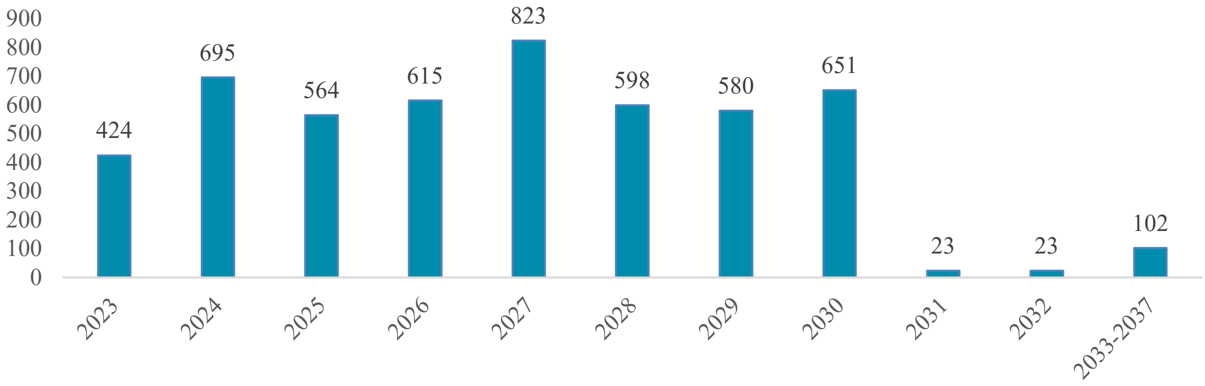
On 20 July 2021, a pool of banks granted to Umbra Acque a Euro 62,000,000 long term structured finance outstanding for Euro 58,547,978 as of 31 December 2022, maturing on 31 December 2031.

On 6 July 2023, the European Investment Bank granted to the Issuer the first Euro 235,000,000 tranche of the total Euro 435,000,000 approved by the Board of Directors of the European Investment Bank. This first tranche of amortising unsecured loan with three years of commitment period is currently undrawn.

The chart below shows the Acea’s maturity debt schedule in respect of its indebtedness as of 31 December 2022.

ACEA’s loans and ACEA’s subsidiaries’ principal medium/long–term borrowings, including the above-mentioned loan to ARETI, may be subject to covenants to be complied with by the borrower in accordance with international market practices and/or European Investment Bank standards.

The loan agreements entered into by ACEA contain broadly market standard (LMA and/or EIB) provisions.



RECENT DEVELOPMENTS

Partnership between Acea and Suez for the digitalisation of water service metering systems

At the end of 2021, Acea and the Suez Group signed a term sheet relating to the creation of a joint venture for the design of an advanced smart metering system for the water service (so-called "smart meter"), and its subsequent production and marketing in Italy and abroad on the basis of a specific commercial partnership.

The project envisages the creation of a new generation multifunction meter unique on the market, which ACEA and the Suez Group believe represents a breakthrough in future communication technologies in this sector. To this end, the companies involved are jointly developing a patent, pooling their complementary expertise.

On 29 March 2022, ACEA and the Suez Group signed the definitive agreements for the implementation of the corporate joint venture described above. The obligation of the parties to implement said project is subject to the satisfaction of the condition precedent concerning the issuance by the competent antitrust authority of the decision authorizing the transaction, without the provision of commitments and/or conditions, within 31 December 2022 or a different term agreed in written between the parties. On 29 August 2022, the EU Commission (DG Competition) decided not to oppose to the abovementioned transaction and to declare it compatible with the internal market and the corporate joint venture is now active.

On 19 December 2022, DROPMI S.r.l. was established. Such company carries out research and engineering for next-generation water metres which can operate and be monitored remotely. It also develops smart water solutions for the domestic and international markets. DROPMI Srl is 50% owned by Acea and 50% owned by SUEZ International SAS.

On 10 February 2023, Aqua.iot S.r.l. and Aquantia S.r.l. were established. Aqua.iot S.r.l.'s mission is the marketing and distribution of water meters to companies operating in the water industry in Italy (non Acea's captive market) and abroad. Aquantia S.r.l.'s mission is the production, marketing and distribution of water meters to companies operating in the water industry within the Acea's captive market in Italy. Aqua.iot S.r.l. is 65% owned by SUEZ International SAS and 35% owned by Acea, while Aquantia S.r.l. is 65% owned by Acea and 35% owned by SUEZ International SAS.

Above the average industry ranking for Acea's Bloomberg Gender-Equality Index (GEI) 2022.

ACEA improved its ranking in the Bloomberg Gender-Equality Index (GEI) 2022, obtaining a score of 80.67, more than ten points higher than in 2021 and ranking well above the average for the utilities sector (71.21) and the survey sample (71.11).

Acea: Sardinia's largest photovoltaic plant authorised with a capacity of 85 MW

On 19 July 2022, Acea Solar, a wholly owned subsidiary of Acea Produzione, obtained an "Environmental Impact Assessment" and "Single Authorisation" from the Region of Sardinia in connection with the construction of a photovoltaic plant in the industrial area of Ottana, in the municipality of Bolotana. The plant will have an installed capacity of approximately 85 MW and, at the date of this Base Prospectus, it is scheduled to come into operation in the first half of 2024. The site will become the largest in Sardinia and among the largest in Italy, covering approximately 140 hectares. It will be connected to the high-voltage grid at Terna's new power station names "Ottana 2".

Furthermore, the project includes the implementation of a 10 MWh energy storage system that will deliver electricity during the phases of the day when generation from renewable sources is reduced. The system will contribute to the stability of the grid and the supply of 170 GWh/year of electricity, equivalent to the annual needs of approximately 50,000 households and corresponding to more than 70 thousand/ton of CO2 avoided per year, compared with equivalent production from fossil fuels.

Business combination with ASM Terni

On 6 December 2022, the closing of the initial stage of the business combination with ASM Terni was signed, following the completion public procedure initiated by the latter. The operation is intended to create a single operator working in the integrated water cycle, environment and electricity and gas distribution and sales sectors. Therefore, Acea is the industrial partner achieving the established objectives and consolidating the company based on the agreements signed in the context of the transaction, and also in accordance with other shareholders' agreements and by-laws. On 20 April 2023, the second closing was finalised, whereby the corporate merger occurred between Acea, ASM Terni and the municipality of Terni, following the public procedure initiated by ASM Terni. Following the completion of this agreement, the overall Acea Group's stake in ASM Terni's share capital rises to 45% and the Umbrian utility acquires 20% of the capital of Orvieto Ambiente (which is Acea Ambiente's spin-off company). This strengthens Umbria's first integrated multi-utility, an industrial company active in the water sector, waste management, power generation and the distribution and sale of electricity and gas.

Acea reaches 100% of Deco: the remaining 35% of the company acquired, the main operator in the Abruzzo environmental sector

On 23 January 2023, Acea acquired the remaining 35% of Deco's share capital, a company operating in the waste sector in Abruzzo in which it already held a 65% stake, with the closing of the acquisition occurring in November 2021. The company designs, constructs and manages plants for the treatment, disposal and recovery of municipal solid waste and plants for energy recovery from renewable sources.

Acea: indication of interest in the Rome waste to energy plant presented

On 1 March 2023, Acea Ambiente, a subsidiary of Acea, responded to the public notice issued by the municipality of Rome to find economic operators interested in presenting project financing proposals for assignment of the systems hub concession relative to the design, authorisation, construction and management of a waste-to-energy plant and correlated ancillary systems. Acea Ambiente presented its indication of interest with other national and international partners, including Hitachi Zosen Inova, Vianini Lavori and Suez, following favourable determinations by the relevant corporate bodies of Acea Ambiente and Acea (also pursuant to the provisions of the Acea Group Related Party Transactions Procedure).

Approval by the shareholders' meeting of Acea of the 2022 Consolidated Financial Statements, the appointment of a new Board of Directors and the payment of a dividend of €0.85 per share

On 18 April 2023, the shareholders' meeting of Acea approved the 2022 Consolidated Financial Statements, which showed a net profit of approximately Euro 280 million and EBITDA of Euro 1.3 billion. The consolidated non-financial statement prepared pursuant to Italian Legislative Decree 254/2016 (*i.e.* 2022 Sustainability Report) was also presented to the shareholders. Furthermore, the shareholders' meeting of Acea also (i) confirmed the distribution of the dividends, for a total amount of Euro 180,665,720.95, equal to €0.85 per share; (ii) allocated Acea's net income for the year ended 31 December 2022[13]; (iii) approved the amendment of Article 15 of Acea's by-laws; (iv) determined the number of members of the Board of Directors at thirteen and elected the new Board of Directors to remain in office for three financial years, specifically until approval of the 2025 financial statements; and (v) approved the first section and voted in favour of the second section of Acea's remuneration policy (*Politica in materia di remunerazione e sui compensi corrisposti*).

Acea: acquisition of SIMAM completed

On 21 April 2023, Acea completed the acquisition of the remaining 30% of Simam, a company specialising in the engineering, construction and management of water and waste treatment plants, in environmental works and reclamation, with hi-tech integrated solutions. Over the last three years, Acea has developed new skills, know-how, and implemented new high-tech solutions in the field of design and project management, consolidating its capabilities in the construction and maintenance of infrastructures, for an increasingly sustainable, innovative and efficient management of services related to its business.

[13] The net income for the year ended 31 December 2022 (amounting to Euro €206,735,269.29) has been allocated as follows:

- Euro 10,336,763.46, equal to 5% of net income, to the legal reserve;
- Euro 180,665,720.95 to shareholders in the form of a dividend per share of €0.85; and
- Euro 15,732,784.87 to retained earnings.

OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The following financial information is derived from the audited consolidated financial statements of ACEA as at and for the years ended 31 December 2022 and 31 December 2021. The audited consolidated financial statements of ACEA as at and for the years ended 31 December 2022 and 31 December 2021, which have been audited by PricewaterhouseCoopers S.p.A., are incorporated by reference into this Base Prospectus. See also "Auditors". The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements, reports and the notes thereto. See also "*Information incorporated by reference*".

Certain figures included in the financial information set out in the tables below have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Consolidated Income Statement

	Year ended 31 December	
	2022	2021
	(audited)	
	(millions of euro)	
Revenue from sales and services	4,957	3,816
Other revenue and income	181	156
Consolidated Net Revenues	**5,138**	**3,972**
Staff costs	305	276
Cost of materials and overheads	3,556	2,461
Consolidated Operating Costs	**3,861**	**2,737**
Net income / (expense) from commodity risk management	0	0
Profit / (loss) from non-financial equity investments	28	21
EBITDA	**1,305**	**1,256**
Net write-downs (write-backs) of trade receivables	113	86
Depreciation, amortization and provisions	626	589
Operating Profit / (loss)	**566**	**581**
Financial income	26	11
Financial charges	(112)	(97)
Profit / (loss) on equity investments	18	8
Profit / (loss) before tax	**498**	**503**
Income tax	187	151
Net Profit / (loss)	**311**	**352**
Net Profit / (loss) from discontinued operations	0	0
Net Profit / (loss)	**311**	**352**
Profit / (loss) due to third parties	31	39
Net Profit / (loss) attributable to the Group	**280**	**313**

Consolidated Balance Sheet – Assets

	As at 31.12.2022	As at 31.12.2021
	(audited)	
	(millions of euro)	
Tangible fixed assets	3,144	2,939
Real estate investments	2	2
Goodwill	255	251
Concessions and rights on infrastructure	3,471	3,048
Intangible fixed assets	420	412
Copyright	90	53
Equity investments in unconsolidated subsidiaries and associates	349	292
Other equity investments	3	3
Deferred tax assets	180	203
Financial assets	31	23
Other non-current assets	615	576
NON CURRENT ASSETS	**8,560**	**7,802**
Inventories	105	86
Trade receivables	1,267	1,072
Other current assets	459	388
Cash and cash equivalents	560	681
Current financial assets	342	408
Current tax assets	26	24
CURRENT ASSETS	**2,759**	**2,659**
Non-current assets destined for sale	19	168
TOTAL ASSETS	**11,338**	**10,629**

Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	As at 31.12.2022	As at 31.12.2021
	(audited)	
	(millions of euro)	
Shareholders' Equity:		
Share capital	1,099	1,099
Legal reserve	147	139
Other reserves	28	(123)
Retained earnings / (losses)	737	696
Profit / (loss) for the year	280	313
Total shareholders' equity for the Group	**2,291**	**2,124**
Third parties Shareholders' Equity	464	392
Total shareholders' equity	**2,755**	**2,516**
Staff termination benefits and other defined-benefit plans	113	120
Provision for risk and charges	218	193
Borrowings and financial liabilities	4,722	4,792
Other non-current liabilities	399	409
NON-CURRENT LIABILITIES	**5,452**	**5,514**
Payables to suppliers	1,850	1,683
Other current liabilities	632	563
Borrowings	619	285
Tax payables	27	19
CURRENT LIABILITIES	**3,128**	**2,550**
Liabilities closely associated with assets held for sale	2	47
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**11,338**	**10,629**

Consolidated Statement of Cash Flows

	As at 31.12.2022	As at 31.12.2021
	(audited)	
	(millions of euro)	
Cash flow from operating activities		
Profit before tax……………………..	498	503
Depreciation/amortisation and impairment losses ………………………………………..	594	547
Revaluations/impairment charges………………………………..	68	57
Increase/(decrease) in provisions for liabilities…………………..	14	(4)
Net change in the provision for employee benefits…………….	(19)	(7)
Gains on disposals……………………………………………….	0	0
Net financial interest……………………………………	86	86
Income taxes paid……………………………………………..	(179)	(180)
Cash flow generated by operating activities before changes in working capital…………………………………………………	**1,062**	**1,002**
Increase/Decrease in receivables included in current assets ………………………………….	(248)	(185)
Increase/Decrease in payables included in the working capital ……………………………	138	68
Increase/Decrease in inventories………………………………..	(15)	7
Change in working capital……………………………………..	**(125)**	**(109)**
Change in other assets/liabilities during the period	**(210)**	**(136)**
Cash flow from operations of Disposal Groups/Assets held for sale	0	3
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**726**	**759**
Cash flow from investment activities		
Purchase/sale of tangible fixed assets………………….	(350)	(626)
Purchase/sale of intangible fixed assets…………………………..	(700)	(355)
Equity investments………………………………………………..	110	(90)
Collections/payments deriving from other financial investments…..	45	1
Dividends received………………………………………………..	3	7
Interest income received…………………………………………..	29	14
Cash flow from investments of Disposal Groups/Assets held for sale	0	(3)
TOTAL…………………………………………………………	**(863)**	**(1,051)**
Cash flow from financing activities		
Non-controlling interests in subsidiaries' capital increase………..	0	0
Repayment of mortgages and medium/long-term borrowings…………………..	(73)	(234)
Provision of mortgages/other medium/long-term loans…….	250	902
Decrease/increase in other financial debts………………..	92	(147)
Interest expense paid………………………………………………	(114)	(101)
Dividends paid…………………………………………………….	(147)	(97)
Cash flow from loans of Disposal Groups/Assets held for sale	0	0
TOTAL CASH FLOW FROM FINANCING ACTIVITIES…………………………………………..	**9**	**324**
Cash flows for the period……………………………………..	**(127)**	**32**
Net opening balance of cash and cash equivalents…………….	**681**	**642**
Cash availability from acquisition	**6**	**19**
Net closing balance of cash and cash equivalents…………..	**560**	**693**
Cash and cash equivalents at the end of the year Disposal Groups/Assets held for sale	**0**	**12**

Cash and cash equivalents at the end of the year Continuing Operations	**560**	**681**

REGULATORY

EU and Italian laws significantly regulate ACEA's core energy, water, networks and waste management businesses and these regulations may affect ACEA's operating profit or the way it conducts business. The principal regulations applicable to ACEA are summarised below. Although this summary contains all the information that ACEA's management considers material in the context of the issue of the Notes, it is not complete. Investors should read this summary together with the legislation applicable to ACEA, and not rely on this summary only.

The Italian code on public contracts

Water business

The Galli Law and Environmental Code

The comprehensive set of legal provisions enacted to regulate the sector of water services is contained in the Legislative Decree No. 152 of 3 April 2006 (the "**Environmental Code**").

The Environmental Code, which contains integrated provisions for all environmental businesses and, in principle, the regulation of the management of the integrated water service system in Italy, is based on the following principles:

- establishment of a sole integrated system for the management of the entire cycle of the water resources (integrated water services or "*servizio idrico integrato*"), including the abstraction, transportation and distribution of water for non-industrial purposes, water drainage and purification of waste water;
- identification, by the Italian Regions and within each of them, of "Optimal Territorial Districts" ("***Ambiti Territoriali Ottimali***" or "***ATOs***"), within which the integrated water services are to be managed. The boundaries of ATOs were defined on the basis of: (i) consistency with hydrological conditions and logistical considerations; (ii) the goal of achieving industry consolidation; (iii) the potential for economics of scale and operational efficiencies; and
- institution of a water district authority for each ATO ("**Water District Authority**" or "***Autorità di Ambito Territoriale Ottimale***" or "***AATOs***"), responsible for: (i) organising integrated water services, by means of an integrated water district plan which, *inter alia*, sets out an investments policy and management plan relating to the relevant district (*Piano d'Ambito*); (ii) identifying and overseeing an operator of integrated water services; (iii) determining the tariffs applicable to users; (iv) monitoring and supervising the service and the activities carried out by the selected operator, in order to ensure the correct application of the tariffs and the achievement of the objectives and quality levels set out in the district plan.

The organisation of integrated water services relies on a clear distinction in the division of tasks among the various governing bodies. The State and regional authorities carry out general planning activities. Local authorities (Water District Authorities) supervise, organise and control the integrated water services but these activities are managed and operated on a day-to-day basis by (public or private) service operators.

Law No. 42 of 26 March 2010 provided for the abolition of the AATO's starting from 27 March 2011, which deadline was subsequently extended to 31 March 2011, 31 December 2011 and again to 31 December 2012. By this deadline, regional governments were required to re-assign, by means of specific laws, the roles previously performed by the AATOs, in accordance with the principles of subsidiarity, differentiation and adequacy.

The Environmental Code provides for civil, penal and administrative sanctions in case of violations of its provisions.

It must also be noted that, from August 2011, according to the rules set forth by Legislative Decree No. 121 of 7 July 2011, some crimes concerning water discharge disposal have been introduced within Legislative Decree No. 231 of 8 June 2001 ("**Decree 231/2001**") on entities administrative responsibility which provides that a company is responsible for certain offences (not only crimes) committed by its executives, directors, agents and/or employees in the interest or to the benefit of that company.

Law No. 68 of 22 May 2015 (published in Official Journal 28 No. 122 on May 2015) approved new regulations on environmental crimes. In particular, Law 68/2015 introduces the new Title VI-*bis* - "Crimes against the environment" into the Italian Criminal Code amending art. 257 and 260 of Legislative Decree No. 152/2006. These new crimes add to the list of unlawful acts for which Authorities can be held responsible in accordance with Legislative Decree No. 231/2001, requiring an update of organisational models.

The Italian Regulatory Authority for Energy, Networks and Environment ("ARERA")

Article 21, paragraphs 13 and 19 of Decree Law 201/11 has transferred to the ARERA (formerly, AEEGSI) "the functions of regulation and control of water services" and at the same time abolishing the National Agency for the regulation and supervision of water sector.

The functions of regulation and control of water services transferred to the ARERA also pursue the following objectives:

- guaranteeing the equal dissemination, accessibility and quality of services to users throughout the country;
- establishment of a tariff system that is fair, reliable, transparent and non-discriminatory;
- protection of the rights and interests of users;
- management of water services in terms of efficiency, economic balance and financial performance; and
- implementation of EU principles of "full cost recovery".

Article 1, paragraph 1, of Law No. 481/95 provides that the ARERA should pursue, in the performance of their duties, "*the purpose of ensure the promotion of competition and efficiency in the service sector utilities, [...] as well as adequate levels of quality in these services in terms of cost and profitability, ensuring usability and spread evenly throughout the country, defining a reliable tariff system transparent and based on predefined criteria, promoting protect the interests of users and consumers, taking into account the legislation Community and general policy guidelines formulated by the Government. The tariff system also harmonize the objectives economic and financial of the parties operating the service with the general objectives of character social, environmental protection and efficient use of resources*".

The new tariff method from 2020 to 2023: Resolution-No. 580/2019/R/idr

On 30 December 2019, with Resolution No. 580/2019/R/IDR, the ARERA approved the new tariff method ("**MTI-3**" or "**Water Tariff Method**") for the period from 2020 to 2023. The new regulatory framework sets national standards (thus overcoming the water service local standards), makes operating costs more efficient, promotes environmental sustainability, also through ARERA's plan for strategic works (*piano delle opere strategiche*) ("**Plan for Strategic Works**"), and provides for incentives for installing metering devices, with the aim of raising citizens' awareness of their own consuming habits. These are the main principles underlying the new Water Tariff Method, which also fully places the sector within the circular economy, rewarding energy efficiency and providing for incentives to save and reuse water. The MTI-3 applies to all water service operators in Italy (whether they are listed companies or operators working on behalf of local municipalities).

With respect to the previous tariff method (the "**MTI-2**"), the new method essentially confirmed the configuration, general mechanism and methods for approving tariffs for the four-year period 2020-2023, notwithstanding the introduction of several significant changes.

First, the operator's positioning criterion in the matrix of regulatory schemes changed, no longer depending on the interaction between average operating cost and the ratio of investment needs to RAB, but on the operator's Guaranteed Revenue Constraint ("**GRC**") and investment needs to RAB. The new rule involves a reduction in the maximum annual tariff increase in all the schemes of the matrix with variations from a minimum of 5.2% (scheme 1) to a maximum of 8.5% (scheme VI).

The four-year duration of the regulatory period has been confirmed, with an update being provided every two years, as well as the possibility for an anticipated review, if so requested by the EGA, certifying the extraordinary nature of events that may affect the economic-financial balance of management activities. More inspection tools and control phases will ensure that potential tariff increases will only be possible following actual investments or certified operational improvements. In fact, a ceiling for tariffs increase has been confirmed, which, for the first time, is differentiated not only with regard to operating costs, but also on the basis of total costs per inhabitant served.

Another important element is represented by the introduction of an operating cost efficiency mechanism through the use of an econometric model for estimating the total cost boundary, determined according to the output level and the prices of inputs. The mechanism rewards those operators that achieve lower operating costs *per capita* than those estimated by the model, while in the opposite case the margin between recognised endogenous operating costs and efficient operating cost will feed into an allocative tool additional to the UI2 equalisation tariff component, for sustaining the bonus for technical and commercial quality.

Incentives have also been provided for measuring water consumption – installing water meters also for single apartments in condominiums - and for additional support to vulnerable users, decided at local level, to be added to the national Water Bonus introduced in 2018. The introduced Plan for Strategic Works is a tool for local government authorities appointed for each ATO ("***Enti di Governo dell'Ambito***" or "**EGA**") aimed to focus the planned infrastructures dedicated to complex works with a useful life of over 20 years, which are considered a priority to ensure acceptable levels of service quality for end users and for the environmental protection. The Plan for Strategic Works includes works planned between 2020 and 2027 and indicates the time schedule of the various activities and any public funding that may be available.

Criteria for the biennial update (2022-2023): Resolution-No. 639/2021/R/idr

On 30 December 2021, with Resolution No. 639/2021/R/IDR, ARERA approved the provisions relating to the rules and procedures for the intra-period tariff update, in compliance with the methodology set out in MTI-3.

The following points are noteworthy in relation to the cost components recognised in the tariff:

- the "Opmis" component is aimed at implementing measures to speed up compliance with the most recent regulatory provisions helping to make users more aware of their consumption, as well as to encourage limitation procedures in the event of arrears and selective disconnection. It may be redetermined also on the basis of any additional charges to increase the effectiveness of the metering service (*i.e.* the provisions introduced by Resolution 609/2021/R/IDR). The quantification criteria are also specified in greater detail, and are identified as the coverage of the costs of providing incentives to users for works to individualise supply and the contracting/entrusting of complete metering services within apartment buildings (condominiums);

- as regards electricity, the average cost of the supply sector is set at the highest values of the ranges put out to consultation (0.1543 €/kWh for 2022 and 0.1618 €/kWh for 2023). There is also the possibility of also exploiting an additional forecast component aimed at getting at least a partial advance warning of the effects of rising electricity costs;

- the additional costs due to the COVID-19 epidemiological emergency are confirmed for the year 2021;

- as regards the cost of arrears, there is a widening of the turnover base to which the percentages for calculating the maximum recognised cost are to be applied. From 2022 this will include the revenue from the application of the tariff equalisation components.

With regard to the planning documents, it is established that ARERA's action plan ("*piano degli interventi*") (the "**Action Plan**") and the Strategic Works Plan encompass the actions financed by the public resources allocated within the framework of the Next Generation EU instruments, with an indication of the time development of the relative planned spending; these documents must also take into account the impact of the adjustments to the regulation of technical quality and the methods for assessing the technical and contractual quality performance.

Launch of proceeding for ex officio determination of the integrated water service tariffs, pursuant to authority resolution 580/2019/R/idr as updated by resolution 639/2021/R/idr, as well as the acquisition of additional fact-finding relative to cases of exclusion from the tariff update: Resolution 459/2022/R/idr of 27 September 2022

This resolution launches a proceeding to ex officio determine the tariff multiplier, for the years 2022 and 2023, for management involving the cases specified from under paragraph 5.8 of resolution 580/2019/R/idr (incomplete or lack of transmission to ARERA of information and data associated with tariff determination and obligatory accounting sources).

Review of some criteria for the biennial update (2022-2023): Resolution-No. 229/2021/R/idr

In compliance with the ordinances of the Regional Administrative Court of Lombardy relating to the "extraordinary and documented extent of the increases in energy costs", ARERA has revised some criteria for the biennial updating. In particular, the resolution provides for two possibilities for managers in difficulty:

- recognition of the higher costs of electricity in 2021 compared to what was established in MTI-3. The application, referring to the year 2023, for the recognition of additional costs in quantifying the "costs for the occurrence of exceptional events" component, must be accompanied by an action plan to contain the cost of energy and by measures to make the tariff charged to end users sustainable.

  In order to strengthen the monitoring of the trend of electricity costs incurred at national level for the management of the integrated water service, starting from 2023 ARERA will publish the average cost of the electricity supply sector every year.

- Financial advance. In the event of proven critical financial management issues, the government authorities (EGA) can formulate a justified request to the Energy and Environmental Services Fund (*Cassa per i Servizi Energetici e Ambientali, "***CSEA**") by 30 June 2022 for the activation of financial advances connected to the procurement of resources, in order to cover part of the expenses incurred for the purchase of electricity. The advance has a maximum value equal to 35% of the cost of electricity for 2022 quantified for the purposes of updating the financial provision, is subject to some binding conditions (first and foremost the fulfilment of tariff obligations), will be paid by 31 July 2022 and must be repaid to the CSEA by 31 December 2024.

Launch of proceeding to define the water tariff method for the fourth regulatory period (MTI-4)*: *Resolution 64/2023/R/idr of 21 February 2023

With this provision, ARERA launched the proceeding to define, for the fourth regulatory period, the MTI-4 tariff method to determine the integrated water service tariff for each of the individual services that comprise it, in compliance with the main EU and domestic regulatory sources. Based on that noted by ARERA, the final provision will maintain stability in the general framework but, based on new evidence, additional mechanisms will be determined to:

- promote management efficiency (also in terms of energy consumption),
- strengthen measures to guide investment choices towards innovative and resilient solutions with lower environmental impact,
- extend the incentive measures already established in MTI-3 and further promote a reduction in the amount of sewage sludge disposed of in landfills,
- update the forecast system based on ex officio tariff determinations and exclusion from tariff updates,
- preserve the effectiveness of spending on water infrastructure investments, maintaining an integrated vision of the multiple funding sources available and strengthening measures intended to promote the effective implementation of planned investments,
- in general, ensure efficient financial sustainability of management, in an environment of close attention to the social sustainability of the tariffs paid by end users,
- update the basic schedules of the economic financial plans and schedules for projects, so that these are prepared consistently, taking minimum levels, indicators and standards of quality as established by the regulation into account, as well as determining methods for implementation of projects financed under the NRRP investment lines,
- take into account the regulation for the minimum content of calls for tender, to be defined following the proceeding launched with resolution 51/2023/R/idr.

With the provision, ARERA deemed it necessary to mitigate the effects of the extraordinary increase in costs to purchase electricity seen in 2022, by extending also to 2022 EE costs the possibility of making a justified request for recognition of additional costs to be added to the adjustment component “costs due to the occurrence of exceptional events” and measurement of the average cost for the 2022 electricity supply sector, equal to: € 0.2855/kWh.

Quality of Water Fit for Human Consumption

Legislative Decree No. 31 of 2 February 2001 ("**Decree No. 31/2001**") redefined the quality requirements for fresh water and introduced measures to guarantee the protection of fresh water sources. The law was introduced to safeguard human health from water contamination by ensuring that all water is healthy and clean.

"Water for human consumption" includes all water of any origin, prior to or following treatment, which is provided for consumption or utilised by food industries. Mineral and thermal waters are excluded from this category.

Decree No. 31/2001 established the quality requirements for fresh water on the basis of parameters and values defined in Annex I of such legislative decree. To ensure compliance with those parameters, Decree No. 31/2001 also provided for periodical water quality checks. These checks may be carried out by the operator of the integrated water services (internal monitoring) or by a local health unit (external monitoring). Water provided for human consumption had to comply with the parameters set out in Annex 1 to Decree No. 31/2001 by 25th December 2003.

With a decree dated 18 February 2023, the European directive 2020/2184 concerning the quality of water, was transposed in the Italian legislative framework. The new text revises and introduces rules aimed at protecting human health from the negative effects deriving from the contamination of water intended for human consumption, guaranteeing its "healthiness and cleanliness", also through a revision of the parameters and values of health relevance.

Quality Regulation Resolution No. 655/2015/R/idr

On 28 December 2015, with Resolution No. 655/2015/R/IDR, ARERA approved the integrated text for the regulation of the contractual quality of the SII, covering the regulation on each of the single services comprised therein (the “**RQSII**”). The minimum levels and objectives of the contractual quality of the SII were defined by identifying indicators consisting of maximum time thresholds and minimum quality standards for the services to be provided to users nationwide, also determining the methods for recording, communicating, and checking the data from the services supplied by the service managers. In the event of failure to respect the specific quality standards for the individual services supplied to users, the Authority has introduced automatic indemnities to be paid to users in well-defined timeframes and methods, while for the general quality standards, referring to the overall services, a mechanism of fines was put in place. Sanctions are also provided in case of failure to respect the standards in the event of repeated breaches and in the event of such breaches being ascertained during checks by the Authority. The RQSII included 44 standards (30 specific standards and 14 general standards) concerning services involved in the start-up, management and termination of contractual relations, charging, billing, payment and division into instalments, complaints, written requests for information and billing rectification, the management of outlets, the quality of telephone services and obligations in the event of the application of art. 156 of Legislative Decree 152/2006. The new quality regulations, introduced at the end of 2015, came into force on 1 July 2016, except for certain aspects concerning automatic indemnities (especially the mechanism for increasing the indemnity for failure to respect minimum standards over time), the obligations to notify the Authority and framework government authorities (EGA) and the quality obligations for telephone services, which are applicable from 1 January 2017. The Resolution also provides for the possibility that the framework government authorities, also following a proposal by the service manager, make specific claims requesting the application of higher standards than those in the RQSII, also stating the date of their entry into force. The Italian Law no. 205/2017 introduced certain measures to strengthen (i) the protection for the end users, in cases where invoiced amounts for consumption were dated back more than two years, and (ii) disclosure obligations placed on water service operators. Then ARERA, with resolution 571/2018/R/IDR, launched a monitoring activity aimed at verifying the correct implementation of the contractual quality regulation and updating its current regulations. In October 2019, with consultation document ("**DCO**") no. 422/2019/R/IDR ARERA started a consultation on such subject, aimed at illustrating the main lines of action.

The incentive mechanism of the contractual quality of the integrated water service

In order to promote the improvement of contractual quality, ARERA, with resolution 547/2019/R/IDR, supplemented the discipline on the subject of contractual quality regulation (Resolution 655/20157R/Idr) introducing from 1 January 2020, an incentive mechanism of bonuses/penalties, to be attributed in reason for the performance of individual managements.

The new mechanism similar to the one envisaged for the regulation of technical quality, is based on the construction of 2 macro-indicators obtained from the 42 simple indicators already envisaged by Resolution 655/2015/R/IDR: (i) MC1 "*Initiation and termination of the contractual relationship*" composed of simple indicators relating to estimates, the execution of connections and works and the activation and deactivation of services; (ii) MC2 "*Management of the contractual relationship and accessibility to the service*" composed of simple indicators relating to appointments, invoicing, meter and pressure level checks, responses to written requests and the management of contact points with users. The macro-indicators are calculated as the average of the relevant simple indicators, weighted according to the number of services provided. Based on the initial performance levels related to each macro-indicator, three classes of annual targets are identified: Class A (maintaining the starting level), Class B (with improvement of 1%), Class C (with improvement of 3%). Rewards and penalties with respect to the objective set based on the starting level are determined through a multi-stage assessment broken down into base level and level of excellence. Prizes and penalties will be quantified from 2022 onwards based on performance in each of the two previous years (just for the first year of the performance evaluation, 2020, the starting level is defined on the basis of the simple indicators recorded in 2018). This represents a further important innovation to the previous regulatory framework. In terms of contractual quality, the provision foreseen to extend the protections also to non-contractual entities that require the performance of services preparatory to the conclusion of the supply contract. If a contractual relationship is established for the supply of the water service, the operator is required to provide automatic compensation under Title X of the RQSII in the first subsequent invoice. A minimum billing frequency of not less than one month is then introduced, and details are provided on the standards for services whose execution time depends on the work of third parties (reading meters in joint consultation with chambers of commerce, in accordance with Italian Ministerial Decree 93/2017, and complex works for which works to be carried out by the user are necessary or which deeds like concessions, authorisations or easements must be requested for). Attachment B of Resolution no. 547/2019 contains provisions on the subject of disclosure obligations in the event of a two-year limitation period as per the amendments introduced by the Italian 2018 Budget Lawno. 205/2017.

Regulation Year: 2017 – ARERA Water Services Activities

a) **Resolution 665/2017/R/IDR "Approval of the integrated text on water fees (TICSI) laying down the criteria for the tariff structure applied to users"**

The measure, adopted after a structured consultation process, defines the principles and guidelines for reorganizing the fees in the interests of streamlining the types (and sub-types) of use – whether domestic or non-domestic – as well as of the homogenization of the tariff structures currently in force. In particular, for the domestic type it foresees a simplification and containment of the sub-types (domestic resident, apartment building use, non-resident domestic use and any two further sub-types of uses). For domestic resident uses, the tariff structure provides for each aqueduct, sewerage and purification service, a variable amount proportional to consumption and – limited to the aqueduct service – modulated by bands (preferential, basic and from one to three excess bands) and a fixed amount, not correlated to consumption. For the variable aqueduct amount, the application of a minimum preferential consumption band is envisaged (determined with reference to the minimum vital quantity set by the Italian Prime Minister's Decree of 13 October 2016 at 50 litres/inhabitant/day) and configured based on a per capita criterion. The variable amount of the aqueduct service, moreover, is defined according to the actual number of components, if this information is already available to the EGA; otherwise according to a standard per capita criterion (domestic resident user type equal to 3 components), until the completion of the information set necessary. For non-domestic uses, there is the obligation (from 2018) of equating the types of non- domestic use to the six envisaged by the authorities (industrial use; artisan and commercial use; agricultural and livestock farming use; public use that cannot be cut off; public use that can be cut off; other uses). For this type the overcoming of the minimum committed and a binomial tariff structure (fixed rate and variable rate) is also envisaged. As regards the tariff rates application for the year 2018, the Authority establishes that the operator, at least in the last billing cycle of 2018, must issue bills based on the new approved tariff structure.

For the collection and purification tariff of industrial wastewater, the application of a trinomial structure based on a fixed amount is envisaged (entirely attributed to the sewerage service), "capacity" amount (entirely attributed to sewerage) and variable amount (proportional to volumes discharged and quality of wastewater) and compliance with the expected constraint on revenues (maximum flexibility of +10%) and the condition of sustainability per individual industrial user (increase in expenditure no higher than 10%).

The new rules for reorganizing the final user rates, including the application of the trinomial structure of the tariff for the collection and purification of industrial waste, apply as of 1 January 2018, postponing until 2020 (in coordination with the unbundling rules) the application of a uniform criteria for allocating the cost of treatment between industrial and domestic users, and however, imposing starting from 1 January 2022, the mandatory application of the per capita criterion based on the actual size of the components for the variable amount of the aqueduct service for domestic resident users.

b) **Resolutions 917/2017/R/IDR – Adjustment of the technical quality of the Integrated Water Service or of each of the individual services that it comprises (RQTI)**

With this measure, the Authority has defined the rules on the technical quality of the SII with an approach that takes into account the specific conditions of the various contexts in order to identify the correct and effective stimuli to promote benefits for users of various services. The new model, defined as a result of and in continuity with the extensive consultation carried out (DCO 562/2017/R/IDR and DCO 748/2017/R/IDR) is based on a system of indicators comprising:

- prerequisites: that represent the conditions required for admission to the incentive mechanism associated with the general standards;
- specific standards: that identify the performance parameters to be ensured in the services provided to the individual user and failure to comply with them leads to the automatic application of compensation; and
- general standards: divided into macro-indicators and simple indicators that describe the technical conditions for the provision of the service to which an incentive-based mechanism is associated.

Each macro-indicator is associated with a classification table which allows the relevant class to be identified and the consequent annual objectives that the operator is required to achieve, articulated into maintenance objectives of the highest class and the improvement objectives for the other classes with differentiated values based on the starting conditions encountered.

A system of incentives is applied, structured into awards and penalties to be allocated from the year 2020, according to the performance of operators recorded in each of the two previous years and with three assessment stages (basic, advanced and excellent). The allocation takes place in a symmetrical way for awards and penalties, in accordance with an approach that takes account of the initial situation and performance changes. For the advanced and excellent levels, a multiple criteria analysis is applied that uses the TOPSIS (Technique for Order Of Preference by Similarity to Ideal Solution) methodology.

The hedging of costs related to compliance with the specific standards and the achievement of the objectives set out in the Technical Quality takes place as determined by the tariff method (MTI-2), as supplemented by resolution 918/2017/R/IDR. In particular, expenditure for investment concerning measures adopted and included in the interventions programme (IP), is financed in the framework of updating the relevant economic and financial plan (EFP) or, in the case of the conditions are met, in application of the provisions laid down with regard to the extraordinary review. The relevant government authority may, however, formulate a specific request to hedge any additional operating costs.

The resolution provides for the application of the system of indicators based on the technical quality –as well as the start of their monitoring – starting on 1 January 2018 (based on the value assumed by the macro-indicators in the year 2016, while from 1 January 2019 it will be based on the value in the previous year, where available), and from 1 January 2019 the application of the rules concerning the recording and archiving of data obligations provided by the same measure.

The incentive-based mechanism (awards/penalty) is planned to enter into force for the sole macro-indicator M2 from 2020, without prejudice to the monitoring obligation.

The definition of the timescales and procedures for reporting the data monitored and the technical manual have been postponed until subsequent measures.

Resolution 897/2017/R/IDR: "Approval of the integrated text of the application modalities of the social water bonus for the supply of water to economically disadvantaged domestic users" (TIBSI):

With the TIBSI the Authority establishes the social water bonus confirming most of the orientations expressed during the consultation process (DCO 470/2017 and 747/2017).

A summary explanation of the major characteristic follows below:

- Beneficiaries: users who are entitled to the electricity and / or gas bonuses due to economic hardship (domestic residents who belong to a family with an equivalent economic situation indicator (*Indicatore di Situazione Economica Equivalente*, "**ISEE**") not exceeding 9,530 euros or 20,000 euros with at least 4 dependent children);

- Supplementary bonus: the EGA can introduce or confirm a "local bonus". In this case, the EGA will remain free to recognize to the final user an additional amount of facilitation compared to that provided for by the sector regulation and / or to extend the ISEE threshold envisaged for admission to the bonus;

- Value: the "social bonus" is calculated on the basis of family size (per capita) by applying the preferential tariff to the minimum vital water quantity (50 litres inhabitant per day);

- Admission: From 1 January 2021 all citizens/families who annually present a Single Substitute Declaration (DSU) for access to a subsidized social benefit and who are in conditions of economic hardship, they are automatically admitted to the procedure for the recognition of benefits (electricity, gas and water social bonuses) to those entitled (decree law n. 124/2019, converted with amendments by law n. 157/2019) With Resolution 63/2021/R/COM, ARERA regulated the automatic recognition of social bonuses due to economic hardship. In particular, the application procedures for the new system were defined, replacing the previous regulations, and more specifically, the related information flows. To activate the procedure for the automatic recognition of social bonuses to those entitled, therefore, it is necessary and sufficient to present the DSU every year and obtain an ISEE certificate within the threshold for accessing the bonuses or be holders of a Citizen's Income/Pension. The procedure serves to verify the existence of the additional admission requirements, relating to the provision and uniqueness of the relative bonus for the household for the year of competence;

- Disbursement: in the bill through the application of a compensatory tariff component for direct users determined with the pro quota day criterion (the integrative bonus can also be recognized as a one-off), through recognition of a one-time contribution for indirect users;

- Transparency: in the summary of the bill the amount of the social water bonus paid (and the amount of additional water bonus if present) paid must be indicated as a deduction of the fees for the variable portion of the water supply service;

- Social Bonus coverage: UI3 tariff component (0.79 cents / € m3) applied to all users of the SII other than those directed under conditions of economic and social hardship, as an increase to the amount of the aqueduct, sewerage and purification. The coverage of the local bonus is made by means of an "OPsocial" cost component operating on a local basis to which the share of FoNI already allocated for tariff subsidies will be allocated.

Resolution 311/2019/R/IDR "Regulation of arrears in the Integrated Water Service"

With the enactment of the final measure, including the attached REMSI (i.e. the Regulation of arrears in the integrated water service), the directives for the management of arrears in the integrated water service in the national territory were adopted, thus concluding – after broad consultation (DCO 603/2017/R/IDR, 80/2018/R/IDR and 158/2019/R/IDR) – the process started in November 2016 with the opening of the procedure (Resolution 638/2016/R/IDR). Specifically, Resolution no. 311/2019/R/IDR, which is expected to be applied from 1 January 2020:

- defines the end users that cannot be disconnected, identified as the beneficiaries of the social water bonus and the users for "Public use that cannot be disconnected" referred to in Resolution 665/2017/R/IDR (TICSI);
- regulates the formal notice procedure, requiring the operator to send an amicable payment reminder prior to the formal notice; defining the timing of the process, including the final payment deadline; and
- regulates the procedures for restriction, suspension and deactivation and supply, defining their conditions, methods and timing.

In particular, for resident domestic users, a phase of restriction of the supply with guarantee of the minimum vital quantity (50 litres/inhabitant/day) is foreseen before suspension. For this type of user, deactivation cannot be carried out except in the event of tampering with seals/flow limiters and failure to comply with the obligations for the recovery of past arrears in the previous 24 months; (i) lays down specific rules for condominium accounts, providing that no restriction/suspension/deactivation may be made against partial payments, provided that they are made in a single instalment within the deadline specified in the formal notice and equal to at least half of the amount due. If the condominium does not pay the balance within 6 months of the partial payment, the operator may restrict, suspend or deactivate the supply; (ii) sets out the situations in which the operator is required to ensure the payment in instalments of the amount in arrears and the arrangements for such payment; (iii) finally, it provides for automatic compensation in the event of non-compliance with the requirements.

Regulation Year 2021 – ARERA Water Services Activities

Resolution 609/2021/R/idr - Extension of the Integrated Water Service regulations (TIMSII)

On 21 December 2021, ARERA approved the Resolution 609/2021/R/idr, in force since 1 January 2022, which includes amendments to (i) TIMSII (Resolution 218/2016/R/IDR), (ii) the technical quality regulation (Resolution 917/2017/R/IDR), and (iii) the provisions on the transparency of invoicing documents (Resolution 586/2012/R/IDR).

As regards (TIMSII), the new resolution established the equivalence of the validated meter-reading by the user to the meter-reading carried out by the operator's personnel (with the option of communicating the user meter-reading at the operator's branches and the obligation to declare non-validation in the bill if the usual methods of communication with the user are not available).

As regards metering procedures, Resolution 609/2021/R/idr introduced two new specific metering procedures standards (minimum number of attempts to take the meter reading and minimum notice time for attempts to take the meter reading from end users with a non-accessible or partially accessible meter), which will take effect from 1 January 2023;

A further relevant aspect is the introduction of specific protections for the user regarding hidden losses, with defined minimum levels of protection: (i) access for consumption of at least twice the average daily consumption; (ii) time frame for re-access to protection to be no more than three years from the date of issue of the abnormal consumption invoice; (iii) protection also for subsequent invoices for at least three months; (iv) exemption from sewerage and treatment tariffs for the volume above the reference average daily consumption; (v) for the water pipeline service, a tariff of no more than half of the basic tariff applied to the volume beyond the reference average daily consumption, with the deductible on billable volumes capped at 30%. These protections must also be explained when the contract is signed and must be described on the operator's website, with the dedicated link on the bill.

Additional information to be shown on the operator's website, with a link in the bill and with the same deadline, is provided for by EU Directive 2184/2020, regarding water intended for human consumption; also obligatory is the data for the average annual consumption of end users in the managed territory, broken down by user type.

Resolution 610/2021/R/idr – "Additions and amendments to the authority resolution 547/2019 / r / idr regarding the billing of amounts referred to consumptions dated more than two years".

For consumption dating back more than two years, operators must attach a notice to the bill informing the user of the presence of such amounts, indicating how to object to the prescription. If the operator considers that there are reasons for suspension of the prescription, he must adequately communicate the reasons and indicate to the user the possibility of sending a written complaint. The resolution specifies that the provisions of articles 2935 and 2941, n. 8, of the Italian civil code, however, also apply to cases of two-year prescription, giving the operator the possibility of pleading any causes hindering the prescription itself. Whether or not such circumstances exist, the civil judge is competent to decide.

Regulation Year 2022 – ARERA Water Services Activities

Resolution 2/2022/A "ARERA 2022-2025 strategic framework"

The strategic framework adopted by ARERA for the period 2022-2025 (the "**Strategic Framework**") establishes the objectives that will guide the development of regulation over the next four years in the electricity, gas, water, waste and remote heat sectors.

In order to direct its strategic regulation towards social, economic and environmental sustainability objectives and increase its accountability towards stakeholders, ARERA associates the objectives of the Strategic Framework with one or more objectives for the UN Sustainable Development Goals for the 2030 agenda.

The structure and contents of the Strategic Framework - divided into themes transversal to all sectors and in-depth analysis on individual sectors - are divided into two levels: strategic objectives and lines of action. The objectives frame the overall strategy based on the current and medium-term scenario, with reference both to the areas transversal to all sectors (centrality of the consumer, system innovation, simplification, transparency and enforcement of the regulatory framework), and to the specific areas of environment and energy areas and compliant with national and international legislation. The lines of action briefly describe the main measures and actions that the Authority intends to carry out to achieve each strategic objective.

With specific reference to the integrated water service, the main changes in the strategic objectives (SOs) are the following:

- SO.13 Promote the improvement of the quality and efficiency of water infrastructures: orient the investment choices of the competent subjects, towards innovative solutions with a lower environmental impact, as well as greater resilience to extreme events, connected to the climate change in progress;

- SO.16 Recognize the efficient costs for the sustainability of the management of the water service and user tariffs: declining (in an output based logic) the methods of valorising the resources destined to achieve each quality standard associated with the services provided, based on ex-post data;

- SO.18 Promote quality levels and homogeneous protections for all consumers of water services: guarantee the effective application of the "Water conservation" principle and ensure the effective application of the provisions to all final consumers (including aggregate users) introduced by the regulation.

- SO.20 Promote tools to support the reorganization of the environmental sector structures: identify and implement further measures aimed at strengthening the aggregation processes of operators and supporting the reorganization of the governance of the water sector

Resolution 69/2022/R/idr - Initiation of the procedure for the quantitative assessments, relating to the two-year period 2020-2021, envisaged by the incentive mechanism of the contractual quality of the integrated water service

Resolution 734/2022/R/idr - Approval of the methodological note as a result of the preliminary investigation findings in the context of the procedure for the quantitative assessments provided for by the incentive mechanism of the contractual quality of the integrated water service

ARERA established the start of the procedure for the quantitative assessments envisaged by the incentive mechanism of the contractual quality of the integrated water service, in relation to the two-year period 2020-2021, for the attribution of rewards and penalties to managers (Res 69/2022).

At the end of 2022, ARERA published the preliminary investigation results as part of the procedure for the quantitative assessments envisaged by the incentive mechanism of the contractual quality of the integrated water service (Res. 734/2022). This is the first application of the contractual quality incentive mechanism and, as a result of the checks conducted, many dozens of managements have been excluded from rewards (but not from penalties) and are exposed to the risk of sanctions for violations that can be inferred from the data communicated.

A new resolution is expected shortly which will indicate exclusions, bonuses and penalties attributed to water management for the results achieved.

Resolution 106/2022/R/idr - Simplified rules for the recognition and payment of the 2021 water bonus

ARERA provided for some technical-administrative simplifications for the first disbursement of the automatic water bonus relating to the past year 2021. Starting from June 2022 (and in any case after the ARERA checks on privacy for each operator), a single communication will be sent to operators containing the information relating to all the beneficiaries for the relevant year 2021. At the same time, the data for the quantification of the 2022 bonus will be sent, which will follow the ordinary procedure established with Resolution 63/2021/R/Com. ARERA reserves the right to evaluate the procedures for take into account any additional charges deriving from the application of the provision.

Resolution 183/2022/R/Idr "Application of the incentive mechanism for the regulation of the technical quality for the years 2018-2019."

ARERA attributed prizes and penalties to operators for the results achieved and consolidated in the two years. The performance of the operators was assessed on the basis of 5 of the 6 macro indicators of technical quality: water wasters, quality of water supplied, adequate capacity of the sewage system, quality of purified water and disposal of sludge. For the first two years, the issue of interruptions was excluded from the incentive mechanism.

ARERA assessed the results achieved by 203 managers, who serve a total of 84% of the national population by assigning a bonus to those who have achieved, maintained and improved the set objectives and a penalty to others. The rankings include several categories and the request for two years of evaluation. For the "advanced" and "excellence" levels, the prizes were paid on the basis of the size of the operator, while for the "basic" level they were calculated by dividing the bonus among all the operators who achieved the set objectives. The 66 most important positions, or the first three classifications for each indicator and for each year, are occupied by a total of 26 manager. The operators of the Acea Group received a total of Euro 33 million in prizes in the two-year period (16.2 in 2018 and 16.8 in 2019) compared to Euro 790.00 of penalty (387,000 in 2018 and 403,000 in 2019).

Resolution 495/2022/R/Idr - Reopening of the terms for the financial advance aimed at mitigating the effects associated with the increase in the cost of electricity on the operators of the integrated water service

ARERA opens a second time window - starting from 1 November 2022 and no later than 30 November 2022 - within which, the EGA can formulate a request to the CSEA for the activation of the forms of advance financial as expected from 229/2022. CSEA will arrange for the disbursement by 31 December 2022. The operators will arrange for the repayment to CSEA by 31 December 2024, in two annual installments, the first of which due on 31 December 2023.

Resolution 651/2022//dr - Simplified regulation for the recognition and payment of the social water bonus for the relevant years 2021 and 2022 and amendments to Annex A to the Authority's resolution 554/2022/R/com

ARERA extends the simplified regime for the recognition and payment of the social water bonus to 2022 for operators who have not yet had access to the information necessary to pay the 2021 bonuses. The ordinary regime will take effect from 2023.

NATIONAL PLAN OF PROJECTS IN THE WATER SECTOR

Aqueducts Section

With Resolution 51/2019/R/IDR "Initiation of the proceeding concerning the necessary and urgent interventions for the water sector for the definition of the "Aqueducts" section of the

National Plan, referred to in article 1, paragraph 516 of Italian Law 205/2017", ARERA renews and integrates the procedure set out in Resolution no. 25/2018/R/IDR on the necessary and urgent measures for the water sector for the purposes of defining the "aqueducts" section of the national plan for interventions in the water section to be adopted by the Italian Government (referred to in Italian Law no. 205/17) (the "**National Plan**"), providing that it take due account of the recent provisions introduced by Italian Law no. 145/18 (Italian Budget Law 2019).

In particular, ARERA considers it necessary to:

- without prejudice to the investigative activities already carried out, define the most suitable methods for identifying synergies between the interventions to be included in the various parts of the National Plan, in particular continuing the coordination between the administrations involved to adopt consistent selection criteria based on the guarantees regarding the effectiveness and speed of execution of the interventions to be financed (Italian Law 145/18);
- conduct further assessments in light of the renewed and strengthened focus that laws have placed on containing water loss (paragraph 153, art. 1 of Italian Law 145/18);
- integrate the activities aimed at defining the "aqueducts" section of the National Plan with sensitivity analyses regarding tariffs in light of the completion of operations for the planned financing instruments;
- taking into account the characteristics of the potential beneficiaries of public resources, assess the most suitable measures to ensure the management capacity of the operator to whom the management of the works financed by the National Plan will be entrusted, as a prerequisite for an effective use of the resources granted.

With the Resolution 252/2019/I/IDR, "First list of the necessary and urgent interventions for the water sector for the definition of the 'aqueducts' section of the National Plan, referred to in article 1, paragraph 516 of Italian Law 205/2017", ARERA aim the purposes of defining a first excerpt of the aqueducts" section of the National Plan referred to Italian Law 205/2017, as subsequently supplemented by the provisions of Italian Law 145/2018. ARERA provided an initial cluster of projects that updated and integrated the list presented in Reports 268/2018/I/IDR and 538/2018/I/IDR. These projects were identified by the competent territorial entities as necessary and urgent for the achievement of the priority objectives of achieving adequate levels of technical quality, recovery and expansion of the water tightness and transport of water resources, dissemination of tools aimed at saving water in agricultural, industrial and civil uses. The list contains 26 projects for a total of Euro 80 million over the two-year period 2019-2020. Projects not selected for this first cluster, other projects that will emerge as priorities, as well as the continuation of the activities of the selected projects may be evaluated both for the inclusion in subsequent clusters of the "aqueducts" section of the National Plan and for the use of the water works guarantee fund referred to in article 58 of Italian Law no. 221 of 28 December 2015. Resolution 425/2019/R/IDR "Regulation of the procedures for the disbursement of resources for the completion of the projects contained in Annex 1 to the Decree of the President of the Council of Ministers of 1 August 2019, concerning the 'adoption of the first excerpt of the national plan of projects in the water sector – aqueducts section', adopted pursuant to article 1, paragraph 516 of Italian Law 205/2017". With the measure ARERA regulates the conditions, terms and methods of disbursement of the resources allocated for the completion of the projects referred to in the first excerpt of the National Plan for projects in the water sector – aqueducts section. The resolution provides for the establishment at CSEA of the Account for the financing of the projects of the National Plan, aqueducts section, with the aim of supporting the planning and completion of the projects. The subsequent CSEA Circular 37/2019/IDR provides the reference body and the implementing entity with the operating instructions and the related forms for the disbursement of the advance payment for the projects.

Resolution 512/2019/R/IDR “Start of the disbursement of resources for the completion of the projects referred to in Annex 1 of Italian Prime Ministerial Decree dated 1 August 2019 concerning “Adoption of the first excerpt of the National Plan of projects in the water sector – aqueducts section”. The resolution authorises CSEA to pay the first instalment of financing (advance payment of 40% of the total) for the construction of the works listed in the measure itself (23 out of the 26 works included in the first part of the plan). For the remaining works in the Plan excerpt, the authorisation for the payment of the first instalment is postponed to the verification of the complete fulfilment of the obligations envisaged.

Resolution 58/2021/R/IDR “simplification of the procedures for the provision of resources, pursuant to Resolution ARERA 425/2019/R/Idr, for the implementation of the interventions in the first passage of the national water sector interventions plan – water pipelines section”. The resolution introduces measures to simplify the procedures regulated under Resolution 425/2019/R/IDR, in order to ensure the timely provision of the resources required for the design and implementation of the relevant projects.

In 2021, several resolutions were also approved (294/2021/R/idr, 582/2021/R/idr, 583/2021/R/idr, 584/2021/R/idr) whereby ARERA authorises CSEA to disburse funding instalments (for an additional amount of more than Euro 5 million) for the implementation of the projects referred to in the first excerpt of the National Plan.

Reservoir Section

Opinion 160/2019/I/IDR “Opinion to the Minister of Infrastructure and Transport on the proposed decree of the President of the Council of Ministers for the adoption of the first section of the National Plan of interventions in the water sector, relating to the ‘reservoirs’ section, referred to in article 1, paragraph 516, of Italian Law 205/2017”.

With this measure, pursuant to art. 1, paragraph 516 of Italian Law 205/17, ARERA offered a favourable opinion with comments on the proposal for a decree sent by the MIT, pointing out, however, that the proposal does not refer to the provision of Italian Law 205/17 for which the AGBs (and the other parties responsible for carrying out the measures), within 60 days of the date of entry into force of the decree itself, adjust their planning and programming in line with the measures envisaged in the National Plan, as well as the fact that the agreements (referred to in the proposed decree) do not include – for critical cases in the planning and management of the integrated water service – specific conditions aimed at balancing the need to quickly start financing the projects of the National Plan with that of ensuring their effective and sustainable implementation.

Water works guarantee fund

Resolution 353/2019/R/IDR “Initiation of proceedings to define the procedures for the supply and management of the Guarantee Fund for water works, referred to in article 58 of Italian Law 221/2015, consistent with the criteria set out in the Italian Prime Ministerial Decree of 30 May 2019”. ARERA started to define the procedures for the supply and management of the Guarantee Fund for water works, referred to in article 58 of Italian Law 221/15 in line with the criteria set out in the Italian Prime Ministerial Decree of 30 May 2019, envisaging in a first phase:

- the identification of the needs related to the new project financing operations;
- the quantification of the tariff equalisation component, to be established under MTI-3, intended to feed into the fund;
- the definition of the general elements necessary to govern the way the fund is managed;
- the setting up of the risk assessment committee at the CSEA, which is responsible for giving its opinion on the Fund's operating procedures and on the proposals for projects to be covered by the guarantee.

At a later stage, the procedures and terms for issuing guarantees, assessing individual applications and monitoring and verifying the development of the projects eligible for guarantees will have to be defined.

DCO 368/2019/R/IDR "Definition of the arrangements for the supply and management of the Guarantee Fund for water works. General framework and first lines of action". In the ARERA measure, in addition to illustrating the recognition of the needs connected to the new financing operations of the projects included in the categories listed in the Prime Ministerial Decree, it proposes uses and sources of financing of the Fund, defining the amount of the guarantees and the quantification of the tariff equalisation component aimed at financing it, foreseeing its establishment within the MTI-3. At first, the guarantees will be granted to cover needs requiring an effective increase in spending capacity compared to what had been planned. The amount of the guarantees given (of separate amounts depending on whether or not the beneficiary is subject to the regulation of ARERA) will depend on the rate of completion of the planned measures, the degree of capitalisation of the subject, the cost of recourse to debt, the operator's local institutional structure and the strategic importance of the operation to be financed. ARERA foresees the calculation of a cost for the guarantee that the requesting operator will pay to CSEA and that, for regulated operators, will be included in the tariff. As already mentioned above, in order to pay into the Fund and cover its operating costs, Resolution 580/19 (MTI-3) established an equalisation component equal to 0.4 cents/€ per cubic metre. The end of the measure includes a number of procedural elements relating to the subjective requirements of applicants for eligibility for the Fund's guarantees, the financial transactions accepted as collateral, the cases of termination of the credit line for which payment of the recognised take-over value must be provided and the related settlement procedures and the procedures for applying for the guarantee. Finally, the measure includes a schematic representation of the Fund's operation and the organisational relations between ARERA and CSEA.

With the conversion into Law no. 156/2021 of the Ministry of Infrastructure Decree (Decree Law no. 121/2021), the adoption, by 30 June 2022, of the national plan for infrastructural interventions and safety in the water sector was arranged. This is one of the reforms envisaged by the National Recovery and Resilience Plan ("**PNRR**") for the sector, a single document for reservoirs and aqueducts intended to replace the National Plan in the water sector, which will be implemented in sections and updated every three years.

Treatment sludge

Resolution no. 580/19 (MTI-3) introduced a new component aimed at recognising the higher cost of sludge disposal, with an exemption equal to 2% of the allowed cost. Memorandum 179/2019/I/com "Hearing of the Regulation Authority for Energy Networks and the Environment on the draft law "Delegation of powers to the government for the transposition of European directives and the implementation of other acts of the European Union – European delegation law 2018 (AS 944)”. During the hearing held on 7 May 2019 before the 14th Commission (EU Policies) that examined the Draft European Delegation Law 2018 (for the delegation to the government of the transposition of 24 European directives and other EU acts), ARERA reiterated its willingness to be involved in matters that fall within its area of responsibility. In particular, ARERA wishes to be informed both of the planned reform of the system of criteria for the acceptance of waste in landfills and the new organic rules on the use of sludge, which will amend the provisions of Italian Legislative Decree no. 99 of 27 January 1992 (use of purification sludge in agriculture). For both regulations, this is the implementation of Directive 2018/850, which is part of the so-called Package of measures on the circular economy. In this regard, ARERA agrees with the indications provided by the draft law, specifying:

- that it recently launched a fact-finding exercise on the subject with Resolution 20/2019/R/IDR, with a view to promoting the dissemination of innovative technologies and the transition to a circular economy in the wastewater treatment sector;

- with the introduction of technical quality regulations (Resolution 917/72017/R/IDR), to have introduced a specific indicator (M5 - Disposal of sludge in landfills) aimed at minimising the environmental impact deriving from the conveyance of wastewater. Based on these elements, ARERA suggests considering its involvement, both in the review of the system of criteria for the acceptance of waste at landfills and in the review of the rules set out in Italian Legislative Decree 99/1992.

Waste business

The Environmental Code

The Environmental Code promotes the development of competitive tendering of waste management service.

In particular, the regulation contained in the Environmental Code is based on the following key principles:

- wastes are classified according to their origin as "urban waste", "special waste", "hazardous waste" and "non-hazardous waste"; each Region shall be divided into ATO’s and a Waste District Authority shall be established for each ATO ("***Autorità di Ambito Territoriale Ottimale***" or "**AATOs**"), which is responsible for organising, awarding and supervising the integrated urban waste management services (collection, transport, recycling and disposal of urban waste);

- the AATO shall draft a district plan, in accordance with the criteria set out by the relevant Region;

- the Municipalities’ responsibilities relating to integrated waste management shall be transferred to the AATOs;

- a phasing-out of landfills as a disposal system for waste materials; and

- the order of priority of the procedures through which waste can be managed shall be the following: (i) preparation for re-use; (ii) recycling; (iii) recovery, including energy generation; and (iv) disposal.

The Integrated Waste Operator

The Environmental Code has partly modified the above-described regulatory framework, by providing that the award of the management of waste integrated cycle service is made in favour of a sole operator for each ATO by a competitive procedure to be organised by the AATOs pursuant to Art. 23-*bis* of Decree No. 112/2008, as recently amended by Art. 15 of Law Decree No. 135 of 25 September 2009 (converted in Law No. 166 of 20 November 2009) which sets forth the new legal regime in relation to the awarding of the local public services. For an analysis of such regime, please see below, under *Regulations applicable to the supply of local public services: Water, Waste and Public Lightning Services*.

Under the Environmental Code, companies producing waste are responsible and shall be charged for waste storage, transportation, recycling and disposal. Legislative Decree No. 205 of 3 December 2010, amending the Environmental Code rules concerning the paper-based waste management system, introduced the new electronic waste monitoring system (the "**SISTRI**"), which according to article 1 of Law Decree No. 96 of 20 March 2013, became operative by 1 October 2013. Also, with respect to waste management, from August 2011, according to the rules set forth by Legislative Decree No. 121/2011, some crimes concerning waste disposal have been introduced within Decree 231.

Waste Tariff Mechanism

The Ronchi Decree replaced the urban solid waste disposal tax (so-called *Tassa per lo smaltimento dei rifiuti solidi urbani*) with a tariff regime, aimed at fully covering costs, which was based on a "price cap" method and giving responsibility to the municipalities for determining the tariff on the basis of a reference value established according to the so-called "normalised method" provided for under Presidential Decree No. 158 of 27 April 1999 ("**Decree No. 158/1999**").

The Environmental Code has assigned to each AATO the task of determining the tariff to be paid to the service operators: such tariff shall be commensurate with the ordinary average quantity and quality of waste produced by square meter in relation to the use and types of activities carried out, on the basis of general parameters determined by an ad hoc regulation of the Ministry for the Protection of the Environment and Territory.

By 31 December 2009, the Ministry is required to adopt a regulation identifying the cost components for determining the tariff. Should the Ministry not adopt such regulation, on the basis of the provisions of Decree No. 158/1999, the previous regulations apply. As of the date of this Base Prospectus, this regulation has not yet been adopted and there is currently no clarity as to the timing for its adoption.

In July 2009, by Decision No. 38/2009, the Italian Constitutional Court declared that the waste tariff pursuant to Article 49 of Legislative Decree No. 22 of 15 February 1997, also known as "TIA1" (*tariffa d'igiene ambientale*) was by way of tax and therefore not subject to VAT. Following this decision, the Italian government approved Law Decree No. 78 of 31 May 2010, providing, under Article 14, paragraph 33 that "*the provisions of Article 238 of Legislative Decree No. 152 of 3 April 2006 shall be interpreted in the sense of the non-taxation nature of the tariff provided therein*". The disputes relating to this tariff which ensue after the effective date of this Decree fall under the jurisdiction of the ordinary judicial authority. Therefore, currently the "TIA" (*tariffa d'igiene ambientale*) is subject to VAT, while an intervention by the legislator is awaited for the possible issue of refunds for the period in which TIA1 applied, together with the consequent reorganisation of the entire issue and the relative regulatory regime.

Article 14 of Law Decree No. 201/2011 has introduced, applicable from 1 January 2013, a new municipal waste tax, to be paid to each relevant municipality (the so-called "**RES**"). According to Article 1 of Law Decree No. 1/2013, the applicability of the new tax was postponed to July 2013. For 2014 the tax will be paid in four instalments: January, April, July and October.

According to Article 14, paragraph 29, of the Law Decree No. 201/2011, the Municipalities which have put in place measures for determining the specific quantity of waste conferred to the concessionaire of the urban waste management service, may enact regulations providing for the application of a tariff instead of the RES, to be paid directly to the concessionaire. The determination of such tariff will be provided by the above mentioned Decree.

Regulations applicable to the supply of local public services: Water, Waste and Public Lighting Services

The integrated water service, the integrated waste management service and the public lightning service are economic local public services.

Legislation regulating local public services of economic importance was affected by the outcome of the law-repealing referendum held on 12 and 13 June 2011.

Subsequently, Article 4 of Law Decree No. 138 of 13 August 2011 re-introduced provisions analogous to those previously contained in the law provisions repealed by the aforementioned referendum.

By decision No. 199/2012, the Italian Constitutional Court declared the constitutional illegitimacy of Article 4 of Decree No. 138/2011. The Court ruled that Article 4 was in breach of Article 75 of the Italian Constitution because it had re-introduced provisions analogous to those provided under the previous legal and regulatory framework, which had been previously repealed by the referendum.

Following the repeal of Article 4 by decision No. 199/2012, on 20 October 2012, Law Decree. No. 179/2012 entered into force (the so-called "**Growth Decree 2**") which, however, does not apply to (i) gas; (ii) electricity and (iii) municipal pharmacies. Article 34 of this decree, with regards to local public services, provides that:

- public entities, before granting the concessions, shall publish on their websites a report clarifying the type of the award of the concession they have chosen (i.e. public bidding procedure for selecting a private company, public bidding procedure for selecting the private partner of a public-private company, direct award to wholly-owned public companies) and the relevant reasons underlying the choice;

- with reference to the concessions existing as of the date of entering into force of the decree (i.e. 20 October 2012) the aforementioned report has to be published by 31 December 2013;

- with reference to those concessions which do not provide for an expiry date, the competent awarding authority shall integrate the concession agreement with an expiry date; should the awarding authority fail in providing an expiry date, the relevant concession shall cease at 31 December 2013; and

- concessions granted to companies whose shares were listed on a stock exchange prior to 1 October 2003 (and to their subsidiaries) will terminate according to the terms originally indicated in the concession agreement or in the other relevant acts; if no specific expiry date is provided, the concession shall expire not later than 31 December 2020, and no formal resolution from the awarding authority will be required in this respect.

As to the procedures for the assignment of local public services, Article 34 of Decree No. 179/2012 does not contain any specific provisions, except for the general principle according to which the local public service must be assigned on a homogeneous territorial basis (*ambiti territoriali ottimali e omogenei*).

The law of 27 December 2017, n. 205, attributed to the Authority functions of regulation and control of the cycle of waste, also differentiated, urban and similar, to be exercised "with the same powers and within the principles, purposes and attributions, also of a sanctioning nature, established by the law November 14, 1995, No. 481" and already exercised in other areas of competence, *inter alia*:

Resolution 226/2018/R/RIF – Start of proceedings for the adoption of measures to regulate the quality of service in the waste cycle, including differentiated, urban and similar

The Authority starts a procedure for regulating the quality of the service in the waste cycle, including differentiated, urban and similar, and for the collection of functional data and information.

Resolution 716/2018/R/RIF – Start of proceedings for the establishment of a system for monitoring tariffs for the integrated waste management service, including differentiated, urban and similar and individual services that are management activities for the years 2018 and 2019

The Authority starts a procedure for the establishment of a tariff monitoring system for the years 2018 and 2019 regarding the waste cycle, introducing information obligations for service operators and registry requirements.

Resolution 443/2019/R/RIF - Waste Tariff Method (MTR)

Following the consultation document 351/2019, on 31 October 2019 ARERA approved resolution 443/2019/R/rif providing the first tariff method for the integrated waste management service 2018-2021 ("**MTR**") which became the mandatory framework for the TARI fees delivered by the Territorially Competent Bodies (ETC) starting from 2020.

The main feature of MTR is to turn the previous "forecast" approach defined by the Presidential Decree no. 158/1999 ("**Ronchi Decree**") – based on the expenditures' prediction for the activities related to the hygiene services – into a "ex post" methodology which considers the most recent final data (year a-2) referable to official accounting sources. The MTR is aimed to guarantee a transparent and unambiguous accounting methodology for the sector.

More in detail, the new method uses a hybrid approach - similar to the ones applied in other sectoral regulations - with a different treatment of investment and operating costs, namely:

- capital costs rewarded according to a regulation scheme of rate of return; and
- operating costs with the application of incentive regulation schemes and with the definition of efficiency objectives on a multi-year basis.

Within the MTR, the fees for treatment and recovery and treatment and disposal activities were temporary applied as follows: a) the tariff approved and / or justified by the competent territorial body in presence of administrated tariffs; and b) in all other cases, the price charged by the plant determined following negotiation procedures. Due to the need to address deeper analysis on the technical and governance framework, ARERA postponed the tariff methodology on treatment to the second regulatory period starting in 2022.

In summary, ARERA maintained the tariff structure of the "normalised" method established by DPR 158/1999 with some modification as follows: capping methodology applied on the overall annual growth of tariff revenues; asymmetric setting (four different regulatory options available for local authorities in relation to service improvement objectives); sharing factor applied to the revenues coming from the sale of separate collected materials; an adjustment component both in relation to variable and fixed costs; introduction of two different rates of return on Net Invested Capital (WACC) for fixed assets and for ongoing investments. With regard to the WACC of the integrated waste cycle for the 2020-2021 period, it is defined as 6.3%; to this value is added a 1% increase to cover the costs deriving from the regulatory time lag between the year of recognition of the investments (a-2) and the year of tariff recognition (a).

Resolution 444/2019/R/rif – first discipline on transparency and quality of waste services

Simultaneously to the MTR, the resolution 444/2019/R/rif defines the transparency provisions of the municipal and similar waste management service for the regulatory period 1 April 2020 – 31 December 2023, as part of the procedure started with resolution 226/2018/R/RIF. The scope of the intervention includes the minimum information elements to be made available both through websites, in the collection documents (payment notice or invoice) and individual communications to users.

In 2021, the consultation document 72/2021/R/rif proposed an enhancement of the discipline of quality, both on contractual and (partially) technical side. The new measures should be applied since the new regulatory period starting from 2022 but do not include the quality regulation related to the treatment plants.

Resolution 138/2021/R/rif - Start of proceeding for the new Waste Tariff Method (MTR-2) including the tariffs for the treatment services

The resolution 138/2021/R/rif started the proceeding of updating the MTR for the new regulatory period 2022-2025. The main change is due to integration of treatment services within the methodology established by the resolution 443/2019.

On the other hand, ARERA is committed to implement several changes to MTR in order to address a more efficient and comprehensive process for the tariff approvals. The MTR-2 should include a detailed framework to taking into account the quality regulation for the hygiene services.

DCO 196/2021/R/RIF – Proposals for the new Waste Tariff Method (MTR-2) and tariffs for treatment services

The article 1, paragraph 527, letter g), of law no. 205/17 empowered ARERA to define the criteria for the tariff regulation of treatment, recovery and disposal services. Following its mandate, ARERA published a first consultation document (DCO 196/2021) with the initial proposals, while a second public consultation is expected with regard to the economic features of the methodology.

At this stage, ARERA did not present a detailed proposal of the tariff method for the plants, but identifies a regulatory matrix in order to implement his asymmetric approach: where the asset is not integrated in the whole cycle management (i.e. the owner is different from the collection operator) it should be considered "minimal" or "additional" on the basis of specific features as the presence of an administrative allocation of the waste flows to the plant or the competitive pressure in the area. According to this analysis, “minimal” treatment plants should be submitted to full economic regulation, whereas for “additional” ones ARERA propose a “light” regulation including only provisions ensuring transparency and non-discrimination guarantees.

At the same time, DCO 196/2021 enhances the MTR processes, by overcoming the critical element of his first application. It proposes a pluriannual financial planning for the deployment of the different services and a more balanced bargaining procedure for the tariff approval between the Local Administration and the company.

Resolution 363/2021/R/RIF – approval of the new Waster Taiff Method (MTR-2) and tariffs for treatment services

With Resolution 363/2021/R/RIF, ARERA approved the criteria for determining cost reflective tariffs for treatment, recovery and disposal services for municipal waste applicable to the years 2022-2025.

In this context, the Waste Tariff Method for the second regulatory period “MTR-2” sets the treatment plant access tariffs according to the area (regional) planning: under their legislative jurisdiction, Regions should identify the plants essential to guarantee the “minimum” capacity in the area (otherwise the plant is considered as “additional” and the regulation is limited to disclosure rules). The eligible “minimum” plants could be landfills, organic waste and intermediate treatments, or incinerators/waste-to-energy sites, while in this first stage the material recovery activities from separated collection are considered external to the regulatory perimeter, as the EPR (*i.e.* Extended Producer Responsibility) systems already in place cover their value chain and pursue the targets issued by the Circular Economy Package.

The plants’ economic and financial plan is provided for the period 2022-2025 in accordance with the recommendations of the MTR-2 and it is submitted to the regional authority, which send it to the ARERA for the final approval.

Based on the previous methodology (MTR) with respect to the calculation of the operating and investment costs (with a rate of return scheme), MTR-2 has adopted a “revenue cap” model for determining the gate prices for the above mentioned “minimum plants”: the ratio between the regulatory allowed costs (based on the official accounts for the year Y-2) and the revenues of waste treatment activities in 2021 (frozen for the whole regulatory period) is applied to the existing gate prices as an adjustment factor. Indeed, a cap on the tariff increase is adopted, depending on inflation and plant technology/innovation rate.

On the other side, an incentive mechanism for circular economy has been introduced in order to promote the economic sustainability of the treatment tariffs in the circular economy framework and specifically the EU “waste hierarchy”. In line with the EU targets on recycling and reduction of landfill’s disposal, the equalization mechanism of reward and penalisation aims to tackle the environmental externalities of the treatment services: the material and energy recovery is supported through an “on-top” contribution from the landfill disposal. The mechanism hits on the access fee to the plant, not on his own remuneration.

Indeed, with the Resolution 68/2022/R/rif, ARERA has established the WACC for the waste plants not integrated with the collection services. According to the methodology applied in the energy sector (TIWACC), the rate for the remuneration of the net investments is equal to 6% for the regulatory period 2022-2025.

By April 2022, Umbria and Lazio PRGR were updated to meet ARERA's criteria. The result is that the plants of Le Crete-Orvieto, San Vittore del Lazio and Aprilia were identified as "minimum" plants and consequently submitted to regulatory criteria since 2022. The condition of "minimum" is valid at least for two years, with the possibility of a renewal under regional scrutiny.

Since June 2022, the Umbria region, through the Umbrian Waste and Water Authority (AURI) and the Lazio region have started processing the development of the 2022-2025 tariffs, through the application of the information provided (*Determina* 22 April 2022, 01/DRIF/2022) from operators with "minimum" plants.

With judgement No. 486/2023, issued after the appeal proposed against MTR-2 by several private operators based in Puglia, the Administrative Court of Lombardy (TAR Lombardia) repealed the institution of "minimum plants" by the Region's act, since such programmatic competence should be exercised directly at a national level. With the Resolution n. 91/2023/R/RIF, ARERA filed an appeal with the Council of State claiming that the condition of "minimum plant" is exclusively part of the regulatory taxonomy. Consequently, the Regions have suspended the processes for tariff approvals until the judgement of the Council of State is issued (expected in November 2023).

Resolution 413/2022/R/RIF - Start of proceeding for the definition of technical and qualitative standards

With Resolution 413/2022/R/RIF, ARERA started the proceeding for the definition of technical and qualitative standards for carrying out the disposal and recovery activity pursuant to article 202, paragraph 1-bis, of legislative decree 3 April 2006, n. 152. This process is still ongoing.

DCO 611/2022/R/rif - Proposals for an equalization system in the waste sector

Guidelines for the introduction of the above-mentioned equalization systems related to compliance with the waste hierarchy and the recovery of accidentally caught waste. This process is still ongoing.

DCO 643/2022/R/rif - Proposals for a new service contract model for the regulation

Guidelines for the preparation of a service contract model for the regulation of relations between the awarding body and the manager of the urban waste management service. This process is still ongoing.

DCO 214/2023 – Proposals for the definition of the EPR contribution to the services' costs and the technical and qualitative standards for the treatment plants

Guidelines for: a) the definition of the costs of the activities of sorted collection which should be covered by the "Extended Producers' Responsibility" contribution (i.e. almost the 80% of the "efficient" costs assessed by ARERA, as established by legislative decree n. 116/2020); b) the introduction of the first technical and qualitative standards for the plants (both disposal and recovery services).

Energy business

EU Energy Regulation: The Third Energy Package

The European Union is active in energy regulation by means of its legislative powers, as well as investigations and other actions carried out by the European Commission. In 2009, the

European institutions adopted several directives and regulations aimed at completing the liberalisation of both electricity and gas markets (the "**Third Energy Package**"). In particular, the Third Energy Package contemplates the separation of supply and production activities from transmission network operations. To achieve this goal, Member States of the European Union may choose between the following three options:

- full ownership unbundling. This option entails vertically integrated undertakings selling their gas and electricity grids to an independent operator, which will carry out all network operations;
- Independent System Operator ("**ISO**"). Under this option, vertically integrated undertakings maintain the ownership of the gas and electricity grids, but they are obliged to designate an independent operator for the management of all network operations; and
- Independent Transmission Operator ("**ITO**"). This option is a variant of the ISO option under which vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission.

The Third Energy Package also contains several measures aimed at enhancing consumers' rights, such as the right: (i) to change supplier within three weeks and free of charge; (ii) to obtain compensation if quality targets are not met; (iii) to receive information on supply terms through bills and company websites; and (iv) to see complaints dealt with in an efficient and independent manner. The third energy package also strengthens protection for small businesses and residential clients, while rules are introduced to ensure that liberalisation does not cause detriment to vulnerable energy consumers.

Finally, the Third Energy Package provides for the creation of a European Union agency for the coordination of national energy regulators, which will issue non-binding framework guidelines for the national agencies. It is expected that this will result in more harmonised rules on energy regulation across the European Union.

As envisaged in the Third Energy Package, in March 2011 the Agency for the Cooperation of Energy Regulators ("**ACER**") began operations. ACER replaces and strengthens the European Regulators Group for Electricity and Gas ("**ERGEG**"). ACER coordinates the actions of the national regulatory authorities in the energy sector and its main responsibilities are:

- establishing and regulating the rules governing European electricity and gas networks;
- establishing and regulating the terms and conditions for access to (and operational security for) cross-border infrastructures where national authorities are in disagreement; and
- implementing the Ten-Year Network Development Plan ("**TYNDP**").

In Italy, the principles provided under the Third Energy Package (in particular, EU Directives 2009/72/EC, 2009/73/EC and 2008/92/EC), have been recently implemented by means of Legislative Decree No. 93 of 1 June 2011, published in the Official Gazette on 28 June 2011 (Legislative Decree 93/2011).

The main provisions of Legislative Decree 93/2011 include:

(i) unbundling of the Transmission System Operator (TSO). In the electricity sector, the unbundling between grid ownership and generation activity has been confirmed and the TSO is expressly prohibited from operating power generation plants. For the gas sector, an Independent Transmission Operator model has been adopted, with a vertically integrated ownership structure, more stringent functional separation rules and wider control and approval powers assigned to the ARERA;

(iii) integration of renewable energy sources generation into the electrical system more efficiently; and

(iv) exemption from the third party access ("**TPA**") obligation in respect of new interconnection infrastructure.

With reference to the electricity sector, the duration of the exemption from the TPA obligation (for a maximum of 50 per cent. or 80 per cent. of new capacity) will be set on a case-by-case basis and the exemption will elapse if the relevant works are not started or the relevant infrastructure has not entered into operation within the time limits set out in the relevant exemption measure. With reference to the gas sector, in addition to the time limit provided by the relevant exemption measure, the new rules provide for a 25 year cap for the duration of the exemption and for the activation of an open season procedure in order to assess the interest of third parties in the relevant infrastructure notwithstanding the TPA exemption.

Italian Energy Regulation

The Ministry for Economic Development ("**MED**") and the ARERA share the responsibility for overall supervision and regulation of the Italian electricity sector. In particular, the MED establishes the strategic guidelines for the electricity sector, while the ARERA regulates specific and technical matters. The ARERA, *inter alia*:

- sets electricity and gas distribution tariffs, as well as the price for previously regulated (or "captive") customers, which have not yet chosen a different supplier;
- formulates observations and recommendations to the Government and Parliament regarding the market structure and the adoption and implementation of European Directives and licenses or authorisations;
- establishes guidelines for the production and distribution of services, as well as specific and overall service standards and automatic refund mechanisms for users and consumers in cases where standards are not met and for the accounting and administrative unbundling of the various activities under which the electricity and gas sectors are organised;
- protects the interests of customers, monitoring the conditions under which the services are provided, with powers to demand documentation and data, to carry out inspections, to obtain access to plants and to apply sanctions, and determines those cases in which operators should be required to provide refunds to users and consumers;
- handles out-of-court settlements and arbitrations of disputes between users or consumers and service providers; and
- reports to the Italian Antitrust Authority (the "**AGCM**") any suspected infringements of Law No. 287 of 10 October 1990 by companies operating in the electricity and gas sectors.

Furthermore, according to Legislative Decree 93/2011, the ARERA establishes rules aimed at:

- achieving the best quality level in the electricity and natural gas sectors;
- protecting vulnerable customers;

- removing obstacles that could prevent the access of new operators to the electricity and gas market.

In addition to regulation by the ARERA, the AGCM also plays an active role in the energy market in ensuring competition between suppliers and protecting the rights of clients to choose their suppliers.

Italian Electricity regulation

The regulatory framework for the Italian electricity sector has changed significantly in recent years due to the implementation of the previous European energy directives, including, in particular, Directive 2003/54/EC and Directive 2001/77/EC.

On 1 April 1999, Legislative Decree No. 79 dated 16 March 1999 (the "**Bersani Decree**") implementing Directive 96/92/EC, became effective in Italy. It began the transformation of the electricity sector from a highly monopolistic industry to one in which energy prices charged by generators will eventually be determined by competitive bidding and provided for a gradual liberalisation of the electricity market so that customers whose annual consumption of electricity exceeds specified amounts ("**Eligible Customers**") will be able to contract freely with power generation companies, wholesalers or distributors to buy electricity.

The Bersani Decree established a general regulatory framework for the Italian electricity market that gradually introduces competition in power generation and sales to Eligible Customers while maintaining a regulated monopoly structure for transmission, distribution and sales to Non-Eligible Customers. In particular, the Bersani Decree and the subsequent implementing regulations:

- as of 1 April 1999, liberalised the activities of generation, import, export, purchase and sale of electricity;
- as of 1 January 2003, provided that no company shall be allowed to generate or import, directly or indirectly, more than 50 per cent. of the total electricity generated in and imported into Italy, in order to increase competition in the power generation market;
- provided for the establishment of the *Acquirente Unico* (the "**Single Buyer**"), the company who shall stipulate and operate supply contracts in order to guarantee franchise clients the availability of the necessary generating capacity and the supply of electricity in conditions of continuity, security and efficiency of service, as well as parity of treatment, including tariff treatment;
- provided for the creation of the "power exchange" (the “**Power Exchange**”), a virtual marketplace in which producers, importers, wholesalers, distributors, the operator of the national transmission grid, the Single Buyer and other participants in the free market, buy and sell electricity at prices determined through a competitive bidding process;
- provided for the creation of the Market Operator; and
- provided that the activities of transmission and dispatching are reserved exclusively to the State and attributed under concession to the operator of the national transmission grid, while the activity of distribution of electricity is performed under a concession regime under the authority of the Ministry of Productive Activities.

In addition, Law No. 290 of 27 October 2003 required the reunification of ownership and management of the transmission grid. Law No. 239 of 23 August 2004 (the "**Marzano Law**") reorganised certain aspects of the electricity market regulatory framework, including the limitation of the "captive market" to households pursuant to Directive 2003/54/EC concerning common rules for the internal market in electricity and repealing Directive 96/92/EC.

Law Decree No. 73/2007, as enacted into law through Law No. 125/2007, adopted urgent measures to place into effect EU market liberalisation requirements, including the following:

- a requirement for separating corporate functions into distribution, on the one hand, and electric energy sales, on the other;
- powers are assigned to the ARERA to adopt measures for the functional separation (pursuant to EU Directives 2003/54/EC and 2003/55/EC) of the administration of electric and gas infrastructure from non-related operations for the purpose of ensuring infrastructural administration that is both independent and transparent; and
- as of 1 July 2007, domestic end users have the right to withdraw from their pre-existing electricity supply contracts according to the procedures established by the ARERA which allow them to select a different electricity provider. If the end user does not select a provider, domestic end users not supplied with energy on the open market are guaranteed supply by the distributor or the distributor's affiliate. The responsibility for supplying such clients remains with the Single Buyer, a company formed pursuant to Article 4 of the Bersani Decree.

For those end users that decide not to purchase electricity on the open market, the regulations provide as follows: (i) households and small businesses that have fewer than 50 employees, lower than Euro 10 million of turnover, and low levels of electricity consumption may access a regulated market ("*servizio di maggior tutela*") for which the ARERA establishes the electricity tariffs; and (ii) all businesses not included among those described in the preceding point (i) have access only to the "safeguarded market" which guarantees the supply of electricity but typically at higher than market rates, to incentivise to this category of business to access the open markets.

ARERA 2020-2022 Strategic Plan

With resolution 242/2019/A, ARERA confirmed the strategic guidelines set out in the consultation document 139/2019/A that will guide the current term of the Authority in the period 2019-2021 and outlines the strategic objectives and main lines of action.

ARERA particularly focuses on: 1) the protection and awareness of the final customer, 2) the simplification of flows, 3) the orientation of developments and investments and 4) the innovation of the system to be achieved, including through experimental projects.

Electric Generation

Law Decree No. 34 of 31 March 2011 (the "***Omnibus* Decree**") liberalised the regime for electricity generation. In order to increase the level of competition in the market, the *Omnibus* Decree provided that, as of 1 January 2003, no single electricity generation company shall be allowed to generate or import, directly or indirectly, more than 50 per cent. of the total electricity generated in and imported into Italy.

Hydroelectric Generation

By way of Law Decree No. 83 of 22 June 2012 (the "**Development Decree**"), the Italian government issued certain regulations designed to facilitate the way in which tenders are carried out. More specifically, Article 37 of the Development Decree provides that five years prior to the expiration of a large water concession, the competent authority shall launch a public tender for the assignment, subject to the payment of consideration, of such large water concession, in accordance with local regulations and the fundamental principles of competition protection, freedom of establishment, transparency and non-discrimination. Such new concession shall be for a period of 20 years, up to a maximum of 30 years, depending on the required level of investment.

In addition, in relation to large water concessions which either have already expired or are due to expire earlier than 31 December 2017 (in relation to which the afore mentioned five-year limit would not be applicable), the new provisions have established a special transitional regime, under which the relevant tenders must be called within two years of the effective date of the implementing ministerial decree (as per Article 12, paragraph 2 of Legislative Decree No. 79 of 16 March 1999), and the new concession will start at the end of the fifth year following the original expiry date and in any case no later than 31 December 2017.

Article 37 of the Development Decree further establishes that the out-going concession holder has to transfer any new concession holder its relevant division. The consideration to be paid to the concession to the out-going concession holder shall consist of an amount previously agreed between the out-going concession holder and the relevant authority, to be expressly indicated in the tender notice. In order to compensate the out-going concession holder for any investments made on the plants, such amount has to be calculated taking into account (i) in respect of dams, penstocks, drains and pipes, the re-valued historical cost, reduced to take into account any public contribution received by the concession holder for the construction of such assets and the ordinary wear and tear, and (ii) in respect of any other assets of the plant, the market value, intended as the value of the new construction of the assets reduced to take into account ordinary wear and tear. If no agreement can be reached between the out-going concessionaire and the granting administration on the amount of the consideration, such amount shall be established by means of an arbitration procedure.

Promotion of Renewable Resources

In 1992, the Interministerial Price Committee, an Italian governmental committee, issued Regulation 6/1992 ("**CIP-6**"), which established incentives for new generation plants using renewable resources and for the sale of electricity produced from renewable resources. In November 2000, the MED issued a decree that transferred all energy produced from renewable resources under the CIP-6 regime to the Market Operator as of 1 January 2001.

Under current regulations, an electricity services operator is required to purchase all CIP-6 electricity generated by the CIP-6 producers in order to resell it to Eligible Customers and, since 2004, also to the Single Buyer. The Market Operator sells the so-called green certificates representing electricity from renewable resources purchased from CIP-6 producers ("**Green Certificates**").

The Bersani Decree provided that, starting in 2001, all companies producing or importing more than 100 GWh of electricity generated from conventional sources into the national transmission grid in any year must, in the following year, introduce into the national transmission grid an amount of electricity produced from newly qualified renewable resources (the "**Renewable Obligation**"), initially equal to at least 2 per cent. of the amount of such excess over 100 GWh, net of co-generation, self-consumption and exports (the "**Green Certificates Quota**" – that is, the amount of renewable energy such companies are required to produce). Electricity from renewable resources may be produced directly or purchased from other producers who have obtained tradable Green Certificates representing a fixed amount of electricity certified as generated from renewable resources.

On 6 April 2009, the Council of the European Union adopted the final text of a directive setting a common EU framework in the field of the promotion of energy from the renewable resources.

The main objective of the directive is the achievement of a 20 per cent. share of energy from renewable resources in the EU's final consumption of energy by 2020. In light of this objective, for the first time, Member States are assigned mandatory individual targets for the share of renewable energy sources in final energy consumption. For Italy, this target has been set at 17 per cent. in comparison to the 5.2 per cent. it had been assigned in 2005. Pursuant to EU Directive No. 2009/28/EC and to the statutory criteria of Law No. 96/2010, in March 2011, the Legislative Decree No. 28/2011 on the development of renewable sources was passed. The Decree defines tools, technicalities and the criteria the incentives regime must be based on in order to achieve the 2020 renewables objectives. The incentive regime for the production of energy from renewable sources is currently governed by two Ministerial Decrees dated 5 and 6 July 2012 (the first fixes the feed-in tariffs for energy produced by photovoltaic plants and the second ruling governs incentives for energy produced by renewable sources other than solar power).

Amendments to Regulations Governing Green Certificates

In addition to (i) providing for an annual increase (0.75 per cent.) for the years 2007 to 2012 in the obligation to generate/import electricity from renewable resources as a percentage of the conventional electricity generated/imported in the preceding year and produced by conventional sources, (ii) establishing the incompatibility of the Green Certificate system with other incentives regimes and (iii) fixing the validity period of the Green Certificates in 15 years, Law No. 244/2007 (the so-called "Budget Law for 2008"), with reference to power plants coming in line after 31 December 2007, updated the rules on Green Certificates and reintroduced a support mechanism (recognition of a comprehensive rate) for electricity generation from renewable resources by certain small power plants.

Legislative Decree No. 28/2011 subsequently revised the matter, decreasing the percentages of obligations (the "**Green Certificates Quota**" – that is, the amount of renewable energy such companies are required to produce) linearly until 2015, set as the expiry date of the Green Certificates system.

The updated Green Certificate rules provided under the Budget Law for 2008 and Legislative Decree No. 28/2011:

- differentiate recognised Green Certificates by source using co-efficients that are adjusted every three years;
- calculate the price of Green Certificates issued by the Market Operator (pursuant to Article 11(3) of the Bersani Decree) as the difference between Euro 180/MWh (value updated every three years) and the average annual price of electricity as established by the ARERA; and
- provide that, until the relevant national target set by the European Union has been met, at the request of the generator, the Market Operator can withdraw any Green Certificates (expiring that year) in excess in respect of those needed to meet the relevant obligation.

The above-mentioned MED Decree issued on 6 July 2012 pursuant to Legislative Decree No. 28/2011 defines new rules to access the incentive system from January 2013, as well as the related transitional system. In particular, with the aim of supporting electricity production from renewable sources, the Ministerial Decree of 6 July 2012 defines new incentives applicable to the production of electricity from sources such as wind, water, geothermal, biomass, biogas and bioliquids. The Decree is applicable to plants which: are new, fully rebuilt, re-activated, have been subject to an enhancement in power or have been refurbished, have a power output of at least 1 kW and that start operating (*i.e.* are connected in parallel to the electric system) after 31 December 2012.

Photovoltaic power plants

Photovoltaic solar plants benefit from a feed-in premium tariff on top of the price of the electricity generated (the so called "**Conto Energia**"). The Conto Energia has been regulated in previous years by several ministerial decrees (so-called "**First, Second, Third and Fourth *Conto Energia***"). Currently, the incentive regime applying to solar plants is provided for by ministerial decree dated 5 July 2012 (so-called "**Fifth *Conto Energia***"). The feed-in tariffs set forth under the Fifth Conto have a comprehensive nature, including both the incentive component and the remuneration of the electricity produced.

GSE is entitled to conduct inspections on the plants and to revoke the incentives in case of discrepancy between the documentation and design submitted to the GSE within the application for incentives and the works realised as well as in case of false statements rendered by the operator to the GSE in order to achieve the incentives.

CO2 Emissions

In the framework of the Kyoto Protocol, in 2003, the EU adopted Directive 2003/87/EC (the "**Emissions Trading Directive**") establishing a scheme for greenhouse gas emission allowance trading. In October 2004, the EU also passed another directive, Directive 2004/101/EC (the "**Linking Directive**"), amending the Emissions Trading Directive to allow further flexible mechanisms for limiting greenhouse gas emissions. Both the Emissions Trading Directive and the Linking Directive have been implemented in Italy by Legislative Decree No. 216/2006.

Pursuant to the aforementioned European Directives, the power generation sector in Europe is required to participate in the European Union Emissions Trading System, a market-based system for reducing greenhouse gas emissions Operators are expected to reduce their emissions by 21 per cent. by 2020. On 1 January 2013, the third phase of implementation of the aforementioned Directives, to take place between 2013 and 2020, began. This phase envisages a series of major changes introduced by Directive 2009/29/EC and subsequent regulations in order to improve the efficiency, transparency and effectiveness of the system.

The main change regards the method for allocating emissions allowances. The free allocation of allowances will gradually be replaced by an auction system. The power generation sector will be required to purchase 100 per cent. of its allowances through auctions as from January 2020. During the final months of 2012, 120 million phase three allowances were sold through "early auctions". The allowances pertaining to Italy, Spain and Slovakia represent 9.4 per cent., 8.4 per cent. and 1.5 per cent., respectively, of the total allowances available at the European level for phase three. The proceeds of the auctions are managed by the Member States, which must, however, use at least 50 per cent. of the revenues to finance projects involving low carbon technologies (CO2 capture and storage, renewable resources, etc.). Another major innovation is the monetization of the allowances in the NER 300 (a financing instrument managed jointly by the European Commission, European Investment Bank and Member States) reserve by the European Investment Bank, the proceeds of which will be used to finance pilot projects in the innovative renewable resources field and in CO2 capture and storage technologies. The allowances (300 million European Union Allowances ("**EUA**"), *i.e.* the quotas allocated by the national allocation Plans within the EU Emission Trading Scheme ("**ETS**")) will be sold on the OTC market, regulated exchanges and through auctions. The sale of the first 200 million allowances was completed in November 2012. The remaining 100 million will be monetized subsequently by the European Investment Bank.

In response to the excess supply of allowances on the ETS market, the European Commission decided to postpone the sale of a portion of allowances to be auctioned to the end of the third phase in order to reduce short-term supply (the backloading option) and to set a structural reform of ETS in the long term. The European Parliament and Council were asked to amend the EU ETS Directive to formally enable the Commission to take such a step. On 10 December 2013 the European Parliament approved the proposal to amend the EU ETS Directive in order to clarify the power of intervention of the European Commission and to allow the provisional retirement of 900 million quotas from CO2 allowances. The European Council expressed on 16 December 2013 its approval adopting this amendment. Following this, the Committee for Climate Change approved on 8 January 2014 the backloading option for the provisional retirement of quotas for 2014-2016. The proposal is being examined by the European Parliament and Council.

A reform of the criteria for the allowances within the 4th phase of ETS mechanism is currently under discussion in the EU Parliament. The main proposal is to extend the sectors eligible for the mechanism, including waste-to-energy plants, transports and buildings.

Wholesale market

The Power Exchange is a marketplace for the spot trading of electricity between producers and consumers under the management of the Market Operator. It began operations on 1 April 2004. Producers can sell their electricity on the Power Exchange market at the system marginal price defined by hourly auctions. Alternatively they can choose to enter into bilateral contracts and, in this case, the price is agreed with the other counterparty.

One of the most important participants on the Power Exchange market is the Single Buyer, a company the sole quota holder of which is the Market Operator which is wholly-owned by the Italian State. The Single Buyer has the goal of ensuring continuous, secure, efficient and competitively-priced electricity supply to clients remaining in the "Universal Service" regime (consisting, since 1 July 2007, of residential clients and small business clients that have not chosen a supplier in the market), in order to enable them to reap the benefits of the electricity liberalisation process. The Single Buyer is the largest wholesaler in the market, purchasing about 30 per cent. of the total national demand. The Single Buyer purchases electricity on the Power Exchange market through bilateral contracts (including contracts for differences) with producers, and imports electricity.

The total payments by the Single Buyer to electricity producers for its purchases, plus its own operating costs, must equal the total revenues it earns from energy sales to the retail companies operating within the regulated market under the regulated price structure. As a consequence, the ARERA adjusts reference prices from time to time to reflect the ones actually paid by the Single Buyer, as well as other factors.

Other participants in the Power Exchange market are producers, integrated operators, wholesalers and some large electricity users. The ARERA and AGCM constantly monitor the

Power Exchange to ensure that it reaches the expected goals: improving competition between electricity producers and enhancing the efficiency of the Italian electricity system.

The electricity generated can be sold wholesale on the organized spot market ("**IPEX**"), managed by the Energy Markets Operator ("**EMO**"), and through organized and over-the-counter platforms for trading forward contracts. The organized platforms include the Forward Electricity Market ("**FEM**"), managed by the EMO, in which forward electricity contracts with physical delivery are traded, and the Electricity Derivatives Market ("**IDEX**"), managed by *Borsa Italiana*, where special derivative instruments with electricity as the underlying asset are traded.

Generators may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at a retail level, and to the Single Buyer, whose duty is to ensure the supply of energy to enhanced protection service customers.

In addition, for the purpose of providing dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market ("**ASM**"), where Terna S.p.A. ("**Terna**") procures the required resources from producers. The ARERA and the MED are responsible for regulating the electricity market. More specifically, with regard to dispatching services, the ARERA has adopted a number of measures regulating plants essential to the security of the electrical system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical grid issues by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by the ARERA. Since the launch of the market in 2004, the regulations have provided for a form of administered compensation for generation capacity. In particular, plants that make their capacity available for certain periods of the year when demand is typically high receive a special fee.

In August 2011, the ARERA published a resolution that establishes the criteria for introducing a market mechanism for compensating generation capacity that replaces the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years. The initial auctions will be held in 2013, with producers agreeing to make their capacity available starting from 2017.

In order to cope with emergencies in the gas system, such as the one that occurred between 6 February 2012 and 16 February 2012, Decree Law 83/2012, ratified by Law 134 of 7 August 2012, required the identification, on an annual basis from the 2012-2013 gas year, of thermal generation plants that can contribute to the security of the system by using fuels other than gas. Such plants, which are different from those essential to the electrical system, are entitled to reimbursement of the costs incurred in ensuring availability in the period from January 1 to March 31 of each gas year on the basis of the procedures established by the ARERA.

Distribution

The Bersani Decree provides that distribution services shall be performed on the basis of concessions issued by the former Ministry of Industry (now the MED). The current distribution companies will continue to perform that service on the basis of concessions issued by the Ministry of Industry in 2001, expiring on 31 December 2030.

The distribution companies are required to connect to their networks all parties who request connection, without compromising the continuity of the service and in compliance with the applicable technical regulations and provisions.

Moreover, the ARERA set a strict regulation concerning functional unbundling in order to guarantee the independence between the separated activities.

Efficiency in the end usage of energy

The distribution companies of electricity are required by Decree Bersani to undertake energy efficiency measures for the final user that are in line with pre-defined quantity targets fixed by ministerial decree. The companies that achieve such energy saving targets are entitled to receive, from the regulator of the electricity market, the Energy Efficiency Certificates ("**TEE**"), also called "*White Certificates*", (i.e. an incentive mechanism to save energy, into force starting from 1 January 2005) and to sell such certificates, by means of bilateral contracts or on a specific market instituted and regulated by GSE in agreement with the ARERA, to (other) companies who cannot meet their targets.

The foregoing incentive mechanism was regulated by certain Decrees of 20 July 2004, subsequently amended and updated in 2007, which set national energy savings targets for the period 2005-2012. The targets must be achieved each year by distribution companies.

To demonstrate that they have achieved their targets and avoid penalties, distributors must deliver a number of certificates at least equal to a specified percentage of their requirement to the ARERA by May 31 of each year.

In April 2017, the new decree on the White Certificates came into force, implementing the provisions of Legislative Decree No. 28 of 3 March 2011 and Decree Law No. 102 of 4 July 2014. According to the decree, the national objectives to be achieved in the period 2017-2020 through the mechanism of the White Certificates and the White CAR Certificates.

Resolution 654/2015/R/eel – Tariff regulation on electricity transmission, distribution and metering services, for the regulation period 2016-2023.

The resolution approves the "Consolidated Code on rules and regulations for electricity distribution and transmission services" ("**TIT**"), the "Consolidated Code on rules and regulations for electricity metering services" ("**TIME**") and the "Consolidated Code on economic terms for the provision of connection services" ("**TIC**"), coming into effect from 1 January 2016.

In particular, the new rules and regulations for calculating tariffs in the new regulatory period, the result of a complex consultation process with the publication of numerous documents (including 5/2015/R/eel; 335/2015/R/eel; 446/2015/R/eel and 544/2015/R/eel):

- extended the duration of the period to 8 years (2016-2023), divided into two half-periods of 4 years each: NPR1 (2016-2019) and NPR2 (2020-2023);
- define the criteria for calculating the recognised cost (operating, capital and depreciation);
- provided for the new fee structure.

In particular, with reference to the transmission tariff, ARERA:

- introduced the binomial cost tariff structure for the transmission service (CTR) applied by Terna to distributors at the interconnection points with an energy component and a power component calculated using the average maximum monthly power withdrawn from interconnection points as a driver, considering only the net energy withdrawn from the national grid (RTN);

- confirmed the same structure, in force also in the last regulatory period, for the compulsory transmission tariff (TRAS) applied by distributors to end users;

- the equalisation mechanism of transmission costs based on the recognition of higher costs for the distributor, deriving from the difference between the above-mentioned fees, has been reintroduced.

Concerning the tariff of reference TV1(dis), allocated to cover distribution and marketing costs, the ARERA confirms the application of a monomial fee, on the basis of the number of withdrawal points, and therefore independent of the service volumes supplied, differentiated by voltage levels, except for types of contracts for public lighting users and public LV electric vehicle recharging, the fee of which is based on a tariff expressed in euro cents/kWh.

There is no structural change to the obligatory distribution tariff applied to non-domestic end users, nor to the equalisation mechanism of distribution revenues (inclusive of bi-monthly advance payments).

With reference to the regulation of the metering service, as well as defining the criteria for calculating the recognised cost and the remuneration tariffs of distributors providing the service, the measure also requires that:

- the obligation of data gathering is introduced for the subject responsible for measuring the actual peak demand in the month divided into bands, when possible for that meter;

- further in-depth considerations are made concerning the hypothesis of evolution of the metering service regulation, with the aim of defining the general reform by July 2016.

In 2019, with the Resolution 126/2019/R/eel – Start of procedure for the update within the period of the regulation of the tariffs and of the quality of the transmission, distribution and measurement of electricity, ARERA started a procedure for the formation of measures relating to the infra-period update (2020-2023) of the regulation of tariffs and quality for the transmission, distribution and measurement of electricity.

Regarding the Totex approach, with the consultation document 683/2017/ R/eel, the Authority highlighted the need to adopt a path of preparatory activities for the introduction of the Totex method that will be longer than the initial starting on 2020. Furthermore, the distributors have proposed that the Totex approach be applied by the 2024 to ensure the necessary graduality in the introduction of the new approach, also taking into account the differences between the starting points in the different activities, in particular with reference to the planning with forward-looking mechanisms. The Authority provides for the introduction of the new tariff logics starting from next regulatory period (2024), meanwhile the infra-period update of the tariff regulation will have as its object the review of the operating cost base and the productivity recovery rate (Xfactor) for the NPR2 half-period, including the costs of the 2G measurement service.

With Resolution 568/2019/R/eel – Update of the tariff regulation of electricity transmission, distribution and metering for the 2020-2023 interim regulatory period – and the several consultation documents and requests for information before, ARERA updated the tariffs and the quality of electricity transmission, distribution and metering for the 2020-2023 regulatory period. For aspects relating to distribution and metering, it envisages:

- the recognition of operating costs in the 2020-2023 interim period, taking as a reference the operating costs for the year 2018 and establishing a symmetrical distribution between enterprise and users of the productivity recovery made in the first interim period (2016-2019);
- the activation of the sharing of net revenues from the use of the electric power infrastructure for purposes additional to electric power service;
- the establishment of a mechanism for the recognition of non-collectable receivables in the event of situations of exceptional arrears relating to the network tariff portion, but postpones its definition to a subsequent measure; • the promotion of new aggregations between distribution companies;
- the possibility to achieve an increase in the rate of return on invested capital upon request and in a single solution as envisaged in the TIT of 2008-2011 and 2012-2015 (respectively, for the first period, in article 11 and, for the subsequent period, in article 12);
- the extension of the discounts provided for changes in power requested by domestic customers, and in 2020 the method of operation of an equalisation mechanism will be defined with regard to the discounts provided in the period 2016-2019;
- the gradual application over the period of the reactive energy fees;
- the extension of the current rules applied to vehicle recharging points open to the public until the end of the regulatory period;
- the remodulation of the calculation of interest on arrears due to CSEA.

On 27 December 2022, with Resolutions 719/2022/R/eel, 720/2022/R/eel and 721/2022/R/eel ARERA established the transmission, distribution and metering tariffs for 2023, as well as dispatching fees.

Resolution 583/2015/R/com – Rate of return on Net Invested Capital for infrastructure services in the electricity and gas sectors: criteria for calculating and updating.

The resolution defines the procedure for calculating and updating the rate of return on Net Invested Capital (weighted average cost of capital or "WACC") for regulated infrastructure services, unifying all the calculation parameters except for those specifically for single services, including parameter ß which expresses the specific non-diversifiable risk level and the weight of the equity capital and interest-bearing debt used for weighting ("**D/E ratio**").

The revision of the procedure aims to define a more transparent and predictable regulatory framework and prevent differences in the rates of return of single services being affected by the specific condition of Italian financial markets. The weighted average cost of capital formula is still used as reference but some changes in their components have been introduced. In particular, for the determination of the risk-free rate of return (risk-free rate, "**RF**"), it has been replaced the previous references to the Italian market (BPT to 10 years) with references chosen among the European countries with high ratings (government bonds to 10 years - Germany, Belgium, the Netherlands and France) considered at "zero risk" level compared with Italy. The risk-free rate, as defined above, is adjusted by introducing a new component called "Country

Risk Premium" ("**CRP**") that represents an additional rate to cover the risk factors of the Italian market compared to the best European Countries financial performers: this addendum is related to both equity and debt components of the WACC. With regard to the rate of return on equity, the choice of the regulator is to recalculate this indicator as difference between the "Total Market Return" and the Risk Free Rate considering the inversely proportional correspondence between the two indicators. The cost of debt is revised downward in consideration of changes in its individual components as mainly Risk Free Rate.

The duration of the WACC regulatory period is six years (2016-2021), introducing an intra-period updating mechanism. The measure therefore indicates the formula to be used in the calculation and the specific values of the basic parameters in force as at 1 January 2016, except for parameter ß for the electricity sector, established by a subsequent regulation (Resolution 654/2015/R/eel – Annex D).

Resolution 646/2015/R/eel – Consolidated Code on the output-based regulation of electricity distribution and metering services, for the regulation period 2016-2023.

The resolution approves the "Consolidated Code on the output-based regulation of electricity distribution and metering services, for the regulation period 2016-2023" (TIQE), in force from 1 January 2016.

The text, the result of a complex consultation process, contains four separate documents (5/2015/R/eel; 48/2015/R/eel; 415/2015/R/eel and 544/2015/R/eel), in III parts:

I. Regulation of the continuity of the distribution service and voltage quality. These are the main elements that have been introduced:

(a) for the duration of the outages:

- the mechanism of bonuses/penalties on the duration of the outages has been kept, introducing an allowance of ±10per cent. on the objective value;
- experimental incentive regulation for the 3-year period 2017-2019 on the duration of the outage with prior warning, of a medium and low voltage origin (measure to be adopted by 30 June 2016);
- progressive alignment of the standards on prolonged outages to that in force today for city centres: from 2020 eight hours for all low voltage users and 4 hours for all medium voltage users;

(c) for the number of outages without long or short-term warning: confirmation of the bonuses/penalties regulation with long-term objectives transferred to the end of the new regulatory period for long-term objectives;

(d) on the subject of voltage quality, the foundations were laid for introducing a specific standard on transient outages and loss of voltage for medium voltage customers and for new initiatives concerning the conformity of the effective supply voltage value for low voltage users.

II. Regulation of specific and general commercial quality levels. These are the main elements that have been introduced:

(e) reduction of maximum response times for services requested by end users concerning the estimation and performance of work;

(f) development of fast estimate services (via telephone, managed by seller);

(g) introduction of some basic criteria for drawing up agreements between distributors and applicants for mass connection and activations.

III. Selective promotion of investments for distribution networks. This part aims to create incentives for the appropriate development of investments in distribution networks, providing guidelines for the choices made by enterprises for investments that maximize net system benefits, through output-based incentives mechanisms, developed on the basis of criteria of selectivity.

In particular, aspects are considered that represent the main innovative elements of the new rules and regulations, concerning both the innovative functions of the medium voltage distribution networks in areas with a high penetration of energy generated from renewable sources, as well as the evolution of distribution networks in urban areas, with particular reference to the development of the capacities of backbones in buildings.

With reference to the Regulation for the tariff settlement of the end user market, two relevant determinations were issued.

In 2019, with resolution 566/2019/R/eel – Approval of the Integrated text of the output-based regulation of electricity distribution and metering for the 2020-2023 interim period, issued following consultation no. 287/2019/R/eel, ARERA updated the TIQE for the 2020-2023 interim period. Specifically, it envisages:

- the confirmation of the year 2023 for the achievement of continuity target levels, granting them only to the areas with the worst levels of continuity;
- the introduction of a special incentive scheme for critical territorial areas;
- the establishment of a mechanism of regulatory experiments to help improve the quality of service;
- the introduction of the recording of the number of meters replaced due to faulty display;
- from 2021 comparative publication also for voltage dips;
- the limitation of the premium on the individual project to improve the resilience of the networks to a maximum value equal to the cost of the project itself.

Resolution 555/2017/R/com - PLACET (Italian acronym of "*Prezzo Libero A Condizioni Equiparate di Tutela*", meaning an offer at free prices at conditions equivalent to those of the standard offer) offers and minimum contractual conditions for supplies to domestic and small business end customers in free electricity and natural gas markets

With Resolution 555/2017/R/com of 27 July, the Authority, following DCO 204/2017/R/com, has approved the rules on PLACET (Italian acronym of "*Prezzo Libero A Condizioni Equiparate di Tutela*", meaning an offer at free prices at conditions equivalent to those of the standard offer) offers together with minimum contractual conditions for all other free market offers other than PLACET offers; these provisions will come into force on 1 January 2018. In particular, the Resolution provides that PLACET offers must be inserted by each free market operator in their commercial offers both for the electricity sector (for domestic and non-domestic grid points connected to low voltage), and for the gas sector (for domestic and non-domestic points of delivery, including apartment buildings for domestic use for points with an annual consumption of less than 200,000 scm). As regards the general supply conditions, the seller may alternatively choose to use either the form prepared by the Authority or draw up their own general contractual conditions in accordance with the resolution, the form and regulations which do not contain any additional contractual conditions. As regards the economic conditions for the part to cover the costs typical of the procurement and marketing of the commodity, PLACET offers require a fixed amount €/point/year and an energy amount €/kWh or €/scm. It is envisaged that the energy amount will have two separate price formulas, a fixed price and a variable price (based on the National Single Price (PUN) for the electricity sector and on the title transfer facility for the gas sector).

With Resolution 848/2017/R/COM, the Authority extended the entry into force of the PLACET offer until the date of approval by the Authority of the general supply conditions form.

With Resolution 89/2018/R/com, the Authority therefore resolved that starting from 1 March 2018 all sellers were required to make PLACET offers available on the retail market. The provision also approved the modules of the general conditions of supply of the PLACET offers. In accordance with the dates specified by the Authority, AE has made the offer available through the shop and via the website.

With Resolution 288/2018/R/com, the Authority established the obligation for sellers to transmit instrumental data for the monitoring of PLACET offers, establishing that starting from 1 March 2018 they submit by the month following the end of each quarter the number of contracts with PLACET offer activated and terminated.

The "Annual Market and Competition Law", no. 124 of 2017, which entered into force on 29 August 2017, provided for the termination of price protection schemes in both the electricity and gas sectors starting from 1 July 2019. The implementing decree of the MED, expected by April 2018 and not yet issued, should define the measures to ensure the termination of the transitory price regulation and the conscious entry into the market of final customers, according to mechanisms that should ensure competition and the plurality of suppliers and offers in a free market.

On 21 September 2018, Italian Law 108, which converted Italian Decree Law no. 91 of 25 July 2018, postponed the termination of the price protection schemes until 1 July 2020. On 31 December 2019, Italian Decree Law no. 162/2019 was approved (so-called "*Milleproroghe*") establishing a further postponement of the termination of the price protection schemes to 1 January 2022. In the meantime, with Resolution 59/2019/R/com – Voluntary guidelines for the promotion of electricity and natural gas offers benefiting purchasing groups aimed at domestic end customers and small businesses – the Authority prepared Guidelines (LGA) with voluntary participation for the promotion of commercial offers of electricity and gas benefiting purchasing groups and the creation of IT platforms that can facilitate the aggregation of small consumers. These guidelines, effective from 1 May 2019, establish rules of conduct that purchasing groups are required to observe for a period of at least two years after voluntarily adhering to them. New Standard service for end of the default service With a consultation (DCO 397/2019 – Standard service for final domestic customers and small businesses in the electricity sector referred to in article 1, paragraph 60 of Italian Law no. 124/17) ARERA proposed its guidelines on the new Standard Service for small customers (i.e. final customers currently using the default service) who will find themselves without a supplier the day after the termination of the default service, hoping for a gradual transition with the application of this service initially only to non-domestic customers, after the necessary legislative action (approach reiterated also with the subsequent Brief 468/2019/I/com – Brief of ARERA on the recent update of the final prices of electricity and natural gas and on the initiatives launched by it to benefit consumers with regard to the standard service – of 18 November 2019). The Authority has proposed a three-year service starting from the assignment through tenders of lots (subject of a subsequent DCO) of about 500,000 to 1 million customers, similar in terms of characteristics and level of arrears, which will be reserved for operators with solid economic, financial, managerial and operational requirements. The service is assigned to the best price at a discount (or increase) of the sales marketing price (*prezzo commercializzazione di vendita*, "**PCV**"). The difference between the PCV and the price offered in the tender, called "alpha" fee, will be charged to the customer after 12 months for domestic and 6 for non-domestic customers or immediately if the "alpha" fee is negative and also applied to free market offers, to avoid distortions between the standard and free markets. The Regulator therefore proposes two possible alternative models of the service:

model 1: with a Single Buyer responsible for procurement and the main utility provider in charge of sales (with the further hypothesis 1bis in which the Single Buyer is also responsible for the management of the amounts paid by end customers and their distribution among the various parties in the chain);

model 2: with the main utility provider in charge of both procurement and sales. With regard to the contractual conditions, the Authority proposes that they should be equivalent to the standard PLACET offer, including the prohibition of the inclusion of an additional product or service with respect to the supply of electricity, but with the possibility of always being able to offer one's own product on the free market.

During the 2017, the entire system has been involved in the structure of the general costs of the system for the electricity sector and ARERA worked on it very deeply, below a list of the main resolutions, *inter alia*:

a) **Resolution 50/2018/R/EEL of 1 February 2018 – Provisions relating to the recognition of charges that could not otherwise be recovered due to the failure to collect general system charges**

The Authority introduced a mechanism to reinstate the general system charges paid but not collected by distributors and establishes:

- <u>the conditions for access</u>: it is envisaged that access to the mechanism will be given to any distributor that requests it and that fulfils the obligations of paying the general system charges starting from the receivables accrued from 1 January 2016, in relation to transport contracts terminated for non-compliance for at least 6 months;
- <u>the recoverable amount</u>: the amounts to be included both related to the charges incurred for any actions aimed at the collection of receivables and the receivables not collected identified by the ARERA, as well as the amounts to be excluded or considered reduced. The procedural aspects and obligations set by the Energy and Environmental Services Fund (CSEA) are then defined for quantification and settlement of the amounts to be recognised to the companies. Lastly, resolution 626/2018/R/EEL of 5 December 2018, in which the Authority deferred the completion of the reform of the general system charges for domestic users to 2020, postponing the elimination of residual progressiveness from rates. Therefore, the two-scale structure remains in place for 2019 (up to 1,800 kWh/year and over 1,800 kWh/year).

With Resolution 300/2019/R/eel – Urgent amendments to the Authority's Resolution 50/2018/R/eel concerning uncollected general charges – ARERA excluded from the quantification of the uncollected receivables (to be repaid by means of the current mechanism of Resolution 50/2018) any interest on arrears billed to transport users and recalculates it at the legal interest rate. Subsequent Resolution 495/2019/R/eel – Provisions on the recognition of non-recoverable receivables relating to general system charges not collected by electricity distribution companies. Confirmation with additions to the Authority's resolution 300/2019/R/eel – clarifies that the provision of Resolution 300/2019 refers to receivables arising after 11 July 2019 (date of entry into force of Resolution 300/2019/R/eel).

b) Resolution 922/2017/R/EEL - Completion of the reform of the tariff structure of general system charges for non-domestic users in the electricity sector and coordination with the new system for recognizing subsidies for companies with high electricity consumption. Changes and additions to the TIT, also with reference to domestic users

The resolution completes the reform of the tariff structure of general system charges for non-domestic customers in the electricity sector, implementing the provisions of Resolution 481/2017/R/EEL, coordinating it with the new mechanism for recognizing benefits for strong businesses electricity consumption.

With resolution 119/2022/R/eel, the Authority established the mechanism for reinstating electricity distribution companies of uncollected and otherwise non-recoverable credits in relation to general system charges and network charges outlining the access conditions, the criteria for the quantification of the admitted credits and for the recognition, the operating procedures and timing for the submission of applications and settlement of the amounts by CSEA.

Second generation (2G) smart metering systems in the electricity sector

Resolution 100/2019 / R / eel - Second generation smart metering systems for the measurement of low voltage electricity. Update for the 2020-2022 three-year period on the provisions for the recognition of costs of 2G smart metering systems

On 20 March 2019, the Authority introduces an update for the 2020-2022 three-year period of the provisions on the determination and recognition of costs relating to second-generation smart metering systems (2G). In particular, the proposals reported in the consultation document include:

- the possibility of setting obligations on the timing of the commissioning of 2G systems together with the modulation of the "conventional plan" in order to reduce the "two-speed country" risk; the updating and simplification of the provisions relating to the admission to the fast track of the companies that start their own commissioning plan for 2G smart metering systems in these three years;
- the evaluation of the provisions of the decree of the MED no. 93/2017 concerning the periodic verification of electricity meters and the extra costs that could arise;
- the possibility of introducing provisions to quantify the penalties to be applied in the event of failure to comply with the expected performance levels of 2G smart metering systems.

With Resolution no. 306/2019/R/eel – Update for the three year period 2020-2022 of the directives for the recognition of the costs of second-generation (2G) smart metering systems for the measurement of low-voltage electricity and commissioning provisions – ARERA updated for the three-year period 2020-22 the directives for the preparation of plans for the commissioning of second-generation (2G) smart metering systems and defined the cost recognition mechanisms and penalties for failure to implement the plan or for failure to meet expected performance levels. Although with slight changes, the guidelines presented in DCO 100/2019/R/eel were confirmed, specifically: (i) the major DSOs must start the installation phase by 2022 and finish by 2026 (at least 95%), with an intermediate step to be achieved by 2025 (90% of the planned installations); (ii) it confirms the general principle of not recognising costs associated with voluntary early disposal of 1G meters (so-called stranded meters), and to avoid "two-speed country risk" distribution companies that have yet to submit to the Authority their "2G smart metering system commissioning plan" ("**PMS2**") will have the commissioning plan calculated in such a way as to encourage the shortening of the current gap; (iii) starting from year 4, penalties are envisaged for failure to meet expected performance levels (only monitoring is carried out in the first three years of PMS2), with annual and multi-annual ceilings on penalties.

In September 2019 ARETI sent the Authority a request for admission to the recognition of this type of investment and held a public session to present the plan in October 2019. The plan envisages the replacement of 2.3 million meters by 2034 with a total expenditure of Euro 546 million, of which Euro 318.9 million in capital expenditures. The consultation phase of ARETI's 2G smart meter plan envisaged in resolution 306/2019/R/eel ended in November. The Authority published resolution 293/2020/R/eel approving the costs of ARETI's 2G smart meter systems.

On 22 November 2022, following the consultation period begun with DCO 284/2022/R/eel, ARERA published resolution 601/2022/R/eel in which it introduced transitional changes to certain provisions for the second generation (2G) smart metering systems for low voltage electricity. In particular, it establishes: for 2022 and the first half of 2023, non-application of the "operational" criteria in any significantly relevant area; for 2022, provisions pursuant to article 18, paragraphs 1 and 3 of Annex A to resolution 306/2019/R/eel are suspended, relative to penalties for delays with respect to the forecasts for implementing the service and limited non-compliance with expected performance levels; the effects deriving from the planned and actual numbers of 2G metres for 2022 were sterilised. Finally, with resolution 724/2022/R/eel, the Authority updated the 2G Directives for 2023-2025 establishing i) that annual accounting methods for physical progress be made systematic, with time frames similar to the accounting already established for economic and performance progress, ii) that the monitoring period for 2G 40 1. Report on Operations smart metering system performance be extended to 4 years, activating penalties only as of 1 January of the fifth year of PMS2, in light of the problems which arose relative to the COVID-19 health emergency and the significant limitations on availability of 2G components, iii) an obligation to promptly replace 1G metres with 2G metres for activation requests for collective self-consumption, and iv) a premium mechanism for accelerating PMS2 as an effect of public contributions.

Provisions for the Regulation Integrated Text

Resolution 668/2018/R/eel – Economic incentive for interventions to increase the resilience of electricity distribution networks

With Resolution 668/2018/R/EEL of 18 December 2018 the Authority introduced an incentive mechanism for investments aimed at increasing resilience, focusing in particular on the resistance of distribution networks subjected to extreme weather events. As anticipated by the Authority in consultation, projects with benefits greater than costs are eligible for a bonus, while all the projects present in the resilience plan of the DSO are subject to penalties. More in detail, the bonus for each project – quantifiable as 20% of the net benefit of the project itself – will be reduced by 50% in the event that the effective completion date is postponed by six months compared to what was initially envisaged in the plan. At the same time, the penalty associated with each project will be 10% of the costs actually incurred for the task if the effective completion date is postponed by 12 months compared to what was initially specified in the plan, and 25% if the delay lasts 18 or more months. In the latter case, the DSO must justify the causes of the delay, describe the actions taken to recuperate the time lost and give an indication of any extra costs arising from the delay. With regard to the operating procedures of the bonus/penalty mechanism, the resolution envisages that by 30 November every year from 2019 to 2024 the Authority will update and publish the list of the projects of each main DSO eligible for a bonus and/or penalty, and by 31 December of each year from 2020 to 2025 it will determine for each DSO the bonuses and penalties related to the projects with effective completion date in the previous year.

ARETI sent to ARERA its 2019-2021 resilience plan in order to participate in the incentive mechanism of rewards and penalties as early as 2019. With resolution 534/19 ARERA resolved to include the projects in ARETI's 2019-2021 resilience plans in the mechanism of premiums and/or penalties. About 230 projects are planned for a total of Euro 69 million in investments, mainly concentrated in 2020, designed to mitigate the risk of heat waves (most of the projects) and flooding (the balance).

Natural Gas

Italian regulations enacted in May 2000, by means of the Legislative Decree No. 164/2000 (the "**Letta Decree**") - implementing EU directives on gas sector liberalisation (Directive 1998/30/EC) - introduced competition into the Italian natural gas market through the liberalisation of the import, export, transport, dispatching, and sale of gas. The liberalisation process was successively strengthened by Directive 2003/55/EC, which introduced, on the one hand, stricter unbundling obligations on companies operating in the gas transport, distribution and sale sectors and, on the other hand, incentives for new import infrastructure. The authorities responsible for turning this regulation into practice are the MED and ARERA.

Sale

On 13 October 2020, ARERA published the Resolution 380/2020/R/com and consequently launched the proceeding aimed to review the WACC methodology for the regulatory period starting from 2022. The revision will be focused on the economic parameters, which are part of the WACC methodology and should be carried out in a substantial continuity with the previous discipline.

With the Resolution 141/2021, ARERA started a proceeding to review the operational expenditure efficiency factor established for the period 2014-2016 on the gas distribution tariffs (Resolution 24 July 2014 - 367/2014/R/gas). The review took place since the Regional Administrative Court of Lombardy (the jurisdictional authority for administrative processes referred to ARERA activities) accepted the appeal of the operators claiming for a deeper regulatory investigation in preparation of the abovementioned resolution. The conclusion of the proceeding is expected for 31 December 2021, with one or more public consultations as part of the regulatory decision making process.

Electricity and gas retail markets: ARERA activity during 2020 and 2021

Budget Law 2020

With regard to the energy market, the 2020 Budget Law, no. 160 of 27 December 2019, introduced the following changes starting from 1 January 2020:

- art. 1 paragraph 5 of the 2018 Budget law has been erased, which means that the provisions on the two-year limitation period do apply in the event of failure or erroneous detection of consumption data, deriving from ascertained responsibility of the user;
- in the event of non-payment of the invoices, the public utility service operators are obliged to send to customers the notification of contestation of non-payment and the notice of suspension of the supply with not less than 40 days' notice. In order to fulfil this obligation, resolution 219/2020/R/com was published by the Authority. In particular the Authority has therefore introduced the changes necessary to guarantee the protection of 40 days' notice, this period of time starts from the date of notification of the notice of establishment in late payment sent by registered letter with return receipt or electronic certified email (*posta elettronica certificata*);
- in the event of illegal conduct regarding billing (violations relating to the methods of recording consumption, making adjustments or billing, charges for unjustified expenses or costs for consumption, services), which has been ascertained by the competent authority or "duly documented by means of a specific declaration, presented autonomously by the customer also by electronic means", the seller is required to:
- reimburse any sums already paid by the customer; and
- pay a penalty equal to 10% of the disputed and undue amount, and in any case not less than Euro 100, within 15 days from the verification / positive response to the customer's declaration "through, at the user's choice, the reversal in the subsequent invoice or a specific payment ".

Two-year prescription

The Authority published resolution 184/2020/R/com with which it has adapted the sector regulations to the provisions established by Article 1 paragraph 295 of the 2020 Budget Law, eliminating the hypothesis of customer responsibility. On 27 July 2020, Acea Energia filed an appeal with the Lombardy Regional Administrative Court against this resolution, raising the illegitimacy of bringing the application of the prescription back to the mere passing of time, without considering any impeding behaviour of customers, it would lead to a 'non-constitutionally oriented interpretation of the 2020 Budget Law. With a decision passed on 14 June 2021, the Regional Administrative Court of Lombardy ruled in favour of the appeal, with consequent cancellation of resolution 184/2020/R/com, on the basis that the interpretation of the 2020 Budget Law had only referred to the duration of the limitation (two years instead of five years), without however excluding the applicability of the general civil code regulations regarding limitation. With Consultation Document 457/2021/R/com, the Authority revised the information obligations set out in Resolution 569/2018/R/com, in the events of billing of consumption dating back more than two years, to favour smaller end customers deemed worthy of stronger protection.

With Resolution 603/2021/R/com, the Authority amended Resolution 569/2018/R/com on the billing of consumption dating back more than two years as a result of DCO 457/21, in order to comply with the above-mentioned decision of the Lombardy Regional Administrative Court.

With this resolution, the Authority confirmed the distributor's obligation to notify the seller, via certified email (*posta elettronica certificata*) – contemporaneously with the metering or adjustment data referring to consumption dating back to a period more than two years back – the indication of the presumed existence or non-existence of causes hindering the accrual of the limitation period pursuant to the primary and general reference legislation. It also confirmed that the seller's information obligations vis-à-vis the end customer should be separated depending on whether or not there are any amounts on the invoice for which the limitation is contested. Regional Administrative Court has suspended resolution ARERA no. 603/2021 limited to article 6.4 of the Annex to said resolution, which is the transitional regulation that obliges the distributor to respond within 7 days. The public hearing for the discussion is set for 1 December 2022. On 2 January 2023, the TAR published the sentences in which it upheld the appeals of Italgas and 2i Rete Gas regarding the two-year limitation period, annulling articles 5 ("Distributor's reporting obligations") and 6.4 ("Transitional provisions") of Annex A to resolution 603/2021 and art. 9 of resolution 604/2021. With the judgement, the TAR underlines that "the law does not attribute to the ARERA the power to affect the general rules on the matter of limitation, so that it can neither introduce different causes for suspension of the limitation period, nor modify the distribution of the burden on this point proof, nor alter the content of the various relationships existing, respectively, between the distributor and the seller and between the seller and the final customer, assigning the distributor the task of ascertaining and juridically qualifying facts intended to affect the limitation regime in the relationship to which he is unrelated".

On 9 March 2023, with resolution 86/2023/C/com "Appeal of the sentences 2 January 2023, n. 35 and no. 36 of the Lombardy TAR, First Section, for the partial annulment of the Authority's resolutions 603/2021/R/com and 604/2021/R/com", the Authority decided to appeal to the Council of State against the sentences of the Lombardy TAR on the subject of cancellation of the communication obligations imposed on distributors in relation to the two-year statute of limitations on bills pursuant to articles 5 ("Distributor's reporting obligations") and 6.4 ("Transitional provisions") of Annex A to resolution 603/2021 and art. 9 of resolution 604/2021. According to the Authority, the conditions exist for filing an appeal against the aforementioned sentences of the Lombardy Regional Administrative Court as they are based on an erroneous interpretation of the relevant factual and legal elements.

With reference to the settlement of the electricity and natural gas sectors, the Authority published the consultation document 330/2020/R/com in order to define the mechanisms aimed at regulating the economic items related to the two-year prescription. In particular, the Authority provided for a compensation mechanism aimed at indemnifying the sellers from the missed collections due to the application of the two-year prescription not linked to their liability (invoicing delays) with specific reference to the amounts referring to the commodity and to the dispatching, as well as the fees for the transport service and general charges.

Following on from consultation document 330/2020/R/com, the Authority published Resolution 604/2021/R/com, which provides for:

- an annual compensation mechanism for the greater protection operator or the dispatching user associated with a withdrawal point, making it possible also to recover in the successive annual session any amounts not recovered in the reference annual session;

- a mechanism to make distribution companies liable, whereby from 2023 all electricity distribution companies will be required to pay a penalty to CSEA each year for recalculations invoiced in the previous year due to non-collection of actual readings or adjustments of actual metering amounts previously utilised, for the portion prior to 24 months of the date on which the data was made available.

With measure dated 13 October 2022 (*ordinanza* no. 4568/2022), the Court of Bologna clarified that SME and large companies are excluded from the category of entities to which the biennial limitations apply for electricity and gas bill.

COVID-19 health emergency: main resolutions

Following the state of emergency relating to the health risk declared with the resolution of the Council of Ministers of January 31, 2020, the Authority, with resolution 60/2020 / R / COM, ordered:

- for all low voltage electricity customers and for all gas customers with consumption of less than 200,000 Sm, the suspension until 3 April 2020 of the regulations for credit protection for non-fulfillment in payment invoices that have already expired on the date of 10 March 2020;
- the establishment, at the CSEA, of a COVID-19 emergency account intended to guarantee the financing of initiatives in customers' support. For the purpose of replenishing the account, the CSEA can use the balances available in the other management accounts for an amount up to Euro 1 billion, subsequently extended to Euro 1.5 billion with resolution 95/2020/R/com.

With the subsequent resolution 75/2020/R/com, in implementation of the law decree 9/2020, the Authority provided for the users located in the 11 municipalities identified as "red zone" in the annex to the same decree:

- the suspension of the terms of payment of invoices issued or to be issued until 30 April 2020 and of any invoice relating to consumption relating to the period between the entry into force of decree-law 9/20 (2 March 2020) and 30 April 2020;
- the suspension of the credit protection regulations until 30 April for the non-fulfillment of payment obligations relating to invoices or notices of payment, including those that have expired on the date of entry into force of decree-law 9/20;
- the automatic payment by installments of the amounts subject to suspension.

Furthermore, in order to guarantee the continuity of the social bonus to citizens who are entitled to it, with resolution 76/2020/R/com the Authority deferred the term within which customers can request its renewal.

Moreover, with resolution 59/2020/R/com, it ordered the extension of a series of disclosure obligations for sales companies and clarified the application of the discipline of failure to comply with specific and general quality standards due to force majeure.

With resolution 74/2020/R/com, it ordered the suspension, until May 31, 2020, of the terms of the preliminary phase and the decision-making phase of the proceedings already started or that will be started after the publication of the same resolution and granted the new deadline of 5 June 2020 with respect to the fulfillment of the decision-making phase expired in the period between 23 February 2020 and the date of publication of the resolution itself.

With Resolution 116/2020/R/com, the Authority intervened on the provision of electricity transport and natural gas distribution services, establishing that:

- in case of paying at least 70% of the total invoiced with reference to the withdrawal points powered by low voltage, the discipline of non-fulfillment connected to the payment for the transport invoices expiring in April 2020 is suspended;
- the suspension of enforcement of the guarantees given if at least 80% of the amount of the distribution invoices expiring in April 2020 has been paid;
- in the electricity sector, for the purpose of satisfying the requirement of regularity of payments, in relation to the guarantees given, the distributor does not take into account the delays for transposed invoices expiring in April 2020 (if paid at least 70% of the turnover with reference to the sampling points powered in low voltage); and
- in the event of a downgraded rating as a result of the current emergency, the minimum level BB + of Standard & Poor's Corporation or Ba1 of Moody's Investor Service will be provisionally recognized, as well as, for the electricity sector, the BB + level of Fitch Ratings, or in any case equivalent levels.

With resolution 149/2020 / R / COM the Authority modified resolution 116/2020 / R / COM, extending its prescriptions until June 1.

With the subsequent resolution 117/2020 / R / com, the Authority amended and supplemented resolution 60/2020 / R / com, providing the extension until 13 April 2020 of the block of all possible procedures for the suspension of electricity and gas supplies started with the previous resolution.

Finally, with resolutions 121/2020 / R / eel 207/2020 / R / COM, the Authority modified, temporarily and until 30 June 2020, the current regulation of imbalances with the aim of mitigating the major negative effects on market operators. the imbalances that occurred in this emergency phase; phase that has determined, in addition to a drastic drop in electricity consumption, also a persistent increase in scheduling difficulties by dispatching users due to a discontinuous resumption of operation of activities, not manageable through the normal diligence applicable to the forecasting.

Subsequently, with resolution 124/2020 / R / com, the Authority modifies the resolution 60/2020 / R / com, extending again the procedures for the suspension of electricity, gas and water supplies until 3 May 2020, following the Prime Ministerial Decree of 10 April 2020.

On 19 May 2020, the Relaunch Decree (Decree-Law 19 May 2020, n. 34) was published. In particular, the legislator intervenes in the matter of charges for electricity bills relating to non-domestic low voltage customers with power greater than 3 Kw, providing for a reduction in the expenditure relating to the power portion by applying only a fixed portion of a reduced amount, for the months of May, June and July 2020.

Following the "D.L. Sostegni", the resolution 124/2021/R/EEL established the transitory reduction of tariffs for low voltage utilities for non-domestic use also for the period 1 April - 30 June 2021. Following the "D.L. Sostegni Bis", the resolution 279/2021/R/EEL extended the provisions already adopted with Resolution 124/2021/R/eel until 31 July 2021.Moreover, with resolution 192/2020 / R / COM, the Authority extended the urgent measures regarding the provision of electricity transport and natural gas distribution services, modifying and supplementing Resolution 116/2020 / R / com. In particular:

- with reference to the electricity transport invoices due in June 2020 and the gas distribution invoices due after 1 June and up to 30 June, the payment threshold has been raised for which the suspension of the procedures is envisaged of default by distributors: for the electricity sector, (from 70%) to at least 90% of the LV users billed and, for the gas sector, (from 80%) to at least 90% of the amount billed for gas; and

- the provisions on rating and regularity of payments were extended until 30 June.

With resolution 248/2020 /R/com the Authority ordered that the seller pays the payments partially made in relation to the transport invoices due in the months of April, May and June, in a single solution, by September 2020, or in three monthly instalments without interest with maturity starting from September. Finally, with reference to the guarantees of the credit rating, the Authority has ordered that the rating held by the user (or by the parent company) continue and be satisfied for a further 12 months from the downgrade if the rating, downgraded as a result of the emergency situation, is at least equal to level BB + or equivalent.

Social bonus

The automatic recognition of the social bonus to the entitled persons was established with Law Decree 124/19 starting from 2021 and with the subsequent resolution 14/2020/R/com and the DCO 204/2020 / R / com, the Authority started the procedure for the definition of the implementation of the provisions of the decree-law. With Resolution 63/2021/R/COM, ARERA regulated the automatic recognition of social bonuses due to economic hardship, in order to allow end customers in difficult circumstances to automatically receive the discount in their bills without having to apply for this measure. With resolutions 635/2021/R/com, 141/2022/R/com, 295/2022/R/com and 462/2022/R/com ARERA confirmed the supplementary social bonus (introduced with the resolution 396/2021/R/com in the fourth quarter of 2021) for the entire 2022. In addition, with resolution 380/2022/R/com, ARERA, in accordance with Legislative Decree n. 21 of 21 March 2022, established the increase of the ISEE threshold to access the social bonus (from Euro 8,000 to Euro 12,000) for the period from 1 April 2022 to 31 December 2022. From 2023 the new Budget Law established a new increase of the ISEE threshold up to Euro 15,000 and introduced a gradualness for the bonus in relation to the various ISEE thresholds. Following DCO 646/2022/R/com, ARERA implemented these two innovations through resolutions 13/2023/R/com and 23/2023/R/com.

Public interventions in price setting

On 31 December 2020, the MED signed the decree "Free electricity market. Conscious entry scheme for end customers" for small businesses from 1 January 2021. The decree confirms the Authority's provisions with resolution 491/2020/R/eel apart from the threshold, raised to 35% and then updated by ARERA with resolution 28/2021/R/EEL. The decree mainly concerns:

- the launch of information campaigns for all types of customers, which will involve multiple institutional subjects in collaboration with trade organizations and consumer associations;

- the provision of a six-monthly ARERA report, for the period 2021-2022, on the evolution of customers' behaviour, on the trend of prices offered, on the transparency and advertising of offers and related services. This monitoring activity will take place from 1 July 2021 and until 31 December 2022; and

- the confirmation of ARERA's gradual protection service (*Servizio a Tutele Graduali,* "**Gradual Protection Service**") for small businesses (with a contractually power level higher than 15 kW) starting from 2021, to be assigned through public tenders starting from July 2021, specifying that:

- o the identification of territorial areas must be characterized by a balanced level of risk associated with arrears or by dimensional homogeneity in terms of volumes;
- o the maximum volume that can be assigned to a single operator throughout the country is 35%;
- o the provision of specific incentive mechanisms for arrears' recovery based on customers' specificities;
- o confirms the three-year duration of the service assigned by tender;
- o confirms the transitional regime until June 2021. During this period the service will be managed by the local supplier in the area of his own competence; and
- o ARERA will have to prepare a periodic report on the implementation of the Gradual Protection Service and on the outcome of public tenders.

The specular MED decree for microenterprises and household customers is still awaited.

The conversion into law of the D.L. 183/2020 (*Milleproroghe*) with law 1 March 2021, n. 21 (effective from 2 March 2021) extended the termination of public interventions in the price setting for household customers and microenterprises from 1 January 2022 to 1 January 2023.

Law n. 233 of 29 December 2021, which converted into law, with amendments, Law Decree n. 152 of 6 November 2021, established that:

- electric micro-enterprises will be served in Gradual Protection Service from 1 January 2023 and the tenders will take place during 2022. Resolution n. 208/2022 and the Single Buyer's act of 30 May 2022 provide that the tenders will take place during September 2022; due to cyberattacks on the IT platform of Single Buyer, the tenders took place during November and so, with resolution 586/2022/R/eel, ARERA postponed the beginning of the Service to April 2023; Acea Energia won area number 11, which includes Naples and some cities in Puglia;
- electric household customers will switch to the Gradual Protection Service following the tenders that will be held by 10 January 2024. Pending the execution of said tenders, these clients will remain served in the current "*Servizio di maggior tutela*";
- electric vulnerable customers will be served in the current "*Servizio di maggior tutela*" until ARERA defines a specific offer; and
- gas household customers' regulated prices will still stop on 10 January 2024 as established by Law Decree no. 176/2022 ("***Decreto Aiuti Quarter***").

On 18 May 2023, the Ministry of the Environment published decree n. 169, containing "Regulation of the criteria and methods for the informed entry of domestic customers into the free electricity market". Such Decree provides that:

- the establishment of a maximum threshold of the areas that can be awarded to a single operator equal to 30 percent of the total number of the same areas, to be applied throughout the national territory and cumulatively in the case of several companies belonging to the same group;

- confirms the exclusion of vulnerable customers from auctions for the gradual protection service, stating that for these customers "by 10 January 2024, the ARERA ensures that the current enhanced protection regime is overcome in compliance with the provisions of EU law;

- the Ministry of the Environment and Energy Security, in promoting the institutional information campaigns intended for domestic customers through a plurality of information channels and on the main national media, also uses the television channels in peak viewing hours and ensures the execution of the campaigns with adequate timeliness and periodicity;

- the Service suppliers are identified on the basis of bankruptcy procedures carried out by Acquirente Unico S.p.A., regulated according to methods aimed at avoiding the concentration of the offer, by means of, among other things, identifying a suitable number of geographical areas, merging even areas distant from each other, characterized by an adequate dimensional structure in terms of withdrawal points and with a level of risk connected to the arrears of the final customers concerned in order to favour the widest participation of operators in the procedures;

- the period of assignment of the Gradual Tutel Service remains a maximum of 4 years, but from 1 April 2027 it will only become a service of last resort;

- the operator of the gradual protection service, at least starting from the six months prior to the expiry of the TSG assignment period, according to the methods and terms defined by the ARERA, periodically informs the end customer, also by certified e-mail or web spaces dedicated to the customer: a) of the expiry of the period of disbursement of the STG and of the right to choose another supplier on the free market or any offer on the free market from the same operator; b) the fact that, in the absence of an express choice, upon expiry of the TSG supply period, the customer is supplied by the same TSG operator on the basis of its most favourable free market offer.

On 16 May, the Authority approved a consultation document, 212/2023/R/eel, on the methods of auctions for the electricity service with gradual protection to which current non-vulnerable domestic customers in enhanced protection will be transferred, which will have to be concluded by law by 10 January 2024. The deadline for sending comments is 12 June 2023.

New obligations of the commercial conduct code

The Resolution 426/2020/R/com strengthened the mandatory information that the electricity and natural gas suppliers are obliged to give to customers, both in the pre-contractual phase and in the contractual phase, through the revision of the commercial conduct code. Changes related to the pre-contractual phase will be effective from 1 July 2021; whereas, changes related to the contractual phase will be effective from 1 October 2021. Among the main innovations, the Authority established (i) the introduction of a summary sheet that summarizes the contents of the contract and (ii) new price indicators, in order to facilitate the comparison between commercial offers. In addition, the Authority established a mandatory sending of a specific communication in the event of automatic changes of the economic conditions.

New rules for the billing process 2.0

With Resolution 549/2020/R/com, the Authority started a procedure to amend some rules of the billing process in order to pursue the objectives of transparency and comprehensibility of information towards the customer following some important regulatory innovations, regulatory and technological measures that occurred after its first adoption, in 2016.

The register of electricity suppliers

The "Annual law for the market and competition", n. 124 of 2017, which entered into force on 29 August 2017, established that electricity suppliers, in analogy with natural gas suppliers, must be registered in the Register of electricity suppliers (Elenco Venditori Energia - EVE), to be established by decree of MED's proposal (now MITE). To get the registration in the register, sellers must be in possession of certain technical and financial requirements (such as regularity of payments and minimum share capital of Euro 100,000) and integrity. The eventual exclusion from the register also takes into account the violations and irregular conduct carried out in the electricity sale activity, sanctioned by the Authorities (Arera, AGCM, the Italian Privacy Authority, and the Italian Revenue Agency). The decree was issued on 5 May 2022. With Resolution 585/2022/R/eel, ARERA established the provisional registration of electricity suppliers that were accredited in the SII on November 2022. These sellers had until April 2023 to confirm their registration.

Electricity sales activity (RCVsm)

The Resolution 576/2019/R/eel updated the sales marketing remuneration (*remunerazione commercializzazione vendita,* "**RCV**") and DispBT components and the PCV fee with effect from 1 January 2020. In particular, with regard to the RCVsm component (specific for operators other than the incumbent) (*remunerazione commercializzazione vendita imprese societariamente separate minori*, "**RCVsm**") for the central south territorial area, there is an increase in the value of the component to 44.10/Euro/POD compared to the value in 2019, equal to 42.53, for household customers and a decrease in value to 10.18/euro/pod compared to 2019, equal to 11.63, for business customers.

The Resolution 100/2020/R/eel updated the value of the amounts of the default compensation mechanism (Article 16-*ter* of ARERA's integrated text for the provision of electricity sales services to final users, or "**TIV**") which is reduced from 3.83/Euro/POD to 1.8/Euro/POD for domestic customers and from 42.82/Euro/POD to 19.17/Euro/POD for business customers. With regard on the customer exit compensation mechanism (Article 16-*quater* of the TIV), the Authority revised the values of the benchmark that determines both access to the mechanism and the value of the compensation itself. In particular ARERA revised these values upwards, making the access to the mechanism more difficult and the compensation value lower.

The Resolutions 603/2020/R/gas and 604/2020 / R / eel updated the RCV and DispBT components, the PCV fee for the electricity sector and the retail sales quota ("**QVD component**") for the gas sector, with effect from 2021. With regard to the RCVsm component (specific for operators other than the incumbent) for the central south territorial area, there is a decrease in the value of the component to approximately 42.66/Euro/POD for domestic customers; while for business customer, there is an increase in the value of the component to approximately 107.73/Euro/POD.

In addition, the Resolution 127/2021/R/eel updated the parameters relating to the TIV mechanisms named "Compensation mechanism for arrears of customers" and "Mechanism for customer exit compensation". In particular:

- with reference to the first mechanism, the amount of compensation is decreasing for domestic customers but increasing for other customers. The same trend also applies to the threshold rates for access to the mechanism, *i.e.* for the minimum level of unpaid ratio that the individual companies must have registered in order to access the aforementioned mechanism; and

- with reference to the second mechanism (Article 20) in relation to customers who left the protection service (where prices are set by the Authority "**SMT**") during 2020, the values of the reference parameter were lowered in relation to the exits from the SMT to market-based supply prices ("**ML**") connected to the same seller, while the values for the exits towards ML of the other competitors were raised. In addition, this mechanism with reference to the year 2021 will be redefined "*in order to take into account the need to conduct an overall assessment of the remuneration of the operators of the SMT*".

The Authority published resolutions 146/2022/R/eel and 147/2022/R/gas, which respectively update the RCV and DispBT components and the PCV fee for the electricity sector and the QVD component for the gas sector starting from April 2022. ARERA will confirm, also for the future, an annual update frequency by 31 March of each year for all these parameters. As for the RCVsm component (specific for operators other than the incumbent) for the central-south of Italy territorial area, there has been an increase in the value of the component of approximately 48.31 Euro/POD (previously Euro 42.66) for domestic customers and an increase in the value of the component to approximately Euro 129.29/POD (previously Euro 107.73) for business customers.

As for the parameters related to the TIV mechanisms named "Mechanism for customer exit compensation", there has been a decrease in all four parameters (which determine both access to the mechanism and the value of the compensation itself). This has a double positive effect: a lower threshold makes it easier to access to the mechanism and provides a greater the value of the compensation, as the compensation is commensurate to how much the actual churn rate recorded in a year exceeds the values indicated by ARERA.

The Authority published resolutions 136/2023/R/eel and 137/2023/R/gas for the annual update of the regulated components. For the RCVsm component for the central-south of Italy territorial area, there has been a decrease in the value of the component of approximately 42.91 Euro/POD (previously Euro 48.31) for domestic customers; no update was foreseen for business customers due to the end of price protection for this type of customer.

For the parameters related to the TIV mechanisms named "Mechanism for customer exit compensation", only the one relating to the exit rate of domestic customers who go ML of the same seller is decreasing.

General system charges

Following the working groups carried out during the 2020, the Authority published the Resolution 32/2021/R/eel, which intervenes on the topic of general system charges ("**OGdS**"), establishing the mechanism for the recognition of OGdS not paid by customers (with reference to those invoices issued from March 2016), but paid by the suppliers to the DSO.

With Resolution 123/2021/R/com, the Authority updated the electricity sector metered distribution tariffs and general charges, announcing the transfer of the asos component (*i.e.* the component of system charge expenditure intended to cover general charges related to the support of energy from renewable sources and cogeneration) ("**ASOS**") from GSE to the CSEA, to be allocated to the account for new renewable energy plants. The transfer of responsibility for the collection of the ASOS component to the CSEA, with effect from 1 July 2021 was officially confirmed under Resolution 231/2021/R/eel.

Change of holder of the supply contract with change of supplier

The Resolution 135/2021/R/eel introduced the right to change the holder of the supply contract with a simultaneous change of supplier in the electricity market. This possibility will be effective for the greatest part of the customers from 30 September 2021. However, for customers within the Gradual Protection Service, this will be applicable from 1 July 2021.

The Authority published Resolution 360/2021/R/eel, which also states that in the event of a change of supplier, the existing commercial counterparty must tell the end customer supply contract holder that the contract is being terminated, specifying the relevant reasons. This resolution also extended the deadline from 30 September 2021 to 30 October 2021.

Heat and Services

Legislative Decree 102/14 granted ARERA regulatory and enforcement powers in the areas of district heating (*teleriscaldamento*), cooling and hot water for domestic use. In particular, the regulatory powers granted to ARERA relate to:

- the continuity, quality and safety of the service, the plants and the accounting systems;
- the criteria to determine the user rates for connection to the network and the methods to exercise the relevant right of disconnection;
- the methods through which the network operators publish the prices for the provision, the connection, the disconnection and the accessory machinery for heating systems;
- the reference conditions for the connection to the district heating and cooling networks applicable to new generation heating units;
- the rates for the sale of heating in case of the obligation to connect to the district heating and cooling networks imposed by Italian Regions or Municipalities;
- the regulation of the measurement and accounting systems of heating/cooling/water consumptions for health purposes; and
- the regulation of invoicing information and documents.

Pursuant to Legislative Decree 102/14, ARERA also exercises control, inspection and sanction powers provided by Law 481/95, as well as the sanction powers provided by Article 16 of Legislative Decree 102/14.

With Resolution 271/2019/R/gas – Provisions relating to the process of making available the technical data of the redelivery points and the measurement data to the Integrated Information System and modification of the communication standards with reference to the gas sector – and subsequent Resolution 6/2019 – Modifications and integrations to the Operating Instructions and the xml structures to be used for the exchange of information with respect to the communication standards for the natural gas sector – the Authority gave a mandate to the integrated water service operator for the publication of new data files, which, from February 2020, will be used for: (i) the provision of technical data, information and measurement data collected during the replacement of the meter and other technical service; (ii) the provision of the periodic measurement data collected in accordance with ARERA's "Integrated text of retail sales activities of natural gas and gas other than natural gas distributed by means of urban networks" (TIVG), the self-readings made by end customers, the measurement data collected during switching, as well as other technical services requiring the collection of measurement data; (iii) making available the corrections to the measurement data submitted with the two previous flows.

At the same time, the Authority has defined the procedures and timing that, given the specified starting date, allow the distribution companies to transfer the largest number of measurements to the IIS to be used for their settlements. The effective date of the new data files was later extended to 1 June 2020 with Resolution no. 493/2019/R/gas – Update of the methods and timelines for making available the technical data of redelivery points and measurement data for the gas sector to the Integrated Information System.

With Resolution 406/2018/R/com – Entry into force of the regulation of the indemnification system within the Integrated Information System, for the electricity and natural gas sectors – the Authority established that from 1 June 2019 the processes relating to the indemnification system would be managed exclusively within the IIS, even for the gas sector. Reform of charges for domestic customers. During the last years, ARERA continued to deepen its activity on the district heating service with the following steps.

2018 was a year of intense development with regard to regulation in the district heating sector, attributed to ARERA by Italian Legislative Decree 102/2014. During the year and after an intense activity of analysis and discussion with operators and associations, ARERA began to outline the guidelines for the future regulation of district heating. With resolution 24/2018/R/tlr and subsequent resolution 277/2018/R/tlr, ARERA issued the "Consolidated Law on the Regulation of the criteria for determining the connection fees and the procedures for the exercise by the user of the right of withdrawal for the regulatory period 1 June 2018-31 December 2021 (TUAR)" in which it defines the regulation of the criteria for determining the connection fees and the procedures for the exercise by the user of the right to deactivate the supply and disconnection from the district heating network for the regulatory period 1 October 2018-December 2020.

With resolution no. 574/2018/R/tlr of 13 November 2018, ARERA defined the information obligations of parties operating in the district heating and cooling sector with regard to the Operators' and Territorial Register and the procedures for submitting applications for exclusion of networks from the Authority's regulation. The document, called "Information requirements for district heating and cooling operators (OITLR)" establishes that: a) parties operating in the district heating sector that have not yet registered in the "Operators' Register" must do so by 31 December 2018 based on the new provisions; b) network operators must verify and, where necessary, supplement or update the information relating to each network they manage by 31 March 2019 at the latest using the "Anagrafica Territoriale (ATT)" computer protocol.

With Resolution 661/2018/R/tlr, ARERA defined the regulation of the commercial quality of the district heating service for the regulatory period 1 July 2019-December 2021 and provided for the initiation of a procedure for the revaluation of the provisions on the exercise of the right of withdrawal established by the TUAR and some amendments thereto. ARERA has also launched a consultation on the technical quality of district heating, DCO 691/2018/R/ tlr, which is expected to be completed in 2019. Unlike the regulation of other regulated sectors, the regulation of district heating lacks the typical tariff oversight, because while the sector is regulated it operates under market conditions and not according to tariffs established by ARERA. Therefore, activities related to quality are ARERA's main contributions to the sector. In 2019, the regulator published the following integrated texts relating to the sector: 1) RQTT – Regulation of the technical quality of district heating and cooling services – resolution

548/2019/R/tlr and 2) TITT – Transparency of district heating and cooling services – resolution 313/2019/R/tlr.

With resolution 313/2019/R/tlr, the Regulatory Authority for Energy Networks and Environment (ARERA) defines the transparency regulations for the district heating and cooling sector for the regulatory period 1 January 2020-31 December 2023. The scope of the intervention includes the minimum contents of supply contracts and invoicing documents, the methods of publication of prices applied by operators and other information concerning the quality of service and environmental performance. It is also envisaged that the Authority will launch a price monitoring system.

With resolution 548/2019/R/tlr (RQTT), ARERA adopted the regulation of the technical quality of the district heating service, with particular reference to safety and continuity of the service, for the regulatory period 1 July 2020-31 December 2023.

Electricity sector: ARERA activity between 2020 and 2022

With Resolution 190/2020/R/eel, ARERA took urgent actions necessary to implement the provisions of the Italian Law Decree no. 34 of 19 May 2020 (as subsequently amended and supplemented, the "**Italian Relaunch Decree**") on the reduction of expenditures incurred by low voltage electricity user accounts other than domestic users for the months of May, June and July 2020.

With Resolution 311/2020/R/eel, ARERA gave instructions to the CSEA in relation to management of the resources paid into the COVID- 19 emergency account under the terms of the Italian Relaunch Decree and to the activation of compensation to be paid to distributor companies for the lower receipts deriving from the provisions of Resolution 190/2020/R/eel.

With Resolution 162/2020/R/eel, ARERA determined the provisional tariffs of reference.

With Resolution 144/2020/R/eel, ARERA determined the definitive tariffs of reference for distribution and metering services for the year 2019.

With resolution 639/2018/R/COM, ARERA updated the values of the parameters used to calculate the rate of return on Net Invested Capital (WACC) for the three-year period 2019-2021, establishing a value of 5.9% for the distribution service.

With Resolution 380/2020/R/COM of 13 October 2020, ARERA launched a proceeding to update the criteria for determining and updating the WACC for the WACC regulatory period that will begin on 1 January 2022 (the "**PWACC**").

In Resolution 568/2019, ARERA allowed the distribution companies concerned to submit an application by 30 September 2020 to request the single payment of the highest amount due with regard to the entire residual duration of the incentive. With Resolution 568/2019, ARERA established that the equalisation of the revenues from distribution would be reduced by an amount equal to 50% of the net revenues from the use of the electrical infrastructure for purposes additional to the electric service, recorded at the end of year n-2.

With Resolution 568/2019, distribution companies were required to communicate to CSEA the information relating to the number of operations of increase or reduction of committed power requested by domestic customers connected to their grids. In this regard, on 9 June 2020 the Authority published Determination 10/2020-DIEU with which it established that this equalisation will be managed by CSEA with a single collection of data for the entire three-year period with the same phases and timing envisaged in the general equalisation of the year 2019.

With Resolution 568/2019, ARERA introduced with effect from 2022 tariff regulation of reactive energy inputs used by end customers and distribution companies for all voltage levels. In this regard, the Authority published Determination 2/2021 – DIEU, in which it established that every distribution company directly connected to the national high and very-high transmission grid needs to send the Authority information by 30 June 2021 on (i) the quantities referring to the volumes of reactive energy, (ii) the type and annual amount of interventions implemented since 2017, as well as the ones planned by 2024, in order to check on the voltage and manage reactive energy inputs and withdrawals from the transmission grid.

Resolution 449/2020/R/eel perfected the rules on network losses for the three years 2019-2021. In particular, the algorithm for calculating the deltaL equalisation relating to the value of the difference between the effective losses and the standard losses starting from the year 2019 was modified; the percentage factor applied for equalisation purposes for commercial losses of electricity on the networks with obligation to connect third parties for the "centre" zone and for the LV voltage level was modified, going from 2.0% to 1.83%.

In addition, with a specific application to be presented by the end of May 2022, the resolution provides for recognition of network losses attributable to non-recoverable fraudulent withdrawals that manifest with exceptional amounts compared to the levels recognised conventionally. The recognition is provided for exclusively in the case of a negative net equalisation balance on the three years 2019-2021 and will have a value at the most equal to what is necessary to reduce this balance to zero.

With Resolution 293/2020/R/eel, ARERA approved the plan of commissioning the 2G smart metering systems presented by ARETI and determined the related conventional commissioning plan and the expenses envisaged for the plan for the purposes of recognition of the costs of capital.

With Resolution 461/2020/R/eel, the rules were defined for the payment to the electricity distribution companies of the otherwise non-recoverable expenses for failure to collect the tariffs for the network services. The CSEA is to quantify and settle the receivables not recoverable by distribution companies in relation to the network tariffs. By and no later than 7 December 2020, the distribution companies could request to the CSEA to receive by 31 December 2020 the disbursement of an advance equal to 50% of the full payment amount. On 4 December 2020, CSEA was asked for the advance of an amount of approximately Euro 5.8 million, and this was received on 31 December 2020.

With Resolution 109/2021/R/eel, ARERA defined the procedures for providing the transmission, distribution and dispatching service in the event of (i) withdrawal of electricity for consumption relating to ancillary generation services and of (ii) withdrawal of electricity subsequently fed back into the grid from the storage system. According to said resolution, starting from 1 January 2022, electricity withdrawn for the subsequent feeding into the grid will be handled, on request of the producer, as negative electricity fed in for the purposes of accessing transport, distribution and dispatching services. Resolution 560/2021/R/EEL postponed the application of the rules on transmission, distribution and dispatching services for electrochemical storage, as referred to in Resolution 109/2021/R/EEL, to 1 January 2023.

With resolution 614/2021/R/com, the criteria for determining and updating the remuneration rate for capital invested in infrastructure services for the electricity and gas sectors for 2022-2027 were updated, setting the rate at 5.2% for electricity distribution and metering and 5.6% for gas distribution and metering. At the same time, ARERA published the consulting document 615/2021/R/com containing "Guidelines for developing ROSS-base regulations to apply to all regulated electricity and gas infrastructure services" which describes the methodological approach it intends to follow in developing ROSS systems (Regulation for Spending and Service Objectives), for tariff regulation of electricity and gas infrastructure services. The ROSS methodology will replace the current regulatory approach that entails separate recognition of operating and capital expense, in favour of a system based on the concept of "total reference spending", the application of sharing ratios relative to total efficiency and the application of capitalisation rates set by the regulator. This new approach is currently still in the consulting stage.

During 2022, with resolution 527/2022/R/com ARERA has launched a procedure for the adoption of provisions on regulation criteria for spending and service targets ("ROSS-integrale") and has published the consulting documents 317/2022/R/com and 655/2022/R/com, both containing criteria for determining the recognized cost according to the "ROSS-base" approach. Finally, on 22 November 2022, ARERA published resolution 599/2022/E/com which began an audit campaign with reference to documents on the topic of accounting separation and declared investments for a sample of regulated companies in the electricity distribution and natural gas distribution and transport sectors for the years 2018-2021.

With the Resolution n. 163/2023/R/COM, ARERA published the TIROSS (Integrated Text of the ROSS mechanism) for the period 2024-2031, which defines the general criteria for the implementation of the new methodology. TIROSS will be completed with the framework for "ROSS-integrale" and the technical elements of the "ROSS-base" to be addressed in the sectoral regulation by the end of 2023.

Biennial limitation

With Resolution 184/2020/R/com, ARERA adapted the sector regulations to the provisions established by art. 1, paragraph 295 of the 2020 Budget Law, providing for the modification of the sentence to be included in the annex to the invoice containing amounts subject to limitations and eliminating the case of customer liability.

COVID-19 health emergency

With Resolution 60/2020/R/COM, ARERA ordered:

- for all low voltage electricity customers and for all gas customers with consumption below 200,000 Sm, the suspension until 3 April 2020 of the credit protection regulations for non-performance in payment for bills that had expired on 10 March 2020; and
- the establishment of a COVID-19 emergency account with CSEA, in order to ensure the financing of initiatives to support end customers. For the purpose of replenishing the account, the CSEA may use the stocks available in the other management accounts for an amount of up to Euro 1 billion, subsequently increased to Euro 1,5 billion by Resolution 95/2020/R/com.

With subsequent Resolution 75/2020/R/com, in implementation of Italian Decree-Law 9/2020, in the annex to the same decree, ARERA ordered in favour of users located in the 11 municipalities identified as "red zones":

- the suspension of the payment terms of bills issued or to be issued until 30 April 2020 and of any invoice related to consumption for the period between the entry into force of Italian Decree-Law 9/20 (2 March 2020) and 30 April 2020;

- the suspension of credit protection until 30 April for non-performance of payment obligations relating to bills or payment notices that had expired on the date of entry into force of Italian Decree-Law 9/20; and
- the automatic payment by instalments of the amounts subject to suspension.

Furthermore, in order to ensure the continuity of the disbursement of the social bonus to the citizens who are entitled to it, with Resolution 76/2020/R/com, the Authority ordered the postponement of the deadline by which customers can request its renewal, providing that for the period from 1 March to 30 April those that renew the request for bonus after the original deadline envisaged by the regulation, but in any case within 60 days after the end of the aforementioned suspension period, the continuity of the bonuses is guaranteed with retroactive validity from the original expiry date and for a period of 12 months.

In parallel with the actions taken on behalf of final customers, the Authority also adapted regulations to the emergency situation, specifically:

- Resolution 59/2020/R/com provides for the extension of a series of information obligations for sales companies, and clarified the application of regulations in the event of non-compliance with specific and general quality standards due to force majeure; and
- Resolution 74/2020/R/com suspended until 31 May 2020 the deadlines of the investigation phase and the decision-making phase of proceedings that had already been initiated or would be initiated after the publication of said resolution, and granted the new deadline of 5 June 2020 with respect to the fulfilment of the decision-making phase that expired in the period between 23 February 2020 and the date of publication of the resolution itself.

Moreover, with Determination 2/2020 - DACU DMRT, the Authority postponed the deadlines envisaged by the regulation for the communication of data referred to in articles 30, 32, 36 of ARERA's "Integrated text of the regulation of the quality of electricity and natural gas sales services" (TIQV) and 19 of ARERA's "Integrated text on preparatory measures for confirmation of electricity and/or natural gas supply contract and voluntary restoration procedure" (TIRV). Specifically, it deferred to 30 June 2020 the communication of the information requirements regarding the commercial quality of sales and telephone services for the year 2019.

With Resolution 116/2020/R/com, the Authority took action on the provision of electricity transport and natural gas distribution services, establishing that:

- if at least 70% of the total turnover has been paid with reference to low voltage withdrawal points, the regulation of defaults related to payment for transport bills due in April 2020 is suspended and the terms of the reminder or warning are extended by an additional 15 working days for transport bills due between 10 and 31 March 2020;
- the suspension of the enforcement of the guarantees provided, or, in the absence of a guarantee provided, warnings to comply, if at least 80% of the amount of the distribution invoices due in April 2020 have been paid;
- the phase of the default procedure in place on the date of entry into force of the resolution and relating to payments due from 10 March 2020 is extended by 15 working days;

- in the electricity sector, in order to meet the requirement of regular payments, with regard to the guarantees provided, the distributor shall not take into account delays for transport invoices due in April 2020 (if at least 70% of turnover is paid with regard to low voltage withdrawal points). Furthermore, the user is required to renew the guarantees at the latest by the end of the third month prior to the expiry of the guarantee. In cases of request for an increase/presentation of a guarantee, the terms are extended by an additional 15 working days;
- in the gas sector, the deadline for adjusting the financial guarantee for loss of rating requirements or due to an increase in redelivery points is extended by an additional 15 working days;
- in the event of a decision to downgrade ratings as a result of the current emergency, the minimum BB+ level of Standard&Poor's Corporation or Ba1 of Moody's Investor Service will be provisionally recognised, and for the electricity sector the BB+ level of Fitch Ratings will be assumed, or in any case equivalent levels; and
- distribution companies have the right to pay only a portion of the general system charges actually collected: 80% of the turnover relating to low voltage withdrawal points for the electricity sector and 90% of the total turnover for gas.

Finally, with Resolution 121/2020/R/eel, the Authority amended – at least temporarily and until 30 June 2020 – the current regulation of imbalances with the intention of mitigating the increased negative effects on operators of imbalances that occurred during this emergency, an emergency that caused both a drastic fall in electricity consumption and a lasting increase in scheduling difficulties for dispatching users due to a discontinuous resumption of operations not manageable through normal forecasting. The Authority established that operators can submit their comments by 15 May 2020. The ACEA Group presented its observations noting that the methods of measuring the imbalances envisaged by the resolution (cap and floor) could create distortions in the market due to the different method of calculating the two range values, proposing a deductible mechanism instead.

With Resolution 207/2020/R/COM, the Authority confirmed the transitional valuation of the current imbalances during the COVID-19 epidemiological emergency envisaged by Resolution 121/2020/R/eel for the period from 10 March 2020 to 30 June 2020, considering these forecasts sufficient for the relevant purposes and therefore rejecting all comments on Resolution 121/2020 received from operators.

With Resolution 124/2020/R/com the Authority further amended Resolution 60/2020/R/com, again extending the procedures for the suspension of electricity, gas and water supplies until 3 May 2020, in line with the Italian Ministerial Decree of 10 April 2020. The deadlines for the identification of invoices that will be compulsorily subject to instalments pursuant to previous Resolution 117 were also adjusted in order to take into account the extension.

With resolution 140/2020/R/COM the Authority extended the urgent provisions referred to in resolution 76/2020/R/com of the Authority on the electricity bonus, gas bonus and social water bonus: for consumers whose bonus expires in the period from 1 March to 31 May 2020, the option is given to renew the application for the bonus beyond the original deadline, extending it until 31 July 2020.

Once the application is accepted, the bonus will be guaranteed continuously and retroactively from the original expiry. The renewal has the usual total duration of 12 months.

With Resolution 148/2020/R/COM, the Authority amended Resolution 60/2020/R/com, extending until 17 May – for domestic electricity customers only and for domestic gas customers with consumption not exceeding 200,000 cubic metres/year – the measures with which it had established the blocking of the suspension of electricity, gas and water supplies.

On the same date, with resolution 149/2020/R/COM the Authority took action by amending resolution 116/2020/R/COM, extending until 1 June the period of suspension of protection against user defaults with regard to transport invoices, if at least 70% of total turnover has been paid for low voltage withdrawal points. The same suspension period was established for gas users as long as they have paid at least 80% of the invoiced amount. Moreover, the measure states that interest shall not apply in the case of late payment for the period subject to suspension.

With Resolution 177/2020/R/eel, the Authority:

- deferred to 15 June the deadline for the publication of the detailed plans of the mass phase of second half of 2020 and to 15 December 2020 for the first half of 2021; and
- set 15 September 2020 as the deadline for the request for admission to the recognition of investments for 2G smart metering installation plans to be launched in 2021.

Resolution 213/2020/R/com also provides for a series of temporary exceptions for the year 2020 with respect to the installation plans for 2G smart metering systems in view of the epidemiological emergency and its impact on the replacement of meters.

On 19 May 2020, the Italian Relaunch Decree Law was published and came into force on that same day. The law included measures affecting the following areas:

- charges for electricity bills for non-domestic low voltage customers with power greater than 3 Kw, providing for the reduction of the expenditure related to the electricity portion by applying only a reduced fixed amount for the months of May, June and July 2020; and
- electricity distribution tariffs and metering and general system charges, providing for the transitional redetermination of those tariffs to be applied between 1 May and 31 July 2020.

In implementation of the Relaunch Law Decree, Resolution 190/20/R/eel was published on the reduction of tariffs for low voltage nondomestic users. With this document, the Authority established that:

- for the months of May, June and July only, the reduction of the metered distribution tariffs and general charges (ASOS and the ARIM (*i.e.* the remaining overhead charges, *rimanenti oneri generali,* "**ARIM**") components) for other LV users;
- if bills have already been issued for May, any adjustments due pursuant to the resolution must be made within the second subsequent bill; and
- for each month of the period of reference, specific LV users are granted a refund if the maximum power withdrawn in the month does not exceed 2.0 kW. This refund is granted by the distribution companies to the sales companies by 30 September 2020 and by the latter to customers by 30 November 2020.

Subsequently, with Resolution 192/2020/R/COM the Authority further extended the urgent measures on the provision of electricity transport and natural gas distribution services by amending and updating Resolution 116/2020/R/com, in turn extended and updated with 149/2020/R/com. Specifically:

- with regard to electricity transmission bills due in June 2020 and gas distribution bills due after 1 June and until 30 June, the payment threshold for which the suspension of default procedures by distributors is envisaged was raised: for the electricity sector, (from 70%) to at least 90% of the LV points billed, and for the gas sector (from 80%) to at least 90% of the amount billed for gas;

- adjusted the amounts that the distribution companies in turn pay to the system to the new thresholds; and

- the provisions on ratings and regularity of payments were extended until 30 June.

With subsequent Resolution 248/2020/R/com which followed DCO 193/2020/R/com, the Authority made provisions for the final payment of any amounts only partially paid as a result of Resolution 116/2020/R/com as amended. In particular, the Authority ordered the seller to settle the payments partially made for the transport invoices due in April, May and June in a single payment by September 2020, or in three monthly interest-free instalments due from September. In that same resolution, the Authority did not confirm the proposal to anticipate the previous general system charges mechanism in favour of the sellers because the positions of the various operators were too divergent during consultations and therefore it decided to resume the work of the operational forum established at the beginning of 2020 in a more expeditious manner. Finally, with regard to the guarantees of the credit rating, the Authority ordered that the rating of the user (or the parent company) continue for a further 12 months from the downgrade if the rating – downgraded as a result of the health emergency – is at least BB+ or equivalent.

Following the "D.L. Sostegni Bis", the Authority, with Resolutions 278/2021/R/com and 396/2021/R/com, reformulated the metered distribution tariffs and general charges (ASOS and ARIM) for other LV users until December 2021.

During 2022, the Authority reformulated again the metered distribution tariffs and general charges (ASOS and ARIM) with resolutions 35/2022/R/eel, 141/2022/R/com, 295/2022/R/com and resolution 462/2022/R/com for other LV users until December 2022.

Measures to limit bill price increases

The "Bills Decree" was issued with the aim to limit the effects of the increased price of raw gas and electricity during the last quarter of 2021. In particular, it provided for:

- the reduction of the VAT rate in the natural gas sector to 5 per cent for the supply of methane gas for civil and industrial combustion use, applicable to invoices issued for estimated or actual consumption for the months of October, November and December 2021; and

- as for the electricity sector, the reduction of the general system charges for all electricity users for the fourth quarter of 2021. In particular, it cancelled the general charges for LV domestic and non-domestic users with power available up to 16.5 kW.

The Authority subsequently published Resolution 396/2021/R/com, which implemented the provisions of the Bills Decree. In relation to electricity billing in the last quarter of 2021, the

Authority cancelled the rates of the ASOS and ARIM tariff components for all domestic users and other LV users with power available up to 16.5 kW. In the natural gas sector, the measure cancelled the rates of the RE, RET, GS and GST tariff components for October, November and December 2021.

Resolution 396/2021/R/com also introduced an additional social bonus for the billing period from 1 October to 31 December 2021 and provided for an increase, for 2021, of the deductibles within which penalties for delays in the commissioning forecasts are not activated. However, these penalties were not completely suspended, as happened in 2020 (the deductible goes from 95% to 90% for companies that started the PMS2 in the years prior to 2021).

Law no. 234/2021 (the "2022 Budget Law") established that domestic customers, in the event of non-fulfillment of bills, can ask for a payment delay up to 10 months, without any interests.

Moreover, Decree Law no. 21/2022 established that companies based in Italy, final customers of electricity and natural gas, can ask for a payment delay related to energy consumption in May 2022 and June 2022 up to a maximum of 24 monthly payment.

The measures aimed at limiting the increase in gas and electricity prices were confirmed throughout 2022 and in the first quarter of 2023. With the sharp drop in the wholesale prices of energy products, in the second quarter of 2023 Italian Government has reactivated the general system charges for all electricity customers while confirming all the other interventions.

Economic offsetting of arrears owing to fraudulent withdrawals

With Resolution 568/2018/R/eel the Authority initiated a process to modify the mechanism in question in order to better incentivise the collection of receivables and to better manage some timing, and therefore suspended the regulation governing the collections mechanism for all arrears deriving from fraudulent withdrawals (16-*bis* of the TIV).

Following DCO 49/2019, with subsequent resolution 119/2019/R/eel the Authority reinstated the rule governing the mechanism, introducing new provisions.

Among the primary developments, with regard to sales:

- the introduction of a reduction in the amounts compensated through the mechanism if bills containing fraudulent withdrawals are issued more than 45 days (90 days for applications submitted in 2019 on issued in 2016 and in 2020 on issued in 2017) from the date of receipt of the measurement data reconstructed by the distributing company (-10% for each month of delay, up to a maximum of -50%);

- the obligation to issue a separate bill in almost full compliance with the provisions of Bill 2.0 regarding the availability of details and methods of issue.

With the same measure, the Authority therefore specified the timing related to the application to be submitted in 2019 (by September 30, 2019) and regulated the case of fraudulent withdrawals in the absence of a contract, stating that:

- within 3 working days prior to the provision of fraudulent consumption data, the distributor transmits to the IIS the update flow of the OCR for activation following fraudulent withdrawals that contains the identification data of the person to whom fraudulent withdrawals are billed (for this flow, which will come into force from 1 October 2019, the IIS operator has adapted the technical specifications of the OCR update "on condition");

- within one working day from the transmission referred to in the previous point, the IIS will provide the main utility provider with this flow.

Finally, the Authority postponed to a subsequent provision the adoption of measures to improve the efficiency of the management of fraudulent withdrawals by distribution companies and the regulation relating to the disconnection of withdrawal points subject to fraudulent withdrawals.

With Resolution 240/2020/R/eel, in implementation of the provisions of the regional administrative court, the Authority amended the mechanism to include only bills issued from April 2019.

Network Code

The Authority with Resolution 261/2020/R/eel amended the standard Network Code of the transport service starting from January 2021. In particular it provided for:

- the reduction of the contractual termination times providing for the elimination of sending of the payment reminder by the distributor; a reduction in the times for sending the notice from 7 to 4 working days; a reduction of the guarantees from the estimate of 3 to 2 months of providing the service; a reduction of the maximum amount covered by the guarantees (from the estimate of 5 to 4 months of providing the service);
- actions on the adjustment of the guarantees. For example, in the context of the quarterly checks, the checking threshold for the periodic adjustment of the amount to be guaranteed ("**GAR amount**") is diversified on the basis of the GAR amount already released; in the case of significant upward adjustment of the exposure, the user that has given a guarantee through the rating must issue a guarantee of a traditional type to cover the portion related the new PODs;
- insurance sureties are permitted only if issued by an insurance institution accredited to operate in Italy that holds a certain credit rating judgement.

The Authority with the same resolution clarified also that regularity in payments must be checked with exclusive reference to the cycle and rectification invoices, that is only invoices with an already standardised trace. In addition, it clarified that distributor companies for checking the regularity must not take into account payment of invoices for which the average days of delay in the payment is less than 4,5 days.

The Authority published Resolution 490/2020/R/eel following the requests for clarifications that it received in relation to the methods of applying Resolution 261/2020/R/eel. In particular with Resolution 490/2020/R/eel the Authority intervened in relation to the case of non-payment of invoices by a User that gives as guarantee the rating judgement and at the same time also a so-called "traditional" guarantee for the GAR amount limited to new PODs ("GARnewPOD amount"). In this case, after the notice to perform has been sent by the distributor company, if the user does not make the said payment within the deadlines established by the Code, the distributor proceeds to enforcement of the guarantee and to the request at the same time of reintegration with a so-called "traditional" guarantee for the entire amount to be guaranteed, that is, in practice, the rating guarantee expires and a reintegration corresponding to a maximum of 4 months (GAR+ GARmag (*i.e.* increased GAR Amount)) is made.

If the traditional guarantee is insufficient with respect to the user's debt exposure, the distributor company, as well as enforcing the guarantee, terminates the transport contract.

With Resolution 583/2020/R/eel the Authority intervened to amend the previous Resolution 490/2020/R/eel. In particular if the traditional guarantee is insufficient with respect to the users debt exposure, the distributor company proceeds, at the same time as the enforcement, no longer to the immediate termination of the transport contract, but to a request for reintegration of the guarantee, to be made within the next 7 working days, and to a new notice to pay the amounts of the invoice due within the next 7 working days, after which, if the guarantee is not restored and at the same time the amounts due are not paid in full, the transport contract must be understood as terminated.

Subsequently, the Authority published Resolution 81/2021/R/com, further amending the previous provisions (Resolution 116/2020/R/COM, Resolution 248/2020/R/COM, Resolution 261/2020/R/EEL and Resolution 490/2020/R/EEL) relating to the general transport conditions of the guarantees to be submitted to distributors. More specifically, this resolution introduced:

- an extension of the derogation recognised for the admissible credit rating in the event of a downgrade due to the COVID-19 health emergency, applicable for additional 12 months from confirmation of the rating; and
- an extension of the admissible insurance sureties to the ones issued by institutions controlled by companies with the required rating, pursuant to Art. 2359, paragraphs 1 and 2 of the Italian Civil Code.

Continuity of the service

With the Integrated text on output-based regulation in force from 1 January 2020, the Authority introduced the possibility for the DSOs to present regulatory experiments to improve the service quality in particularly critical contexts. A specific feature of these experiments is the suspension of the penalties for the experimental period and their non-retroactive application if the target levels for the indicators of number and duration of interruptions without notice, set by the current regulations, are achieved.

In this context, ARETI presented its proposal, outlining a process for improving the technical quality indicators different from that defined by the ordinary regulation. This proposal was approved by the Authority with Determination 20/2020 of this past 20 November.

Very briefly, the measure postpones to 2024 the calculation of the bonuses and penalties for the entire four-year period 2020-2023 and provides for the activation of an additional bonus mechanism if the target proposed for 2023 is achieved and the effective annual levels achieved are better than those proposed in the experimentation. Two specifications:

- the total bonus obtained cannot be more than that achievable in the ordinary regulation; and
- in the event of non-achievement of the improvement commitment indicated, ARETI must pay any penalties that it would have incurred in the four-year period, in the absence of an extension.

As regards the 2019 accrual, the national service continuity results were made known with Resolution 462/2020/R/eel; these confirmed for ARETI a penalty of Euro 5.4 million.

Resilience Plan

With Resolution 500/2020/R/eel the 2020-2022 resilience plan sent by Areti on 30 June 2020, including the final results of the actions completed in 2019, was approved: for actions already previously included in the 2019-2021 plan and not yet completed the completion dates were confirmed, without taking into consideration the delaying effects associated with the emergency situation in progress.

In addition, Resolution 563/2020/R/eel awarded to the Company the bonus of approximately Euro 3.1 Mln with reference to the actions completed in 2019.

With Resolution 536/2021, the Authority established which interventions to increase distribution network resilience, related to the 2021-2023 resilience plan, qualify for bonuses and/or penalties. Also, Resolution 537/2021/R/EEL determined the bonuses and penalties relating to the electricity distribution network resilience increase interventions concluded in 2020.

Energy efficiency certificates and tariff contribution awarded to distributors

On 14 July 2020, Resolution 270/2020/R/efr was published; this contained the new rules for defining the tariff contribution to cover the costs incurred by DSOs with regard to obligations arising from the mechanism of energy efficiency certificates. The measure confirms the value of the cap on the tariff contribution of Euro 250/TEE and introduces, starting from the current obligation year, a consideration additional to this contribution, to be awarded to each distributor for each TEE used to comply with its obligations. On the one hand, ARERA repeats that it considers the cap an instrument necessary to limit the changes in market prices, on the other, it considers opportune to provide for an additional consideration in support of distributors in the light of the economic losses that they are forced to incur owing to the scarcity of TEEs available. On 13 October 2020 the Company presented an appeal for cancellation of the resolution.

The resolution, in addition, introduced the possibility of requesting from CSEA the extraordinary consideration in advance of 18% of the specific target for the 2019 obligation year, in order to finance distributors which having already acquired TEEs at the beginning of the period, then suffered the negative effects of the extensions of the end date of the obligation year laid down in the Italian Relaunch Decree Law (30 November 2020). ARETI presented an application on 31 August 2020.

In December 2020, Resolution 550/2020/R/efr confirmed the value of Euro 250/TEE for the tariff contribution awarded for the 2019 obligation year and fixed at Euro 4.49/TEE the value of the additional consideration.

On 31 May 2021, the Decree of the Ministry for the Ecological Transition containing the "Determination of national energy saving. Targets that could be pursued by electricity and gas distribution companies for 2021-2024 (so-called white certificates)" extended the expiry of the 2020 obligation year to 16 July 2021. The Authority subsequently published Determination 6/2021-DMRT, whereby it determined the primary energy saving obligations for electricity and natural gas distributors for the 2020 obligation year.

On 3 August 2021, the Authority issued Resolution 358/2021/R/efr, with which it confirmed the cap at Euro 250/TEE and the additional unit fee at Euro 10/TEE. In light of the extension of the deadline for the 2020 obligation year to 16 July 2021 and the regulatory uncertainty still existing in the run up to this deadline, the Authority published Resolution 547/2021/R/efr, in which it confirmed its intentions stated in DCO 359/2021/R/efr. In particular, the Authority established that electricity and natural gas distributors will be granted an exceptional additional component of Euro 7.26/TEE for each certificate delivered at the end of the 2020 obligation year, applicable to their own specific target for that obligation year and to any remaining portions of the targets for the 2018 and 2019 obligation years, but not beyond the threshold of their own updated specific target. The exceptional component was envisaged to cover the extra costs incurred by operators for the difficulties in procuring the TEE needed for the upcoming target deadlines.

Electric mobility

With Resolution 541/2020/R/eel the Authority launched national experimentation destined for LV customers, aimed at facilitating the installation of e-car rechargers in private areas.

Acceptance is voluntary and free and access is subordinated to observance of a number of conditions:

- the customer must be at LV with contractually committed power of not more than 4.5 kW and not less than 2 kW;
- the POD must be fitted with a 1G o 2G remotely-managed meter. In this second case, any multi-hour bands set by the vendor must enable identification of the withdrawals made in night, weekend and holiday bands;
- a recharging device must be electrically connected to the meter; this device must at least be capable of:
    - measuring and recording the active recharging power and transmitting this figure to an external subject (e.g. an aggregator); and
    - reducing/increasing or reinstating the maximum recharging power.
- customers must give their consent to checks and controls also in their homes and are required to communicate promptly any change to the system or contract that occurs during the experimentation.

The application of the experimentation runs from 1 July 2020 and lasts until 31 December 2023.

Resolution 352/2021/R/eel launched a trial of the most appropriate regulatory solutions for the procurement of local ancillary services provided by distribution operators, for the associated remuneration. The trial takes into account the definitions and general principles already found in the European regulatory framework.

TAXATION

The following is a general description of certain Italian, US and EU tax considerations relating to the Notes. They apply to a holder of Notes only if such holder purchases its Notes under this Programme. It is a general summary related to certain categories of investors in the Notes and it does not cover other matters and all categories of investors in the Notes and it does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. It does not discuss every aspect of taxation that may be relevant to a holder of Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Furthermore, it does not cover the tax regime of notes similar to shares. This summary assumes that the Issuer is resident only in Italy for tax purposes (without a permanent establishment abroad) and that the Issuer is a company listed on the Italian Stock Exchange and is organised (and its business will be conducted) as outlined in this Base Prospectus. Changes in the Issuer's tax residence, organisational structure or in the manner in which the Issuer conducts its business may invalidate this summary.

Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date which changes could be made on a retroactive basis. The issuer will not update this summary to reflect changes in laws and if any such changes occur the information in this summary could become invalid.

Taxation in the Republic of Italy

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between repayment amount and the issue price) from certain securities falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, (i) by public entities transformed in limited companies, pursuant to specific law provisions and (ii) by company listed in a regulated market.

Decree 239 applies, *inter alia*, provided that:

(i) interest, premium and other income relating to securities are not entirely linked to the economic performance of the issuer or of other companies belonging to the same group or of the business in relation to which the securities have been issued;

(ii) bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or of control of) to management of the issuer or of the business in relation to which they have been issued.

Italian resident Noteholders

Where the Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected; (b) a non commercial partnership; (c) a non commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation (unless the Noteholders under (a), (b), or (c) opted for the application of the "***risparmio gestito***" regime — see under "*Capital gains tax*", below), interest, premium and other income relating to the Notes, paid, are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law.

Where an Italian resident Noteholder is a company or similar commercial entity (including commercial trusts) or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income taxation ("**IRES**") and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**").

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 ("**Decree 351**"), as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994 and Italian Real Estate SICAFs ("**Real Estate SICAFs**") (*"Società di investimento a capitale fisso"*) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the Real Estate SICAF.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAF (*"Società d'investimento a capital fisso"*) or a SICAV (*"Società di investimento a capitale variabile"*) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Italian Fund**"), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Italian Fund. The Italian Fund will not be subject to taxation on such results.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Subject to certain limitations and requirements (including a minimum holding period), interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitutive tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Italian Ministry of Economy and Finance ("**MEF**") (each an "**Intermediary**") as subsequently amended and integrated.

An Intermediary must (a) be (i) resident in Italy or (ii) be a permanent establishment in Italy of a non Italian resident financial intermediary or (iii) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the MEF having appointed an Italian representative for the purposes of Decree 239; and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non Italian tax resident Noteholders

Where the Noteholder is a non Italian tax resident, without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non Italian tax resident beneficial owner is either

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) a Central bank or an entity which manages, inter alia, the official reserves of a foreign State; or

(d) an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment.

The countries which allow for a satisfactory exchange of information with Italy are listed in the Ministerial Decree 4 September 1996, as amended and supplemented by Ministerial Decree dated 23 March 2017. Pursuant to Article 11(4)(c) of Decree 239 the list will be updated every six months (the "**White List**"). Pursu ant to Article 1-bis of Ministerial Decree of 4 September 1996, the MEF retains the right to test the actual compliance of each country included in the list with the exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries.

In order to ensure gross payment, certain procedural requirements must be satisfied. In brief, non resident investors must be the beneficial owners of payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a bank or a SIM or a permanent establishment in Italy of a non resident bank or SIM or with a non resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non resident bank or SIM which are in contact via computer with the MEF and (b) timely file with the relevant depositary a statement of the relevant Noteholder, to be provided only once, until revoked or withdrawn, in which the Noteholder declares to be eligible to (and requires) benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree 12 December 2001. In any case specific procedures shall have to be verified on a case by case basis.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to interest, premium or other income paid to Noteholders who do not qualify for the exemption.

Noteholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder.

Fungible issues

Pursuant to Article 11, paragraph 2 of Decree 239, where the Issuer issues a new tranche forming part of a single series with the first tranche (fungible issue), for the purposes of calculating the amount of interest and other proceeds subject to *imposta sostitutiva* (if any), the issue price of the new tranche will be deemed to be the same as the issue price of the first tranche. This rule applies where (a) the new tranche is issued within 12 months from the issue date of the first tranche and (b) the difference between the issue price of the new tranche and that of the first tranche does not exceed 1% of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

Atypical Securities

Any proceeds relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian withholding tax on proceeds received under Notes classifying as atypical securities, if the Notes are included in a long-term individual savings account (piano individuale di risparmio a lungo termine) that meets the requirements from time to time applicable as set forth under Italian law.

In all other cases, including when the Noteholder is a non Italian resident, the withholding tax is a final withholding tax. For non Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

Capital gains tax

Any gain obtained from the sale or transfer or redemption of the Notes if realised (i) by an Italian company or (ii) a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or (iii) Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected, would be treated as part of the taxable income subject to IRES and, in certain cases, depending on the status of the Noteholder, also as part of the net value of the production for IRAP purposes.

Where an Italian resident Noteholder is (i) an individual not holding the Notes in connection with an entrepreneurial activity; (ii) a non commercial partnership; (iii) a non commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. pursuant to the provisions set forth by the Legislative Decree of the 21 November 1997, No. 461 ("**Decree 461**").

For the purposes of determining the taxable capital gain, any interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

In respect of the application of the *imposta sostitutiva*, Noteholders under (i) to (iii) just above, under certain conditions, may opt for one of the three regimes described below.

(a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for the relevant Noteholders, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by the relevant Noteholders pursuant to all sales or transfer or redemptions of the Notes carried out during any given tax year. Relevant Noteholders must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(b) As an alternative to the tax declaration regime, relevant Noteholders may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the relevant Notes (the "***risparmio amministrato***" regime). Such separate taxation of capital gains is allowed subject to (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries); and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or transfer or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

(c) Any capital gains realised by relevant Noteholders who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called "***risparmio gestito***" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law. According to article 1(221-226) of Finance Act 2020 (Law No. 178 of 30 December 2020), under some conditions, capital losses realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets specific requirements, give rise to a tax credit amounting to the lower of the capital losses and: (i) the 20% of the amount invested in the long-term saving accounts (*piano di risparmio a lungo termine*) for investments made by 2021; and (ii) the 10% of the amount invested in the long-term saving accounts (*piano di risparmio a lungo termine*) for investments made by 2022.

Any capital gains realised by a Noteholder which is an Italian Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Italian Fund.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

Subject to certain limitations and requirements (including a minimum holding period), interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitutive tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law.

Any capital gains realised by Italian resident real estate fund and the Real Estate SICAFs to which the provisions of Decree 351, as subsequently amended, apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate fund or Real Estate SICAFs.

Capital gains realised by non-Italian resident Noteholders (without a permanent establishment in Italy to which the Notes are effectively connected) from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are traded on regulated markets and regardless of whether the Notes are held in Italy.

Capital gains realised by non-Italian resident Noteholders (without a permanent establishment in Italy to which the Notes are effectively connected) from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer not traded on regulated markets may in certain circumstances be taxable in Italy if the Notes are held in Italy. However, a non Italian resident beneficial owner of Notes (without a permanent establishment in Italy to which the Notes are effectively connected) is not subject to the *imposta sostitutiva* on capital gains realised upon sale, early redemption or redemption of the Notes provided that he/she/it: (a) is resident in a country included in the White; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or transfer or redemption of Notes issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale, early redemption or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(e) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

(f) transfers in favour of relatives to the fourth degree or relatives in law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

(g) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) – that meets all the requirements from time to time set forth under Italian law – is exempt from inheritance tax.

Transfer tax

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a lump sum of €200.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration or on the occurrence of the "*enunciazione*".

Stamp duty (*bollo*)

Pursuant to Article 13(2-*ter*) of the Tariff attached to Presidential Decree No. 642 of 26 October 1972, as amended from time to time ("**Decree 642**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith and, in any case, once per year. As of 1 January 2014, the stamp duty applies at a rate of 0.2 per cent. and, for taxpayers different from individual, cannot exceed €14,000. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a "client" (as defined in the regulations issued by the Bank of Italy on 20 June 2012, as subsequently amended and supplemented) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad (IVAFE)

Pursuant to Article 19(18-23) of Decree No. 201 of 6 December 2011, as amended and supplemented, individuals, non- profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. for each year. The wealth tax cannot exceed €14,000 per year for taxpayers other than individuals. In this case the above-mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does not apply.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Are excluded from the scope of the Wealth Tax the financial assets held abroad if administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does apply.

Tax monitoring obligations

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return) the amount of investments (including the Notes) directly or indirectly held abroad, regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding a Euro 15,000 threshold throughout the year, which *per se* do not require such disclosure).

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

European Directive on Administrative Cooperation

Legislative Decree No. 29 of 4 March 2014, as supplemented from time to time, has implemented the EU Council Directive 2011/16/EU, as amended, on administrative cooperation in the field of taxation (the "**DAC**").

The main purpose of the DAC is to extend the automatic exchange of information mechanism between Member States, in order to fight against cross border tax fraud and tax evasion. The new regime under DAC is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

Prospective investors should consult their tax advisers on the tax consequences deriving from the application of the DAC.

The Directive on Administrative Cooperation (2014/107/EU) of December 9, 2014 ("**DAC 2**") implemented the exchange of information based on the Common reporting Standard ("**CRS**") within the EU. Under CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence, and reporting procedures.

The EU Council Directive 2018/822/EU of 25 May 2018 ("**DAC 6**") implemented the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. Under DAC 6 intermediaries which meet certain criteria and taxpayers are required to disclose to the relevant Tax Authorities certain cross-border arrangements, which contain one or more of a prescribed list of hallmarks, performed from 25 June 2018 onwards.

Prospective investors should consult their tax advisers on the tax consequences deriving from the application of the Directive on Administrative Cooperation.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear.

Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "**United States Account**" of the Issuer (a "**Recalcitrant Holder**"). The Issuer does not expect to be classified as an FFI that is subject to withholding under FATCA.

The FATCA regime is now in effect and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "**Model 1**" and "**Model 2**" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "**qualified intermediary**," "**withholding foreign partnership**," or "**withholding foreign trust**" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a

Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have entered into an agreement (the "**US Italy IGA**") based largely on the Model 1 IGA on 10 January 2014. Nevertheless the full impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is – at this stage – not completely clear.

While not expected, if the Issuer is treated as an FFI that is subject to withholding under FATCA, the Issuer would expect to be treated as a Reporting FI pursuant to the US Italy IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the depositary, common depositary or common safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banca Akros S.p.A., Banca Monte dei Paschi di Siena S.p.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank Ireland PLC, BNP PARIBAS, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Goldman Sachs International, ING Bank N.V., Intesa Sanpaolo S.p.A., J.P. Morgan SE, Mediobanca – Banca Di Credito Finanziario S.p.A., Morgan Stanley & Co. International plc, Natixis, Société Générale and UniCredit Bank AG (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 4 August 2023 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Dealer Agreement provides that the obligations of the initial purchasers to subscribe for Notes are subject to certain conditions precedent, including (among other things) receipt of legal opinions from counsel. Each new Dealer so appointed will be required to represent, warrant, undertake and agree to the following selling restrictions as part of its appointment.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Notes under or pursuant to the Dealer Agreement prior to the closing of the issue of such Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Notes. In this situation, the issuance of such Notes may not be completed. Investors will have no rights against the Issuer or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

United States of America: *Regulation S Category 1/2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms or Drawdown Prospectus.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

   (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of sales to UK Retail Investors

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or

   (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of the UK MiFIR; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that:

(a) ***No deposit-taking:*** in relation to any Notes having a maturity of less than one year:

   (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:

   (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

      (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

      (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

   where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) ***Financial promotion :*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that any offer, sale or delivery of the Notes in the Republic of Italy or distribution of copies of this Base Prospectus or of any other document relating to the Notes in the Republic of Italy shall be effected in accordance with the Prospectus Regulation, all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined in Article 2, letter e), of the Prospectus Regulation, pursuant to Article 1(4), letter a), of the Prospectus Regulation and any applicable provision of Italian laws and regulations;

(ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, and any other applicable Italian laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (i) or (ii) above must be:

(a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries) permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**"), Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 (in each case, as amended from time to time) and any other applicable laws and regulations;

(b) in compliance with Article 129 of the Italian Banking Act and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended from time to time), pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy and/or any other Italian authority.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms, any Drawdown Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in the Republic of France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers),* and/or (b) qualified investors *(investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the *French Code monétaire et financier* and Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, undertaken, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, undertake, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

Each Dealer has represented, warranted undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing and admission to trading

Application has been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purpose of EU MiFID II.

However, Notes may be issued pursuant to the Programme which are admitted to listing, trading and/or quotation by such competent authority, stock exchange and/or quotation system as the Issuer(s) and the relevant Dealer(s) may agree or which are not admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

The CSSF may at the request of the Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; and (ii) an Attestation Certificate.

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 10 March 2014. The 2023 update of the Programme were duly authorised on 16 December 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

Save as disclosed in "*Description of the Issuer - Litigation*" starting on page 177 of this Base Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the Group.

Significant/Material Change

Since 31 December 2022 there has been no material adverse change in the prospects of the Issuer or the Group nor since 30 June 2023 has there been any significant change in the financial performance or position of the Issuer and the Group.

Auditors

The Issuer's independent auditors are PricewaterhouseCoopers S.p.A. PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of Accountancy Auditors (Registro dei Revisori Legali), held by the Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A., which is located at Piazza Tre Torri 2, 20145, Milan, Italy, is also a member of ASSIREVI, the Italian association of auditing firms.

The auditors' reports of PricewaterhouseCoopers on the consolidated financial statements as at and for the years ended 31 December 2021 and 31 December 2022 and the half year consolidated financial statements as at and for the six-month period ended 30 June 2023 are incorporated by reference in this Base Prospectus.

Documents on Display

For the period of 12 months following the date of this Base Prospectus, copies of the following documents (together, where appropriate, with English translations thereof) may be inspected during normal business hours at the offices of the Fiscal Agent at 60 avenue J.F. Kennedy, L-1855 Luxembourg and certain documents, including this Base Prospectus, are available in soft copy at the Issuer's website at https://www.gruppo.acea.it/en/investors/financial-structure/emtn-programme:

(a) the by-laws (*Statuto*) of the Issuer;

(b) the audited consolidated financial statements of the Issuer for the years ended 31 December 2021 and 2022 and the half year consolidated financial statements of the Issuer as at and for the six-month period ended 30 June 2023;

(c) the most recent annual consolidated financial information of the Issuer published from time to time, commencing with its audited annual consolidated financial statements as at and for the year ended 31 December 2022 and the half year consolidated financial statements as at and for the six-month period ended 30 June 2023;

(d) this Base Prospectus;

(e) the Agency Agreement;

(f) the Deed of Covenant;

(g) the Programme Manual (which contains the forms of the Notes in global and definitive form); and

(h) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream with respect to the settlement in Euroclear and/or Clearstream of Notes in New Global Note form).

The audited consolidated financial statements of the Issuer for the years ended 31 December 2021 and 2022, which are incorporated by reference into this Base Prospectus, and the other documents incorporated by reference herein, will be available on the websites set forth in "*Information Incorporated by Reference*". In addition, copies of the by-laws (*Statuto*) of the Issuer and the provisions for meetings of the noteholders will be available on the Issuer's website (https://www.gruppo.acea.it/en).

This Base Prospectus will be available, in electronic format, on the website of the Luxembourg Stock Exchange (*www.LuxSE.com*).

Material Contracts

Save as disclosed in "*Description of the Issuer – Material Contracts*" starting on page 184 in this Base Prospectus, and any supplement hereto, neither the Issuer nor any of its Subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Noteholders.

Websites

The website of the Issuer is https://www.gruppo.acea.it/en. The information on https://www.gruppo.acea.it/en does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus. Other than the information incorporated by reference, the content of the Issuer's website has not been scrutinised or approved by the competent authority.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Potential Conflicts of Interest

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and, commercial banking transactions with, and may perform services for, or may have provided financing to, and/or other related transactions with the Issuer and its affiliates, and may in the future perform services for them, in each case in the ordinary course of business. Furthermore, certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates or any entity related to the Notes. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Furthermore, some of the Dealers, and their respective affiliates, have extended certain loans to the Issuer and the net proceeds of the issue of the Notes may be used by the Issuer to repay such loans in whole or in part (as further described in "*Use of Proceeds*"). In addition, the Dealers and their respective affiliates expect to receive customary fees and commissions for the issuance of the Notes offered hereby.

In particular, certain of the Dealers and their respective affiliates have granted significant financing to Issuer and its parent and group companies and they are one of their main financial lenders.

For the avoidance of doubt, for the purpose of this paragraph, the term "affiliates" also includes parent companies.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 549300Q3448N041CTH56.

BNP PARIBAS, Luxembourg Branch Information

BNP PARIBAS, Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

Further information on the international operating model of BNP PARIBAS, Luxembourg Branch may be provided upon request.

REGISTERED OFFICE OF THE ISSUER

ACEA S.p.A.
Piazzale Ostiense, 2
00154 Rome
Italy

JOINT ARRANGERS

BNP PARIBAS
16 Boulevard des Italiens
75009 Paris
France

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate &
Investment Banking
Via Manzoni, 4
20121 Milan
Italy

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

DEALERS

Banca Akros S.p.A.
Viale Eginardo, 29
20149 Milano
Italy

Banca Monte dei Paschi di Siena S.p.A.
Piazza Salimbeni, 3
53100 Siena
Italy

Banco Bilbao Vizcaya Argentaria, S.A.
Ciudad BBVA
C/ Sauceda, 28
Edificio Asia - 1st Floor
28050, Madrid
Spain

Banco Santander, S.A.
Ciudad Grupo Santander
Avenida de Cantabria s/n
Edificio Encinar
28660, Boadilla del Monte, Madrid, Spain

Barclays Bank Ireland PLC
One Molesworth Street
Dublin 2
D02RF29
Ireland

BNP PARIBAS
16 Boulevard des Italiens
75009 Paris
France

BofA Securities Europe SA
51 rue La Boétie
75008 Paris
France

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt am Main
Germany

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Crédit Agricole Corporate and Investment Bank
12 Place des Etats-Unis, CS 70052
92547 Montrouge Cedex
France

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Germany

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

ING Bank N.V.
Foppingadreef 7
1102 BD Amsterdam
The Netherlands

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate & Investment Banking
Via Manzoni, 4
20121 Milan
Italy

J.P. Morgan SE
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Mediobanca – Banca Di Credito Finanziario S.p.A.
Piazzetta E. Cuccia, 1
20121 Milan
Italy

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Natixis
7 promenade Germaine Sablon,
75013 Paris,
France

Société Générale
29 boulevard Haussmann
75009 Paris
France

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

FISCAL AGENT AND PAYING AGENT

BNP PARIBAS, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg

LEGAL ADVISERS

To the Issuer as to English and Italian law and Italian tax law:

Orrick Herrington & Sutcliffe (Europe) LLP
Corso G. Matteotti, 10
Milan, 20121
Italy

To the Dealers as to English and Italian law:

Clifford Chance Studio Legale Associato
Via Broletto 16
20121 Milan
Italy

AUDITORS TO THE ISSUER

PricewaterhouseCoopers S.p.A.
Piazza Tre Torri 2
20145 Milan
Italy

LUXEMBOURG LISTING AGENT

BNP PARIBAS, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg