**BASE PROSPECTUS**

**Italgas S.p.A.**
(*incorporated with limited liability in the Republic of Italy*)
**€6,500,000,000**
**Euro Medium Term Note Programme**

Under this €6,500,000,000 Euro Medium Term Note Programme (the **Programme**), Italgas S.p.A. (the **Issuer, Italgas** or the **Company**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €6,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" 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, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".**

This Base Prospectus is valid until 7 October 2022. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus is no longer valid.

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). **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. Further, by approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer pursuant to Article 6(4) of Luxembourg Law of 16 July 2019 on Prospectuses for Securities (the **Prospectus Law**).

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the professional segment of the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the professional segment of the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU, as amended (**MiFID II**).

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the EEA) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) of the Prospectus Regulation.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed, will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Official List of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

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, a new Base Prospectus or a drawdown prospectus, in the case of listed Notes only, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), and included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation, or by a credit rating agency established in the United Kingdom ("**UK**") and registered under the CRA Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**") will be disclosed in the Final Terms. 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. Please also refer to "Risks related to the market generally" in the "Risk Factors" section of this Base Prospectus. Amounts payable under the Notes may be calculated by reference, *inter alia*, to EURIBOR, which is provided by the European Money Markets Institute, or to LIBOR, which is provided by ICE Benchmark Administration Limited, as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 (the **Benchmark Regulation**), while ICE Benchmark Administration Limited is not included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation

apply, such that ICE Benchmark Administration Limited is currently not required to obtain recognition, endorsement or equivalence.

**Arrangers**

BNP PARIBAS

UniCredit

**Dealers**

Barclays

BNP PARIBAS

Citigroup

Crédit Agricole CIB

Goldman Sachs International

IMI – Intesa Sanpaolo

ING

J.P. Morgan

Mediobanca

Morgan Stanley

Santander Corporate & Investment Banking

Société Générale Corporate & Investment Banking

UniCredit

The date of this Base Prospectus is 7 October 2021.

## IMPORTANT INFORMATION

**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. For the avoidance of doubt, when used in this Base Prospectus, references to "Prospectus Regulation" means Regulation (EU) 2017/1129 and "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the EUWA).**

**The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).**

**This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form part of this Base Prospectus.**

**Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.**

**The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.**

**This Base Prospectus contains industry and customer-related data as well as calculations taken from industry reports, market research reports, publicly available information and commercial publications. It is hereby confirmed that (a) to the extent that information reproduced herein derives from a third party, such information has been accurately reproduced and (b) insofar as the Issuer is aware and is able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.**

**No person is or has been authorised by the Issuer or any Dealer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.**

**Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any**

**other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.**

**Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to 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 Notes issued under the Programme of any information coming to their attention.**

**The 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 (see "*Subscription and Sale*").**

**This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the Republic of Italy and France), the UK, Japan and Singapore, see "*Subscription and Sale*".**

**This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA (each, an "EU Member State") or the UK will be made pursuant to an exemption under the Prospectus Regulation or the Financial Services and Markets Act 2000 (the "FSMA"), respectively, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in an EU Member State or the UK of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus pursuant to the Prospectus Regulation, the FSMA and/or the UK Prospectus Regulation (as applicable), in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.**

**All references in this document to *Euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended and all references to *U.S. dollars*, *U.S.$* and *$* refer to United States dollars.**

**Important – EEA Retail Investors – If the Final Terms in respect of any Notes include 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 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 MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation. 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 in respect of any Notes include 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 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 domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of 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 domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by the PRIIPs Regulation as it forms part of 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.**

**MIFID II Product Governance / Target Market – The Final Terms in respect of any Notes may include a legend entitled "MIFID II product governance / Professional investors and ECPs only target market" 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 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 product governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for a Tranche of 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 MIFID Product Governance Rules.**

**UK MiFIR product governance / target market – The Final Terms 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 distributor should take into consideration the 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 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 Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.**

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE**

**With respect to each issuance of Notes, the Issuer may make a determination about the classification of such Notes (or beneficial interests therein) for purposes of Section 309B(1)(a) of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the "SFA"). The Final Terms in respect of any Notes may include a legend titled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore" that will state the product classification of the applicable Notes (and, if applicable, beneficial interests therein) pursuant to Section 309B(1) of the SFA; *however*, unless otherwise stated in the applicable Final Terms, all Notes (or beneficial interests therein) shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "MAS") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included in the relevant Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.**

**SUITABILITY OF INVESTMENT**

**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 light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:**

**(i)** **has 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;**

**(ii)** **has 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;**

**(iii)** **has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;**

**(iv)** **understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and**

**(v)** **is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

**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) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes.**

**Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.**

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**Forward-Looking Statements**

**This Base Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words and expressions. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.**

**Second-party Opinions and External Verification**

**In connection with the issue of Notes as Step Up Notes (also referred herein as "Sustainability-linked Notes") under the Programme, an opinion, report or certification of a third party (whether or not solicited by the Issuer) (Second-party Opinions), including the Sustainability-Linked Bond Framework Second-party Opinion (as defined in the risk factor "Risks related to any Second-party Opinions") which may be provided in respect of any Notes issued Step Up Notes, may or may not be made available, as the case may be. Any information in such Second-party Opinions or any past or future Second-party Opinions provided pursuant to Condition 14 (*Available Information*) is not part of this Base Prospectus and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme. In addition, no assurance or representation is given by the Issuer, any other member of the Group, the Dealers or any other member of their group, Second-party Opinion providers, the independent auditors or the External Verifier as to the suitability or reliability for any purpose whatsoever of any Second-party Opinion in connection with the offering of anyStep Up Notes under the Programme. Any such Second-party Opinion and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus.**

**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 persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

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## GENERAL DESCRIPTION OF THE PROGRAMME

***The following general description of the Programme 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 and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, a new Base Prospectus, a drawdown prospectus or a supplement to the Base Prospectus, if appropriate, in the case of listed Notes only, will be made available which will describe the effect of the agreement reached in relation to such Notes.***

This description constitutes a general description of the Programme for the purposes of Article 25 of the Commission Delegated Regulation (EU) 2019/980 (the **Delegated Regulation**).

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

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| Issuer: | Italgas S.p.A. |
| Legal Entity Identifier (LEI) of the Issuer: | 815600F25FF44EF1FA76 |
| Website of the Issuer: | https://www.italgas.it/en/investors/debt-rating/emtn-program |
| Risk Factors: | There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" and include, among others, risks relating to the effect of changes in tariff levels and risks of changes in regulation and legislation. 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 |
| Arrangers: | BNP Paribas<br>UniCredit Bank AG |
| Dealers: | Banco Santander, S.A.<br>Barclays Bank Ireland PLC<br>BNP Paribas<br>Citigroup Global Markets Limited<br>Crédit Agricole Corporate and Investment Bank<br>Goldman Sachs International<br>ING Bank N.V.<br>Intesa Sanpaolo S.p.A.<br>J.P. Morgan AG<br>Mediobanca – Banca di Credito Finanziario S.p.A.<br>Morgan Stanley & Co. International plc<br>Société Générale<br>UniCredit Bank AG |

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| | and any other Dealers appointed in accordance with the Programme Agreement. |
| 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 from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus.<br><br>**Notes having a maturity of less than one year**<br><br>Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000, as amended (the **FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*". |
| Issuing and Principal Paying Agent: | BNP Paribas Securities Services, Luxembourg Branch |
| Programme Size: | Up to €6,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme 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 or regulatory restrictions, notes may be denominated in any currency agreed between the Issuer and the relevant Dealer as specified 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. |

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| 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 and will be indicated in the applicable Final Terms. |
| Form of Notes: | The Notes will be issued in bearer form as described in "*Form of the Notes*". |
| 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, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer, each as specified in the applicable Final Terms. |
| Step Up Notes: | Fixed Rate Notes and Floating Rate Notes may be subject to a Step Up Option if the applicable Final Terms indicates that the Step Up Option is applicable. The Rate of Interest for Step Up Notes will be the Rate of Interest specified in the applicable Final Terms or otherwise determined in accordance with Condition 4 (*Interest*), provided that, for any Interest Period commencing on or after the Interest Payment Date immediately following a Step Up Event, if any, the Initial Rate of Interest (in the case of Fixed Rate Notes) or the Initial Margin (in the case of Floating Rate Notes) shall be increased by the Step Up Margin specified in the applicable Final Terms. For the avoidance of doubt, an increase in the Rate of Interest may occur no more than once in respect of the relevant Step Up Note. |
| Floating Rate Notes: | Floating Rate Notes will bear interest at a rate determined:<br><br>(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 the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or<br><br>(b) on the basis of a reference rate set out in the applicable Final Terms, which may be EURIBOR, LIBOR, CMS Rate or Constant Maturity BTP Rate.<br><br>Whether or not such reference rate is provided by an administrator included in the registered established and maintained by ESMA pursuant to Article 36 of Regulation (EU) |

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| | 2016/1011 (the **Benchmark Regulation**), will be disclosed in the Final Terms. |
| | 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 the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer. |
| | 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. |
| Inflation Linked Notes: | Payments of principal in respect of Inflation Linked Redemption Notes or of interest in respect of Inflation Linked Interest Notes will be calculated by reference to one or more inflation indices, as may be agreed between the Issuer and relevant Dealer. |
| | Whether or not such inflation indices are provided by an administrator included in the registered established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 (the **Benchmark Regulation**), will be disclosed in the Final Terms. |
| Zero Coupon Notes: | Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest. |
| 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 or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, 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. |
| | 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. |
| Clean – Up Call and Maturity Par Call Option: | The applicable Final Terms will also indicate whether the Issuer has a Clean- Up Call or an Issuer Maturity Par Call Option. See Condition 6.4 (*Redemption at the option of the Issuer (Issuer Maturity Par Call*)) and |

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| | Condition 6.5 (*Redemption at the option of the Issuer* (*Clean-Up Call*). |
| Benchmark discontinuation: | Amounts payable under the Notes may be calculated by reference to interest rates and indices which are deemed to be "benchmarks", for the purpose of the Benchmarks Regulation. In this case, if a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary, to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders. If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate in the manner set out in Condition 4.6 (*Benchmark discontinuation*). |
| 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). |

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| Taxation: | All payments in respect of the Notes and Coupons will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction as provided in Condition 7 (*Taxation*), unless such withholding or deduction is required by law, in which event, the Issuer will, save in certain limited circumstances provided in Condition 7 (*Taxation*), be required to pay additional amounts to cover the amounts so withheld or deducted. |
| Negative Pledge: | The terms of the Notes will contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*). |
| Cross Default: | The terms of the Notes will contain a cross default provision as further described in Condition 9 (*Events of Default*). |
| Status of the Notes: | The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding. |
| Rating: | The rating of certain Series of the Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) or by a credit rating agency established in the United Kingdom and registered under the CRA Regulation, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**), will be disclosed in the Final Terms.<br><br>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. |
| Approval of base prospectus, listing and admission to trading: | This document has been approved as a base prospectus by the CSSF. Any information of the Base Prospectus regarding the Notes which may be neither listed or admitted to trading on any market have not been subject to the approval of the CSSF. Application |

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| | has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the professional segment of the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.<br><br>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.<br><br>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. |
| 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, Condition 15 (*Meetings Of Noteholders and Modification*) and the provisions of the Agency Agreement concerning the meeting of relevant Noteholders and the appointment of a Noteholders' representative are subject to mandatory provisions of Italian law. |
| Selling Restrictions: | There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including Italy and France), the UK, Japan, Singapore 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*". |

## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of specific factors which could materially adversely affect its business and ability to make payments due under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

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

#### 1) Risks related to the business activity and sector of the Italgas Group

***Risks associated with the concentration of the activities of the Italgas Group in Italy***

Italgas is active, either directly or through its subsidiaries and unconsolidated investee companies, in natural gas distribution in Italy. The future results of Italgas will therefore reflect the economic performance of these activities.

The Italgas Group (as defined in section headed "*Glossary of terms and legislation relating to the Issuer*" below) activities will be influenced by the uncertainty linked to the renewal of gas distribution concessions following the Local Tender Processes, as well as by the quantification of the reimbursements provided for the outgoing operator pursuant to the applicable regulations. Unfavourable developments in these areas could have significant negative effects on the operations, results, balance sheet and cash flow of the Italgas Group.

***Risks associated with the potential competition in the sector in which Italgas operates***

As at the date of this Base Prospectus, the Italian natural gas distribution market is fragmented[1]. However, in recent years, it has undergone a process of restructuring and consolidation[2]. It is believed that, in the future, with the implementation of the Local Tender Processes for the allocation of the natural gas distribution service and through M&A activities, this market consolidation process will continue.

In this context, there could be the risk that, failing Italgas to adequately respond in the future to the gas distribution market evolution, this may result in negative effects on the Italgas Group's operations, results, balance sheet and cash flow.

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[1] Italgas elaboration based on MISE 2012 data shows that the Italgas Group is the leader in the natural gas distribution segment in Italy, with an estimated market share of approx. 35.2% (including affiliates) as of the date of this Base Prospectus, in terms of the percentage of end-customers connected to the network (RP).

[2] As the ARERA's figures confirm (see the 2020 Annual Report of 7 July 2021, Table 3.10) the number of operators decreased from 228 in 2013 to 194 in 2020 (there were more than 700 in 2000), in view of the Local Tender Processes. The number of operators is also expected to decrease substantially after these Local Tender Processes.

***Market and competition risks. Risks associated with the expiration and renewal of gas distribution concessions***

Gas distribution activities, where the Italgas Group is active, are carried out pursuant to concessions issued by individual municipalities. As of 30 June 2021, Italgas Group held a total of 1,827 concessions, of which 1,429 have expired. Such as other main sector operators, Italgas Group continues to operate by holding expired concessions. In its Strategic Plan, the Italgas Group assumes that during the period 2019-2026 the expired concessions will be tendered and therefore assigned to the winner of the tenders. The percentage of Italgas Group revenues coming from expired concessions represents the maximum risk of potential loss of revenue as at the date of this Base Prospectus, and, consequently, of the margins of the Italgas Group in the event that it is not awarded the re-assignment of the expired concessions; it must however be noted that, in such a case, the Reimbursement Value (as defined in section headed "*Glossary of Terms and Legislation Relating to the Issuer*" below) would be paid to the out-going operator. The Issuer assumes a proportional correlation between loss of revenues and EBITDA losses.

For the sake of completeness even after the expiry of the concession, being the gas distribution service considered as a "public service", each gas distribution operator (including the companies of the Italgas Group) is requested to continue and should continue with the management of the service (and be accordingly remunerated), limited to the ordinary administration (*ordinaria amministrazione*), until the start date of the new concession (Article 14.7 of Legislative Decree No. 164 of 2000).

According to Ministerial Decree No. 226 of 12 November 2011 (**MD 226** or **Tender Criteria Decree**) the gas distribution service can only be conducted on the basis of tender processes to be held for each of the 177 ATEMs (predominantly of a provincial size), in which the Italian territory has been divided. In turn, each ATEM is made up of a combination of municipalities served by distribution plants that must be managed by a single concession holder (*concessionario*), which shall emerge from the public tender procedures. The maximum length of the concession is 12 years.

The timetable for tenders, initially comprising the years 2015, 2016 and 2017 has been updated on some occasions, lastly with the "Milleproroghe" Law Decree (n. 244/2016), converted into law in February 2017, which extended by further 24 months the time limit to launch the tenders for the ATEMs affected by the 2016 earthquakes.

As at the date of this Base Prospectus, only 36 invitations have been published for a total of 37 ATEMs (Cremona 2 and Cremona 3 were grouped together), of which three withdrawn, two others have been annulled by a judicial decision (Venezia 1 and Alessandria 2) and eight were suspended by the contracting authority. Submissions by operators for seven tenders that have been awarded: Torino 2, Belluno, Udine 2, Valle d'Aosta, Milano 1, Torino 1 and Napoli 1 (Torino 2, Valle D'Aosta, Belluno and Torino 1 have been awarded to Italgas Reti S.p.A. (**Italgas Reti**)) and four pre-qualifications requests (Prato, Perugia 2, Udine 1 and Udine 3) have instead occurred. For a further twelve invitations to tender, the bid submission dates, or rather the pre-qualification request dates, were postponed. Finally, the Region of Calabria has appointed commissioners ad acta, in order to start the tenders in two ATEMs (Cosenza 1 and Reggio Calabria – Vibo Valentia).

The criteria to be used for awarding the concessions to a bidder, mainly of a technical nature and also based on economic factors, are set out in MD 226.

Uncertainty about interpretation and therefore application of the rules governing such new regulatory framework does persist at the date of this Base Prospectus.

When it comes to the tender process, the Italgas Group may not be awarded concessions it plans to retain/ win or may be re-awarded its present concessions under conditions that are less favourable than the current conditions, with a possible negative impact on its operations, results, balance sheet and cash flow. It should, however, be pointed out that, if the concessions relating to previously managed

municipalities are not awarded, the companies of the Italgas Group will have the right to be paid the Reimbursement Value in favour of the outgoing operator, calculated in accordance with MD 226. It is possible that the Reimbursement Value of the concessions resulting from the Tenders, where a third party is an assignee, is below the value of the RAB. Such a case could have significant negative effects on the assets and on the balance sheet, income statement and financial position of the Italgas Group.

At the same time, the gas distribution companies of the Italgas Group may be awarded new ATEM concessions (i.e. previously held by other operators, either wholly or in part). Therefore, it is not possible to rule out that, at the end of each tender procedure, a new concession awarded could, at least initially, require greater running costs and capital expenditure for the gas distribution companies of the Italgas Group compared with their operating standards.

In general, given the complexity of the regulations governing the expiration of the concessions, this and the outcome of any Local Tender Process could give rise to judicial and/or arbitral disputes between concession-holders, including the gas distribution companies of the Italgas Group, and third parties (including out-going operators and municipalities), with possible negative effects on the operations, results, balance sheet and cash flow of the Italgas Group.

***Risks associated with the limited number of Shippers***

The Italgas Group provides its services to the users of its distribution network (i.e., companies selling gas to final users) which purchase gas from Shippers or Traders (as defined in section headed "*Glossary of Terms and Legislation relating to the Issuer*" below) and which, in turn, sell to other Traders or, usually, to end customers, namely those who consume the gas for their own use and who are connected to the distribution network at the Redelivery Points (**RPs**), each availed of meters for the measurement of gas redelivered.

Users of distribution access local natural gas distribution infrastructures through the services provided by the Italgas Group, pursuant to the Network Code for distribution approved by the ARERA.

The existing regulatory framework gives distribution users who are in possession of the necessary requirements the right to access the above-mentioned distribution infrastructures. This right is accompanied by the symmetrical obligation of the infrastructure operators to guarantee access on the basis of the terms and conditions defined by the Network Code for distribution approved by the ARERA.

The main clients of the gas distribution companies of the Italgas Group are investment grade companies. Any non compliance by such distribution users, whose contracts have generated approximately 89% of the core business revenues of Italgas in the first half of 2021, or a delay in complying with their obligations, could have negative effects on the operations, results, and economic and financial position of the Italgas Group.

***Risks associated with the execution of Italgas's strategic plan***

On 14 June 2021, the Board of Directors of Italgas approved a new strategic plan defining the guidelines and the targets of the Italgas Group for the 2021-2027 period (the **Italgas Strategic Plan**) updating the strategy announced at the time of the previous strategic plan (2020-2026).

The Italgas Strategic Plan contains, and was drawn up on the basis of, hypotheses and estimates relating to future developments and events that could affect Italgas Reti, Toscana Energia S.p.A. (**Toscana Energia**), Gaxa S.p.A. (formerly Gaxa S.r.l. and before that, Medea Newco S.r.l.) (**Gaxa**), Seaside S.p.A. (**Seaside**), Italgas Acqua S.p.A. (**Italgas Acqua**) and their subsidiaries' operating sectors, such as estimates concerning the demand for natural gas in Italy in the medium to long term or changes to the applicable regulations, or the timetable for future tender processes for gas distribution concessions in the various minimum geographical areas.

The Italgas Strategic Plan is the result of a simulation process forecasting the economic, capital, and financial parameters for the Italgas Group and was constructed on the basis of actual data as of 31 December 2020.

The Italgas Strategic Plan provides for objectives identified on the basis of substantial continuity in the existing regulatory environment and of the unfolding of the effects of management actions (the **Forecast Data**).

The Forecast Data is based on assumptions as to the occurrence of a set of future events and actions that include, among other things, general and hypothetical assumptions concerning future events – subject to the risks and uncertainties that characterize the current macroeconomic environment – actions that will not necessarily take place and events or other factors that may have an impact on the performance of the major capital and economic figures of the Italgas Group, and which the directors of Italgas (the **Directors**) and the management of Italgas cannot influence or may only be able to do so partially (in combination, the **Hypothetical Assumptions**).

In particular, these Hypothetical Assumptions envision the following, among other things:

(i) the success of the transactions for the financing of new debt requirements or refinancing of debt that will expire, including its planned subsequent listed bond issues;

(ii) the effectiveness of the timetable for future tenders for the awarding of the gas distribution service in the various ATEMs envisioned by the management of Italgas. The timetable provides for completion of the tender processes by the end of 2026;

(iii) fulfillment of the success rate envisioned by the management of Italgas in relation to future tenders for the awarding of the gas distribution service in the various ATEMs in which the Italgas Group plans to participate;

(iv) the representative character of the RAB (**Regulatory Asset Base**) value as an estimator of the Reimbursement Value recognized for outgoing operators within the scope of future tenders for the awarding of the gas distribution service in the various ATEMs for each of the concessions in the Italgas Group's scope of interest in the plan period; and

(v) realization of the estimates concerning the demand for natural gas in Italy in the medium to long term or changes in the applicable rules.

Furthermore, the assumptions relating to changes in the macroeconomic and regulatory environment and to the dynamics of the benchmark rates underlying the Italgas Strategic Plan were formulated in working out the currently available forecasts. It is also noted that the Italgas Strategic Plan was developed by referencing the current competitive structure.

For the period of 2021-2027, the Italgas Strategic Plan has scheduled overall investments of Euro 7.9 billion (compared to the Euro 7.5 billion envisaged in the previous 2020-2026 plan), of which about Euro 2 billion related to tenders and about Euro 5.9 billion without considering tenders.

Out of the 5.9 billion above, over Euro 0.6 billion are referred to merger and acquisition initiatives in the gas distribution sector and new business opportunities, while about Euro 5.2 billion are related to 2020 gas distribution base perimeter, of which about 0.3 billion is allocated to Sardinia project, 3.1 billion refers to other networks and 1.4 billion is aimed at digitalization (including smart metering).

The Italgas Strategic Plan assumes the existence of conditions for market share growth from the initial approximately 35% to almost 45%, at the end of the Local Tender Processes, in terms of the number of Redelivery Points (**RP**) of the consolidated perimeter of the Italgas Group (considering the full

consolidation of Toscana Energia), corresponding to about 10 million RPs managed, compared to about 7.6 million of the starting base of the plan.

The technical investments plan for the current scope of operations, in conjunction with the planned program of acquisition of new concessions, is intended to support the RAB growth to a targeted CAGR of around 6% in the plan period, starting from Euro 7.7 billion at the end of 2020 (in the absence of tenders, the estimated average annual growth rate of RAB is about 4%). In view of the delay that could affect timetable of Local Tender Processes, Italgas has taken and could continue to pursue M&A opportunities, with a strict financial discipline, in order to anticipate tenders timing and enlarge and optimize concession portfolio, increasing competitiveness in tender process.

Should the market share growth objectives indicated in the Italgas Strategic Plan not be met, the Issuer will continue with its own programme of organic investments and the efficient operation of distribution and measuring activities.

If the events and circumstances envisaged or relied upon by the Board of Directors when drawing up the strategic plan, including the evolution of the regulatory framework, fail to materialise, the future operations, cash flow and results of the Italgas Group may differ from those set out in the Italgas Strategic Plan; that could also have an impact on the ability of Italgas to meet its payment obligations in accordance with the loan agreements and/or to comply with any covenants under the actual agreements.

Furthermore, the historical consolidated results and the historical financial and operating situation may not be indicative of future financial and operating performance. There can be no guarantee whatsoever that, in the future, Italgas Reti and its subsidiaries' profitability will remain at current levels, or that the regulatory system will not evolve in a manner that is unfavourable to the Italgas Group.

***Operating risks. Risks associated with malfunctioning and unforeseen interruption of the service, and with delays in the progress of infrastructure construction programmes***

Managing regulated gas activities involves a number of risks of malfunctioning and unforeseeable service disruptions due to factors which may also be outside of the control of Italgas, such as accidents, breakdowns or the malfunctioning of equipment (including metering tools) or control systems; the underperformance of plants; and extraordinary events such as explosions, fires, earthquakes, landslides or other similar events which may also be beyond the control of Italgas. Such events could result in a reduction in revenue and could also cause significant damage to people and private and public properties, with potential compensation obligations. Although Italgas has taken out specific insurance policies to cover some of these risks, in addition to ordinary and extraordinary maintenance performed on both distribution network and facilities, the related insurance cover could be insufficient to meet all the losses incurred, compensation obligations or cost increases.

The Italgas Group has developed its own business continuity and crisis management strategy: it includes compliance principles as roles and responsibilities, crisis management model, crisis activation levels, risk analysis and event management. Furthermore, the business continuity plan section defines how to maintain systems, execute tests and continuous improvement phases, covering all relevant scenarios. Italgas considers the adoption of the business continuity plan essential to implement a structured approach and ensure business continuity in case of disaster events, defining organisational and emergency controls for critical processes and adopting appropriate risk management measures in both operational and business terms.

Italgas Group's ability to effectively develop its infrastructure is subject to many unforeseeable events linked to operating, economic, regulatory, authorisation and competition factors which are outside of its control. Italgas is therefore unable to guarantee that the projects to build, upgrade and/or extend its network will be started, completed or lead to the expected benefits in terms of tariffs.

The capex plan in the context of the Strategic Plan 2021-2027 envisages a total amount of €3.1 billion for repurposing, developing, improving and upgrading the existing infrastructure, in line with the previous Plan, €0.3 billion devoted to the Sardinia methanization project and €380 million, in line with the previous Plan, dedicated to growth by external lines through M&A operations in the gas distribution sector.

The capex plan may require greater investment and/or longer timeframes than those originally planned, affecting in the future the Italgas Group's financial position and results.

Investment projects can be stopped or delayed because of difficulties in obtaining environmental and/or administrative authorisations, opposition raised by political groups or other organisations, or may be affected by changes in the price of equipment, materials and labour, or by changes in the political or regulatory context in the course of construction, or even by an inability to obtain financing at an acceptable interest rate. Such delays could have adverse effects on the operations, results and economic and financial position of the Italgas Group which could have an adverse impact on the Issuer's ability to meet its obligations under the Notes. Furthermore, changes in the prices of goods, equipment, materials availability and workforce could have an impact on the financial results of the Italgas Group.

An additional risk arises from adverse publicity that such events may generate and the consequential damage to the Issuer's reputation.

***Risks associated with the plan for the replacement of traditional meters with smart meters and the increased levels of malfunctioning of smart meters***

The ARERA made remote meter reading compulsory for operators back in 2008 through Resolution 155/2008, justifying it through the advantages that this technology brings, especially to end users (e.g. invoicing based on actual consumption, greater awareness of consumption, constant monitoring of the operation of metering units). The initial objective therefore involved the replacement, by 2016, of 80% of traditional meters with smart meters. Through subsequent Resolutions 28/2012 and 631/2013, the ARERA altered the plan for the replacement of smart meters for the mass market, bringing the replacement target down to 60% in 2018 and updating the interim targets for the period 2014 – 2017.

The replacement plan was updated once again through the ARERA Resolution 669/2018 which replaced other Resolutions establishing targets for the past years and revised the meter replacement plan further setting it to 85% in 2020. However, due to Covid-19 pandemic, with Resolution 501/2020, ARERA postponed the 85% goal to 2021. Excluding the subsidiaries over which it does not exercise control, at 31 december 2020 the current total of smart meters is around 7.5 million, equal to approximately 88% of the entire stock of active and inactive meters (8.5 million).

It is difficult to foresee if the implementation of the meter replacement plan, which is still ongoing, could result in an increase in management costs for the new smart meters (which in turn may incur technical and running problems) and expenses related to the decommissioning of the traditional meters replaced.

Italgas Group is systematically working together with the “Italian measure instrument suppliers association” to stimulate the insertion of security requirements and mechanisms into intelligent devices such as smart meters, remote terminal units and valves to ensure adequate security and resilience levels against vulnerabilities and cyber attacks. Notwithstanding Italgas’ efforts to design solid security requirements to prevent cyberattacks, the risk associated to cybersecurity incident cannot be completely eliminated.

***Risks associated with acquisitions and industrial partnerships and supply chain***

The Italgas Group has undertaken, and may undertake in the future, corporate operations, such as joint ventures with strategic partners, acquisitions or investments in Italy and abroad, which may increase the complexity of Italgas Group's activities and whose success is difficult to predict.

It is not certain that said operations can be carried out in accordance with the planned procedures or produce the expected benefits and synergies. The integration process could also make additional expenditure and investment necessary.

If the aforementioned corporate operations fail to produce the expected synergies and benefits, there could be negative effects on the Italgas Group's operations, results, and financial position.

Acquisitions abroad, if any, may entail or result in additional risks for example (but not limited to) due to specific integration difficulties, unforeseen costs as well as the impact of any applicable tax, legal and regulatory framework and any related changes.

In the context of corporate operations and supplier management, the Italgas Group also performs reputational due diligence activities, leveraging a consolidated risk-based approach, in order to evaluate and highlight alerts and red flags focused on a proprietary crime taxonomy. Such corporate intelligence activities are based on publicly available open sources collection and paid services. Due to the dynamic nature of the information that is used in order to identify anomalies and alerts according to Italgas evaluation matrix, there is a limited risk that not all of the possible events of interest may be collected at the specific time when the reputational due diligence is performed.

***Risks associated with dependence on management and specialised staff***

The Italgas Group's capacity to carry out its business effectively depends on the abilities and effectiveness of its management and staff. The dependence on qualified management and staff, as well as the inability to attract, train or retain management and staff with the necessary qualifications (specifically with regard to technical positions, where availability of qualified staff is generally limited), or the emergence of disputes with employees, could affect Italgas' capacity to implement its long-term strategy and could have a negative impact on the Italgas Group's operations, results and financial position.

***Risks relating to the Issuer's use of information technology to conduct its business***

The Italgas Group's operations are increasingly reliant on information systems and information technology platforms (collectively, **IT**) to maintain and improve its operational efficiency. In fact, since December 2018, all Italgas' assets and processes were migrated to “cloud” with positive outcome.

Best practices are adopted in information system management to guarantee business continuity, both implementing technologies and protecting and securing its information systems. Notwithstanding these preventive measures, the Issuer's information systems may be impacted by different operational and security challenges, such as telecommunications or data centre failures, security breaches, hacking and cyber attacks in general, as well as other types of interference. Any interruptions, failures, or breaches in the security infrastructure of its IT systems, or failure to plan and execute suitable contingencies in the event of their disruption, could have an adverse effect on the Italgas Group's ability to guarantee operations in compliance with the rules of the ARERA and compete with competitors, and may harm its reputation as well as disrupt its business, thereby potentially having an adverse effect on its financial condition, cash flow and/or results of operations as well reputation of the Italgas Group.

***Risks associated with political, social and economic instability in natural gas supplier countries***

A large proportion of the natural gas transported through the Italian national transportation network is imported from or passes through countries that are currently politically, socially or economically unstable, and/or which may also suffer instability in the future. Importing natural gas from these countries, or transiting through them, is subject to risks inherent to these countries, including but not limited to: high inflation; volatile exchange rates; inadequate legislation on insolvency and creditor protection; social tensions and unrest; limits on investment and the import and export of goods; increases in taxes and excises; forced renegotiation of contracts; nationalisation or renationalisation of assets; political unrest; tensions with other countries; changes in trade policies; monetary restrictions; and losses or damage caused by disorder and unrest.

If a Shipper using the distribution service via Italgas Group networks cannot procure natural gas from the aforementioned countries because of said adverse conditions, or in any way suffers from said adverse conditions, and/or is consequently unable to fulfil contractual obligations towards the Italgas Group, this could have negative effects on Italgas Group's operations, results, and financial position and consequently affect the Issuer's ability to meet its payments under the Notes.

If the supply of natural gas to clients of the Italgas Group is disrupted due to such adverse conditions, or is otherwise materially adversely affected by such adverse conditions, this may have a material adverse effect on the Italgas Group's business, cash flow, financial condition and results of operations and consequently affect the Issuer's ability to meet its payments under the Notes.

**2) Risks relating to the applicable regulatory framework**

***Regulatory risk***

The Italgas Group conducts its main business in the gas distribution sector, which is a highly regulated sector. The relevant directives and legal provisions issued by the European Union and the Italian government, the Italian Parliament the resolutions of the ARERA and, more generally, changes to the legislative (including accounting and fiscal legislation) and regulatory framework (including EEC regulation) may have a significant impact on the Italgas Group' operations, results and financial stability.

Considering the specific nature of Italgas Group's main business and the context in which it operates, changes to the regulatory context with regard to the criteria for determining reference tariffs are particularly significant.

With Resolution 570/2019/R/gas, as a result of the consultation process launched with Consultation Documents no. 170/2019/R/gas and 410/2019/R/gas, ARERA set the criteria for determining the tariffs for gas distribution and metering services for the fifth regulatory period.

The length of the regulatory period has been maintained at six years, from 1 January 2020 to 31 December 2025, divided into two half-periods of 3 years each.

Analogously, with Resolution 571/2019/R/gas, as a result of the consultation process launched with Consultations no. 170/2019/R/gas and 338/2019/R/gas, the ARERA set the rules and the criteria for the gas distribution and metering service quality for the fifth regulatory period.

Future changes to European Union or Italian legislative policies, which may have unforeseeable effects on the relevant legislative framework and therefore on the Italgas Group's operating activities and results, cannot be ruled out. The same applies to the regulatory framework.

For further information please refer to the section "*Regulatory and legislative framework*" below.

***Risk associated with subsidies regulatory policy***

By Resolution n. 570/2019/R/gas public and private subsidies received from 2012 are deducted from the value of fixed assets, both for the purpose of calculating the remuneration of invested capital and depreciation and, as consequence, subsidies are downgraded proportionally to the depreciation.

Regarding the "frozen subsidies", with Resolution 570/2019, ARERA adopted a time horizon for the full release of these subsidies aligned with the time horizon for the release of the subsidies subject to down-grade (about 34 years) in order to guarantee graduality and tariff stability.

For the subsidies stock existing at December 31st, 2011, the company could choose, in the fifth regulatory period (January 1st, 2020 – December 31st, 2025), two alternative methods:

- same approach as the one adopted in the third and fourth regulatory periods, therefore no subsidies downgrade, full deduction from the invested capital and no impact on depreciation, or

- same approach as for the contributions received from 2012, therefore subsidies are deducted from the value of fixed assets both in calculating remuneration of the invested capital and depreciation, and then are downgraded gradually.

***Risk associated with invested capital regulatory remuneration***

Italgas Reti has filed a suit (*ricorso giurisdizionale*) against the Resolution no. 570/2019/R/gas which sets the tariff criteria for the distribution and metering services for the fifth regulatory period. For further information please refer to the section "*Description of the Issuer*" - "*Material Litigation - Resolution no. 98/2019/R/gas ARERA and Resolution no. 128/2019/R/gas ARERA*" below.

By Resolution no. 106/2020/R/gas, ARERA has redetermined the reference tariffs for distribution and metering services for the year 2018 for municipalities with the year of first supply starting from 2017, based on the provisions of Resolution no. 570/2019/R/gas, in relation to the unitary cap on the amount of costs recognised to cover capital costs relating to the distribution service for new investments. In particular, ARERA has no longer provided for the application of the cap to the amount of recognised costs, for investments in municipalities with first supply (*anno di prima fornitura*) in 2017 which are therefore remunerated on the basis of the costs actually incurred.

With respect to municipalities with first supply from 2018 onwards, some elements of uncertainty about the return on new investments arise due to the application of a methodology which has not yet been fully developed by the ARERA.

With Resolution no. 117/2021/R/gas, ARERA approved the definitive reference tariffs for the distribution and metering services for 2020 and with Resolution no. 122/2021/R/gas ARERA approved the provisional reference tariffs for the distribution and metering services for 2021.

***Risks associated with the energy efficiency certificates market***

White certificates, also known as "Energy Efficiency Certificates" (**EECs**), are tradable instruments that certify the achievement of energy savings for end users of energy through projects and works increasing energy efficiency, as evaluated and approved by the Energy Services Operator (**GSE**).

The GSE, after having evaluated the specific energy efficiency projects, issues a number of EECs in compliance with the provisions of the current law in favour of the entity that has carried out such projects.

Companies that distribute gas and/or electrical energy with a number of users above 50,000 units are defined as covered entities and have a target defined in terms of EECs to be achieved annually (from 1 June to 31 May of the following year).

The target quota that must be achieved by an individual distribution company is determined by the ratio between the quantity of natural gas and/or electrical energy distributed to its end customers, as self-certified, and the quantity of natural gas and/or electrical energy distributed throughout the territory of the nation as determined and reported annually by the ARERA.

Covered entities can achieve the targets assigned by directly performing work for energy savings or, alternatively, acquiring EECs on the market managed by the *Gestore dei Mercati Energetici* (**GME**) or through bilateral agreements with qualified operators (OTC agreements).

The EEC mechanism was established by the Ministry of Productive Activities, in consultation with the Ministry of the Environment and Protection of the Land through the Ministerial Decree of 20 July 2004 as amended.

Following the record performance of the EECs in the obligation year 2017, that has reached the historical maximum price of €480.00 per EEC, the Ministerial Decree has been issued on 10 May 2018. This increase in the price of EECs, determined by an always shortest market, has caused significant losses to market operators; therefore a regulatory intervention has been necessary to make it possible, or in any case to favour, the fulfillment of the energy efficiency targets by electricity and gas distribution companies, to give stability to the market and to stop the continuous increases in the EECs prices.

The MD 10 May 2018 has redefined the operational and technical methods for EECs' release and has introduced important innovations within the mechanism of EECs, in particular:

a) establishes a maximum unit value for the tariff contribution (cap), equal to €250.00 per EEC, applicable starting from the sessions subsequent to 1 June 2018 and up to the sessions valid for the fulfilment of the national quantitative targets established for 2020;

b) establishes that the mechanism to determine the tariff contribution, determined by ARERA, has to take into account the prices of trades made on the organised GME market in the obligation year in reference as well as the prices of the bilateral agreements, if less than €250.00; and

c) authorizes the EECs'short-selling by the Energy Services Operator (**GSE**). In particular, starting from 15 May of each year and until the end of the year of the obligation in reference, GSE is authorized to issue, for and upon request of the obliged distributors, EECs not deriving from the implementation of energy efficiency projects, with a unit value equal to the difference between €260.00 and the value of the final tariff contribution for the year in reference. In any case, this amount cannot exceed €15.00. However, this loss may be recovered, overall or partly, in the following obligation years. Before accessing this mechanism, the obliged distributors must purchase at least 30.0% of EECs in the obligation year in reference.

Within the framework of this mechanism, the ARERA has set up a specific component of the electricity and/or gas distribution tariff, to enable distribution companies to recover all or part of the costs incurred for the purchase/obtainment of EECs.

Annually, the ARERA decides on the mechanism for calculating the tariff contribution to cover the costs incurred by distributors subject to the obligations involving EECs.

The disbursement of the total annual tariff contribution pertaining to each covered distributor is made by the Energy and Environmental Services Fund (**CSEA**). The tariff contribution paid, according to the weighted average prices of trades, can be lower or higher than the average purchase price of the tradable instruments.

As a consequence of amendments introduced by MD 10 May 2018 to MD 11 January 2017, with the Resolution 487/2018/R/efr subsequently updated with the Resolution 209/2019/R/efr, ARERA has updated the criteria for calculating the tariff contribution to cover the costs incurred by distributors subject to energy efficiency targets.

Italgas Reti has decided to start a proceeding before the competent Administrative Court (TAR Lazio) against such amendments introduced by MD 10 May 2018, also extended to the "Operating Guide for the issue of EECs pursuant to art. 14 bis of the MD 11 January 2017", and to the Resolution no. 487/2018/R/efr, also extended to the modifications introduced by the Resolution no. 209/2019/R/efr.

By the judgment (*sentenza*) of TAR Lombardia N° 2538/2019 – 28 November 2019, the TAR upheld (*ha accolto*) Italgas Reti judicial complaint (*ricorso*), and in particular it defined:

a) the cancellation of the MD 10 May 2018, only limited to the parts of the Cap of the tariff contribution at €250.00 starting from 1 June 2018;

b) the cancellation of the following Resolutions and in particular the Resolution no. 487/2018/R/efr, also ex-tended to the modifications introduced by the Resolution no. 209/2019/R/efr.

Following such judgment, the ARERA has published in February 2020 a DCO (Document for Consultation) N° 47/2020/R/efr in which it proposes a new calculation method of the tariff contribution for the obligation years starting from 2018 and simultaneously asked the Distribution System Operators (DSOs) to send their opinions about it. Currently ARERA is evaluating all the answers received by the operators.

ARERA, with resolution 270/2020/R/efr of 14 July 2020 set the new mechanism related to the tariff reimbursement for distributors involved in the energy efficiency mechanism.
In particular ARERA decided to confirm the Euro 250,0 unitary tariff cap abolished by TAR, but it introduced at the same time: (i) a coefficient (sigma) which cushions the negative impact on the tariff contribution arising from sudden decrease of the average price taking place in the market; (ii) an additional tariff contribution (only for obligation years starting from 2019 and if the average price observed in the market exceeds Euro 250) up to a maximum of €10.00/EEC which operates above €250.00/EEC and based on to the lack of white certificates with respect to the annual target of the whole sector.
Starting from November 2020, the contribution paid on account by CSEA, will be equal to €200.00/EEC.

Italgas started a proceeding before TAR Lombardia (Milan) against such resolution, as well as Resolution 550/2020 which set a unitary tariff contribution to €254.49/EEC for the obligation year 2019. This is because both resolutions, following the cancelled Resolution 487/2018, impose new losses on DSOs.

ARERA proposes to postpone any measures related to the modifications of the annual obbligations for each DSO after 2020.

Due to a shortage of EEC'S occurred in the last obligation years, in 2021 the maximum price registered on the GME Market has been equal to 299,99 €/EEC. To rebalance the market conditions, with the publication of the Ministerial Decree 21 May 2021, the Ministry for Ecological Transition (MITE) has set the new rules of the mechanism. In particular the new decree:

1. imposes the reduction of the overall 2020 EEC's obligation for GAS DSOs from 3.92 million EEC'S to 1.57 million EEC's and for EE DSOs from 3.17 million EEC's to 1.27 million EEC's and the rescheduling of the future target obligations for the period 2021-2024;

2. establishes the postponement of the 2020 compliance session from May 31, 2021 to July 16, 2021;

3. maintains the maximum CAP for the Contribution Tariff but not a FLOOR; ARERA will be entitled to reshape its value over the years, taking into account the costs for the system and the obligations established annually by the MITE, thanks to the introduction of a "market stability mechanism" which allows for yearly adjustments in terms of obligations target according to the availability of EEC's on the market;

4. maintains the EECs' short-selling by the Energy Services Operator (GSE), with the costs of the virtual EEC related to the Contribution Tariff that cannot exceed € 15,00/ EEC, nor be less than € 10,00 / EEC. The share of real certificates required to access the short purchase is reduced to 20% of the minimum annual obligation target for each DSO;

5. introduces – in parallel to the GME market – a bottom auction system (*Sistema di aste al ribasso*) based on the pay as bid mechanism to incentivize particular types of project (the characteristics of this new model will be defined in the future);

6. updates the types of the projects that can get access to the EEC's mechanism.

The difference between the average price for acquiring EECs and the tariff contribution recognised, will depend on actual market conditions; if such difference is negative, the consequent economic losses may have negative effects on the operations, on the results and economic and financial position of gas distribution companies.
It is worth noting that Italgas has recently acquired Seaside, an ESCo managing a portfolio of EECs that is exposed to the same risk.

On 28 June 2018, the GSE started a control procedure pursuant to art. 12 of Ministerial Decree of 11 July 2017 on 55 packets of energy efficiency projects presented by Seaside and on standard projects pertaining to 5T (replacement of single glass with double glass) and 6T (building insulation) forms. Subsequently, with provisions of 29 March 2019 and 5 April 2019, the disqualification of the right to TEEs in relation to 2 packets was declared, due to errors attributable to Seaside's contractual counterparty, while the GSE requested the provision of additional documentation in relation to the other packets. A suit before the TAR Lazio was filed against the notification of 5 April 2019 for the annulment of the same. For further information please refer to the section "*Material Litigation -Other Proceedings - Seaside / GSE – TAR Lazio*" below.

During 2020, Seaside concluded negotiations with the main counterparty, able to cover the potential refund request from GSE. The total obligation of the Italgas Group for the obligation year 2019 (which began on 1 June 2019 and ended on 30 November 2020) amounted to 948,473 EECs; the standard duration of the obligation year has been postponed due to the initiatives taken by the Italian Government during the COVID-19 pandemic. Following the incorporation of EGN Distribuzione S.r.l., in August 2019, the total obligation of the Italgas Group for the obligation year 2019 is increased of 4,157 EECs for a total of 952,630 EECs.

With the publication of the Resolution no. 550/2020/R/efr ARERA has set the tariff contribution for the obligation year 2019. It is equal to €254,49 EEC and has been determined as the sum of the unit tariff contribution equal to the cap of €250,00 EEC and of an additional contribution unit equal to €4,49 EEC as defined in the Resolution 270/2020.

The total obligation of the Italgas Group (Italgas Reti + Toscana Energia) for the obligation year 2020 – update following the publication of the MD 21 May 2021 is equal to 492.107 EECs (the obligation year has begun on 1 December 2020 and will ended on 16 July 2021).

The total obligation of the Italgas Group (Italgas Reti + Toscana Energia) for the obligation year 2021 is still unknown even if the evaluation is ongoing (the obligation year has begun on 17 July 2021 and will end on 31 May 2022).

With the publication of the Resolution no. 358/2021/R/efr ARERA has set the tariff contribution for the obligation year 2020. It is equal to €260,00 EEC and has been determined as the sum of the unit tariff contribution equal to the cap of €250,00 EEC and of an additional contribution unit equal to €10,00 EEC as defined in the Resolution 270/2020.

Moreover ARERA has published the Consultation Document (DCO) no. 359/2021, in which it plans to assign an additional and exceptional contribution, only for the obligation year 2020, to all DSO's due to the high prices recorded as a result of the shortage of TEE available on the market. The value of this contribution and the recognition mode are in progress.

***Risks associated with the reimbursement provided to the outgoing operator***

With regard to gas distribution concessions, Article 14, paragraph 8 of Legislative Decree No. 164 of 2000 establishes that the new operator is obliged, *inter alia*, to pay a sum to the outgoing distributor equal to the Reimbursement Value for the plants whose ownership is transferred from the outgoing distributor to the new operator. Specifically, MD 226 provides that the incoming operator acquires ownership of the gas distribution facilities only upon payment of the reimbursement to the outgoing operator, with the exception for any portions of the facilities that are already under municipal ownership or which become municipally owned as a result of any free donations.

As a result of these regulations, there could be cases in which the amount to be reimbursed is lower or higher than the value of the Regulatory Asset Base (**RAB**).

The RAB of the Italgas Group with reference to the investments made until 31 December 2020 was approximately €7.8 billion[3], as the sum of the Local RAB (as defined in section headed "*Glossary of Terms and Legislation relating to the Issuer*" below) of approximately €7.5 billion and the Centralised RAB (as defined in "*Glossary of Terms and Legislation relating to the Issuer*" below) of approximately €0.3 billion.

The Reimbursement Value of the total portfolio of the concessions of the Italgas Group, net of free assignments, is based on the method provided for by Article 5 of MD 226, as amended, and by the Guidelines (as defined in section headed "*Glossary of Terms and Legislation relating to the Issuer*" below), making an exception for concessions that, based on the aforementioned regulation, provide for specific contractual stipulations regarding the calculation of the Reimbursement Value (Roma Capitale, City of Venice, Naples and other smaller municipalities). Pursuant to the legislation in force, these specific contractual agreements prevail over the general criteria set out in the Guidelines and result in:

(i) prior to the issuance of Legislative Decree 164/2000, from concessions awarded by direct negotiation;

(ii) subsequently and until the issuance of MD 226, by tender announced by individual municipalities with very different rules between tenders; and

[3] RAB refers to the last RAB defined for regulatory purposes related to the investments made until 31 December 2020, within the definition of the reference tariffs and related to the companies included in the scope of consolidation of the Issuer (*i.e.* Italgas Reti, Medea, Toscana Energia).

(iii) with the publication of MD 226 and the obligation to carry out the Local Tender Processes, such differences shall be overcome through the adoption of a notice and tender specifications, in addition to a standardised service agreement.

It is possible that the Reimbursement Value of the concessions resulting from the Tenders, where a third party is an assignee, will be below the value of the RAB. Such a case could have significant negative effects on the assets and the balance sheet, income statement and financial position of the Italgas Group.

In 2012, Italgas Reti won the tender awarding the concession for a natural gas distribution service in the municipality of Rome, which represents the most significant concession in Italgas' portfolio (Roma Capitale concession includes about 1.3 million redelivery points out of a total for the Italgas Group of about 7.7 million, equal to approximately 17%). Upon the outcome of the tender, for which the Local Tender Processes regulation still did not apply, a service agreement was signed for a term of 12 years, which is due to expire on 20 November 2024. The municipality of Rome has made the network, facilities and buildings instrumental to the service available to Italgas Reti for the entire term of the service agreement.

The Reimbursement Value for the Roma Capitale concession was estimated as the sum of:

(i) the amount paid to the municipality of Rome at the beginning of the concession (November 2012) as a one-off payment for the management of the service, net of amortisation as of 31 December 2020 calculated for the duration of the agreement and on the basis of the remaining Reimbursement Value at the end of the concession, as provided for in the agreement; and

(ii) the value of cumulative investments starting at the beginning of the concession, in accordance with the provisions set out in the agreement, and, in particular, with reference to their partial acknowledgement within the Reimbursement Value, net of related amortisation. The contractual terms of the concession signed with the Roma Capitale provided that 50% of the investments made during the first three years of the concession will be free of charge.

It cannot be excluded that, at the time of expiration of the service agreement, the difference between the Reimbursement Value and the RAB value relating to the Roma Capitale concession could be higher than the one estimated as of 31 December 2020.

If concessions for municipalities previously managed by the gas distribution companies of the Italgas Group are awarded, based on the analysis conducted by the regulatory framework in force and under the scope of existing IAS/IFRS international accounting principles, the event would be represented in the financial statements together with the situation before the tender and thus without recording the greater values.

Because of the complexity of the applicable regulations, this could result in the risk of different interpretations, with possible negative effects on the balance sheet, income statement and financial position of the Italgas Group. At the date of this Base Prospectus, no specific interpretations were noted of the above-mentioned applicable legislation that could cause negative effects on the assets and the balance sheet, income statement and financial position of the Italgas Group.

**3) Legal, compliance and taxation risks**

***Risks associated with legal proceedings and disputes***

Italgas Group is involved in civil (including labour), administrative and criminal proceedings and in legal actions relating to its normal business activities. According to the information currently available and considering the existing risks, Italgas believes that these proceedings and actions will not have

material adverse effects on its consolidated financial statements, also considering the provisions set aside in relation to such proceedings, pursuant to the Italgas policies.

With regard to litigation, it is noted that the total amount of the pertinent provision recorded in the consolidated financial statements on 30 June 2021 is Euro 12.7 million (Euro 12.7 million on 31 December 2020).

If the said judicial proceedings will conclude unfavourably for Italgas and/or the provisions set aside are not sufficient to cover the losses resulting from the outcome of the legal proceedings underway, there could be negative effects on Italgas Group's operations, results, and financial position. The same risk can also affect future judicial proceedings and the sufficiency of the relevant, even if updated, provisions.

***Legal and non-compliance risk***

Legal and non-compliance risk concerns the failure to comply, in full or in part, with the European, national, regional and local rules and regulations that the Italgas Group must comply with for the activities that it carries out. The violation of such rules and regulations may result in criminal, civil and/or administrative proceedings and/or sanctions, as well as damage to the Issuer's balance sheet, financial position and reputation. Concerning specific cases, the violation of regulations for the protection of workers' health and safety and of the environment, and the violation of anti-corruption rules or data protection rules as well as of certain tax rules, may also result in (potentially significant) sanctions against Italgas and its subsidiaries based on the administrative responsibility of entities (Legislative Decree No. 231 of 8 June 2001).

***Risks associated with taxation***

Any unfavourable change in the rate of income tax, other taxes or duties applicable to the Italgas Group could have negative effects on the Italgas Group's operations, results, economic and financial position. The same can be said in case of negative results of judicial proceedings concerning tax laws and rules, in which Italgas and its subsidiaries are involved.

Italgas Group companies are frequently subject to control activities by financial administrative bodies and taxing authorities, whose outcome may result in additional tax expenditures and fines.

**4) Financial risks**

***Risk of changes in interest rates and inflation and deflation risks***

Fluctuations in interest rates affect the market value of Italgas' financial assets and liabilities and its net financial expense.

As of 30 June 2021, the financial debt at floating rate is 2.2% and the one at fixed rate is 97.8%.

As of the same date, the Italgas Group used external financial resources in the following forms: bonds subscribed by institutional investors, bilateral and syndicated loans with banks and other financial institutions, in the form of medium-to-long-term loans and bank credit lines at interest rates indexed to benchmark market rates, in particular the Europe Interbank Offered Rate (**Euribor**).

Therefore, a rise in interest rates (Euribor) could have adverse effects on the Italgas Group's operations, results, balance sheet and cash flows. The Issuer's financial strategy currently includes the use of interest rate hedging instruments.

Changes in the prices of goods, equipment, materials and workforce could have an impact on Italgas' financial results. Any change caused by inflationary or deflationary processes could have a significant impact on the Italgas Group's results. In particular, a prolonged period of deflation or inflation that is lower than forecast could have negative effects, in the long term, on the RAB value and could therefore adversely affect the Italgas Group's operations, results, balance sheet and cash flows.

***Credit risk***

Credit risk is the exposure of the Italgas Group to potential losses arising from counterparties' failure to fulfil their obligations. Default or delayed payment of consideration for services rendered and/or fees due may have a negative impact on the financial balance and results of the Italgas Group.

For the risk of non-compliance by the counterparty concerning contracts of a commercial nature, the credit management for credit recovery and any disputes are handled by the business units and the centralised Italgas departments.

The Italgas Group provides its distribution services to a small number of sales companies, with Eni the largest by revenue. The rules for user access to gas distribution service are established by ARERA and are set out in the Network Codes (as defined in section headed "*Glossary of Terms and Legislation relating to the Issuer*" below), or in documents that establish, for each type of service, the rules governing the rights and obligations of the parties involved in providing said services and have contractual conditions which minimise the risk of non-compliance by the clients.

The maximum exposure of Italgas to credit risk as of 30 June 2021 is represented by the book value of the financial assets recorded in the consolidated half-year financial statements of the Italgas Group as of 30 June 2021. As shown in Note 7, "*Trade Receivables and Other Current and Non-Current Receivables*", of the 2021 consolidated half-year financial statements, overdue and non-impaired receivables on 30 June 2021 amounted to €31 million. These receivables are 17% overdue below 90 days and the remainder is overdue for over 90 days (including, mainly, trade receivables in litigation, receivables with grantors for unrecognised values for compensation of redeemed facilities and incentives by ARERA on quality of service).

As at 30 June 2021 there were no significant credit risks. Taking into account the effects of the emergency measures as a result of COVID-19, in the first half of the year on average 98% of trade receivables relative to the distribution of gas were settled by the due date and over 99% within the next 4 days, confirming the strong reliability of the business customers[4]. Receivables from other activities represent a non-significant portion for the Company.

The Italgas Group may, however, incur liabilities and/or losses from the failure of its clients to comply with payment obligations, as well as from the failure to recover, in full or in part, payments, also given the current economic and financial situation, which makes the collection of receivables more complex and critical. Nevertheless, trade receivables deriving from the gas distribution service to customers without an adequate rating are covered, according to the criteria defined in the Network Codes, by a financial guarantee provided by a primary banking or insurance institution.

***Risks associated with the rating of the Issuer***

As at the date of this Base Prospectus, the Issuer's long-term rating is "BBB+ - stable outlook" by Fitch Ratings Ireland Limited (**Fitch**) and "Baa2 - stable outlook" by Moody's France SAS (**Moody's**), endorsed by Moody's Investors Service Ltd, (each a **Rating Agency** and together the **Rating Agencies**). On 30 April 2020, notwithstanding the downgrading announced on 28 April 2020 by Fitch of Italian

[4] For further details see the Explanatory note to the Consolidated half-year financial statements no. 25 "Guarantees, commitments and risks - financial risks".

government bond to BBB with stable outlook from BBB with negative outlook, the rating agency has also confirmed Italgas S.p.A. Long-Term Issuer Default Rating (**IDR**) at BBB+ with stable outlook.

As at the date of this Base Prospectus, Fitch and Moody's are established in the European Union and registered under the CRA Regulation and included in the list of credit rating agencies published by ESMA on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. Generally, a credit rating assesses the credit worthiness of an entity and informs an investor about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Credit ratings play a critical role in determining the costs for entities accessing the capital market in order to borrow funds and the rate of interest they can achieve. A decrease in credit ratings by Moody's and/or Fitch may increase borrowing costs or even jeopardise further issuance. The prices of the existing bonds may deteriorate following a downgrade.

In addition, the Issuer's credit ratings are potentially exposed to risk in reductions of the sovereign credit rating of the Republic of Italy.

Based on the methodologies adopted by the rating agencies, a downgrade of one notch in the Italian Republic's current rating could trigger a downward adjustment in Italgas' current rating.

***Liquidity risk***

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the company's future as a going concern.

In addition to the availability of bond issues to be placed with institutional investors under the present Euro Medium Term Notes (EMTN) programme, as at 30 June 2021 Italgas has significant amount of unrestricted cash available on bank accounts (685 million euros). These funds may be used to address possible liquidity needs, where necessary, if the actual borrowing requirement is higher than estimated.

Italgas aims at establishing a financial structure that, in line with its business objectives, ensures a level adequate for the Group in terms of the duration and composition of the debt. The achievement of this financial structure will take place through the monitoring of certain key parameters, such as the ratio between debt and the RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed rate and floating rate debt and the ratio between bank credit granted and bank credit used.

***Risk of acceleration***

The risk of acceleration consists of the possibility that the loan contracts which have been concluded contain provisions that provide the lender with the ability to activate contractual protections that could result in the early repayment of the loan in the event of the occurrence of specific events, thereby generating a potential liquidity risk.

As at the date of this Base Prospectus, the Issuer has unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions. Some of these contracts provide, *inter alia*, for the following: (i) negative pledge commitments pursuant to which the Issuer and its subsidiaries are subject to limitations concerning the pledging of real property rights or other restrictions on all or part of the respective assets, shares or merchandise; (ii) *pari passu* and change-of-control clauses; and (iii) limitations on certain extraordinary transactions that the Issuer and its subsidiaries may carry out.

The Notes to be issued by the Issuer as part of the Programme provide for compliance with covenants that reflect international market practices regarding, *inter alia*, negative pledge and *pari passu* clauses.

Failure to comply with these covenants, and the occurrence of other events, some of which are subject to specific threshold values such as cross-default events, could trigger the early repayment of the related loan. The occurrence of one or more of the aforementioned scenarios could have a negative effect on the Italgas Group's operations, results, balance sheet and cash flows.

***Structural subordination risks for the holders of the Notes***

The Issuer is organised as a holding company that conducts essentially all of its operations through its direct and indirect subsidiaries and depends primarily on the earnings and cash flows of, and the distribution of funds from, these subsidiaries to meet its debt obligations, including its obligations under the Notes.

The subsidiaries have no obligations, 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. Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary, and preferred shareholders, if any, of the subsidiary, will be entitled to 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 may effectively be subordinated to the prior payment of all the debts and other liabilities, including the right of trade creditors and preferred shareholders, if any, of the Issuer's direct and indirect subsidiaries. The Issuer's subsidiaries have other liabilities, including contingent liabilities, which could be substantial.

***International financial markets***

At the date of this Base Prospectus several governments, international and supranational organisations and monetary authorities have put in place a number of actions to increase liquidity in financial markets, in order to boost global gross domestic product growth and mitigate the possibility of default by certain European countries on their sovereign debt obligations. It remains difficult to predict the effect of these measures on the economy and on the financial system. Termination, in whole or in part, of such actions may cause a decrease of liquidity in the financial markets and thus adversely influence the Issuer's ability to access the capital markets. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

**5) Social and environmental risks**

***Risks associated with the ongoing infectious disease caused by severe acute respiratory syndrome coronavirus 2 (COVID-19) and the pandemic resulting therefrom***

The diffusion of the health crisis deriving from the spread of the COVID-19, which was qualified as a pandemic by the World Health Organization (WHO) on 11 March 2020, continues to have, and could have for an unforeseeable period, important health, social and economic consequences at a global level.

In addition to the worsening of the global macroeconomic scenario and the risk of deterioration of the credit profile of a considerable number of countries (including Italy), the mentioned pandemic has already led to significant slowdowns in many business activities.

COVID-19 has caused and is continuing to cause significant uncertainty in both domestic and global financial markets and could have an impact on the business environment as well as on the legal, tax and regulatory framework.

Italgas has put in place all the necessary measures to safeguard the activities of its employees, contractors and users while maintaining its capacity and operating efficiency in the interest of its stakeholders.

However, the risk that such events may have repercussions on the Issuer' operating context and the resulting economic and financial framework in the event of a possible reappearance of pandemic phenomena, cannot be ruled out in the future.

***Risks associated with climate change***

Climate change entails risks that, if not anticipated and monitored, could impact Italgas' operational continuity and results. As regards to physical risks, the potential increase in the frequency of extremely intense natural events in the places where Italgas operates could cause the more or less prolonged unavailability of assets and infrastructure, an increase in repair and insurance costs, service interruption, a reduction in the number of active redelivery points served, etc. With reference to the ongoing energy transition process, there are elements of uncertainty related to the possible change in the Italian and EU legislative and regulatory context and financial markets, as well as technological development and developments in the energy market and consumption.

Italgas is engaged on various fronts with the aim of helping to achieve global climate targets. Regarding current perimeter, i.e.excluding M&A and Tenders, the Strategic Plan 2021-2027 set -30% target of Scope I and II GHG emissions reduction compared to 2020 and -25% target of net energy consumption compared to 2020. Moreover Italgas is committed in transforming more than 73,000 kilometres of networks into digital infrastructures enabling the distribution of gases other than methane, such as hydrogen and biomethane, promoting sustainable mobility by connection CNG charging stations to the network for normal and heavy goods vehicles nationwide, and contributing to the development of power-to-gas technology to produce gas that can be used in the existing networks through renewable energy storage systems and by conducting energy efficiency projects. Italgas continues in its commitment to promoting responsible business practices, confirming its compliance with the United Nations Global Compact, the largest voluntary initiative at global level with regard to sustainability aspects. Italgas also joined UNEP's OGMP 2.0 Initiative for the voluntary reporting of a credible path for the reduction of methane emissions, consistent with Scope I GHG reduction target mentioned above.

***Risks associated with environmental protection and the restoration of polluted site***

Environmental risks may affect the activities and/or the building/development of Italgas Group and of new networks by the newly acquired companies.

Italgas Group is and may in the future be subject to reclamation obligations relating to certain sites where an industrial activity has been carried out in the past, like the distillation of coal for gas production or oil cracking for gas production. The environmental obligations include also the removal and decommissioning of obsolete facilities and machinery and the disposal of material containing asbestos.

At 30 June 2021, Italgas Group's provision for risks associated with the reclamation amounted to €102.9 million (of which €6.5 million was accounted for in "*Liabilities directly associated with non-current assets held for sale*"). This represents the best estimate at the reporting date to cover all the costs and liabilities relating to the fulfilment of requirements set out in the current regulations. To cover the liabilities estimated in relation to the formalities required by the law in effect, a special fund has been set up.

Since 2001, the competent authorities have been notified of the risk provision made for each site, based on the amounts established from specific assessments made by engineering companies specialising in the sector. The amount of the provision is adjusted according to determinations, always certified by independent entities, that might emerge during the process of reclamation required by law. It is possible

that, during the planning phases for reclamation, the assessment of the risks associated with the site to be reclaimed, and the estimated resources required to implement the relative action plan, will be updated to cover all the costs and liabilities arising from the environmental restoration activities required by law.

It is possible, however, that if Italgas Group companies were to incur costs exceeding the amounts budgeted for or established pursuant to the aforementioned agreements, there would be negative effects on the Italgas Group's operations, balance sheet and cash flows.

In addition, Medea S.p.A. (**Medea**), a LPG distribution company based in Sassari, owns LPG storages in Sardinia, totalizing approx. 3,5 thousand cubic metres of capacity. Four of these LPG storages have to be operated in compliance with the "Seveso Directive" (Directive 2012/18/EU), which was implemented in Italy by Legislative Decree 105/2015 (which has replaced Legislative Decree 334/1999).

***Risks associated with environmental, health and safety protection***

The activities that the Italgas Group engages in present certain hazard profiles. There is also a possibility that the performance of such activities will cause harm to third parties and/or Italgas employees. The Italgas Group is subject to national and European rules and regulations on environmental, and health and safety protection, to safeguard both third parties and Italgas Group employees.

As part of its activities, Italgas uses hazardous or potentially hazardous products. Furthermore, some of the activities it carries out that are not currently considered harmful, or whose hazardous nature has not yet been proven, could be considered harmful in the future as a result of amendments to the regulatory framework. The Italgas Group and the sites where it operates are subject to rules and regulations (including town planning regulations) on pollution, environmental protection and the use and disposal of hazardous substances and waste. These rules and regulations expose Italgas to costs and liabilities relating to its activities and facilities, including those relating to sites used for the disposal of waste or the decommissioning of facilities. The costs and expenses generated by the environmental restoration obligations that the Italgas Group may incur are subject to different variables, such as the seriousness of the pollution, the corrective measures necessary and the extent of Italgas liability. These elements are, by their very nature, difficult to estimate.

Italgas cannot predict whether, and to what extent, environmental regulations may become more restrictive over time, and cannot guarantee that the costs and expenses necessary to comply with its obligations under environmental regulations will not increase, or that these costs will be recoverable through the tariff mechanism and the applicable regulations. Substantial increases in the costs and expenses necessary in order to fulfil the obligations referred to in the environmental rules, or other costs and fines, may have adverse negative effects on the reputation, and on the operations, results and economic and financial position, of the Italgas Group.

**RISKS FACTORS RELATING TO THE NOTES**

**1) Risks related to the structure of a particular issue of Notes which may be issued under the Programme**

A 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 such features, distinguishing between factors which may occur in relation to any Notes and those which might occur in relation to certain types of Notes:

***If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return***

An optional redemption feature is likely to limit the market value of Notes. 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 the reinvestment risk in light of other investments available at that time.

In addition, with respect to Condition 6.5 (*Redemption at the option of the Issuer (Clean-Up Call)*), (i) there is no obligation under such Condition for the Issuer to inform investors if and when 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes remains outstanding, and (ii) 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, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

***If the Notes include a feature to convert the interest basis 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. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, 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. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing market rates on those Notes and could affect the market value of an investment in the relevant Notes.

***Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates***

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.

***Risks related to any Second-party Opinions which may be provided in respect of any Step Up Notes (also referred to as "Sustainability-linked Notes")***

The Issuer intends to publish a sustainable finance framework (the **Sustainability-Linked Bond Framework**) which will be available on Issuer's website at www.italgas.it . The Sustainability-Linked Bond Framework will evidence how the Company is willing to support its sustainability strategy and vision via the utilisation of various sustainability-linked financing instruments, in accordance with the the Sustainability-Linked Bond Principles (the **SLBP**) administered by the International Capital Markets Association (**ICMA**). The Sustainability-Linked Bond Framework will be reviewed by an independent second party opinion provider of internationally recognised standing appointed by the Issuer to provide a Second-Party Opinion confirming the alignment of the Sustainability-Linked Bond Framework with the SLBP (the **Sustainability-Linked Bond Framework Second-Party Opinion**). The Sustainability-Linked Bond Framework Second-Party Opinion or any other opinion, report or certification of any third party (whether or not solicited by the Issuer) which may or may not be made

available in connection with the issue of any Step Up Notes (together with the Sustainability-Linked Bond Framework Second-Party Opinion, the Second-Party Opinions) 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 any Step Up Notes issued under the Programme. Any Second-Party Opinion would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. A withdrawal of the Sustainability-Linked Bond Framework Second-Party Opinion or any other relevant Second-Party Opinion may affect the value of any such Step Up Notes and/or may have consequences for certain investors with portfolio mandates to invest in sustainability-linked assets. Italgas does not assume any obligation or responsibility to release any update or revision to the Sustainability-Linked Bond Framework and/or information to reflect events or circumstances after the date of publication of the Sustainability-Linked Bond Framework and, therefore, an update or a revision of the Sustainability-Linked Bond Framework Second-Party Opinion may or may not be requested to an independent second party opinion provider of internationally recognised standing appointed by the Issuer.

Moreover, Second-party Opinion providers are not currently subject to any specific regulatory or other regime or oversight. Any Second-Party Opinion is not, nor should be deemed to be, a recommendation by the Issuer, any member of the Italgas Group, the Dealers, any Second-Party Opinion providers, the External Verifier (as defined in Condition 4.3 (*Step Up Option*)) or any other person to buy, sell or hold any Step Up Notes. Noteholders have no recourse against the Issuer, any of the Dealers or the provider of any Second-Party Opinion for the contents of any such Second-Party Opinion, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any Second-Party Opinion and/or the information contained therein and/or the provider of such Second-Party Opinion for the purpose of any investment in any Step Up Notes. Any withdrawal of any Second-Party Opinion or any such opinion or certification attesting that the Italgas Group is not complying in whole or in part with any matters for which such Second-Party Opinion is opining on or certifying on may have a material adverse effect on the value of any Step Up Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

***Step Up Notes ("Sustainability-linked Bonds") may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics***

Although the interest rate relating to the Step Up Notes is subject to upward adjustment in certain circumstances specified in the "*Terms and Conditions of the Notes*" (the **Conditions**), such Notes may not satisfy an investor's requirements or any future legal or *quasi* legal standards for investment in assets with sustainability characteristics. Step Up Notes may or may not be marketed as green bonds, social bonds or sustainable bonds depending on whether the Issuer expects to use the relevant net proceeds for general corporate purposes or if the Issuer intends to allocate the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, the positive social outcomes criteria, a combination of the same or to be subject to any other limitations associated with green bonds, social bonds or sustainable bonds. The intended use of proceeds in respect of any issue of Step Up Notes will be specified in the applicable Final Terms. See also *"Risks related to any Second-party Opinions which may be provided in respect of any Notes issued as Step Up Notes (also referred to as "Sustainability-linked Bonds")"* above, and *"In respect of any Notes issued as "Sustainability-Linked Notes", "Green Bonds" or "Social Bonds", or "Sustainability Bonds" there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor"* below.

In addition, the interest rate adjustment in respect of Step Up Notes depends on a definition of, as the case may be, Scope 1 and 2 GHG Emissions and/or Net Energy Consumptions that may be inconsistent with investor requirements or expectations or other definitions relevant to greenhouse gas emissions and/or energy consuption.

The Issuer defines Scope 1 and 2 GHG Emissions as emissions from the civil consumption of gas, from industrial consumption of gas for preheating, from fuel consumptions for vehicles and grid losses and from the consumption of electricity purchase and district, as calculated in good faith by the Issuer and reported in its Integrated Annual Report. The Issuer defines Net Energy Consumptions as fuel energy consumption for civil and industrial use, net energy consumption for civil and industrial use and fuel energy consumption for vehicles and thermal energy consumption for civil use, without considering the consumption of auto-produced energy, as calculated in good faith by the Issuer and reported in its Integrated Annual Report. In each case, the Issuer has not obtained third-party analysis of its definition of Scope 1 and 2 GHG Emissions or Net Energy Consumptions or related definitions or how such definitions relate to any sustainability-related standards other than (a) its Sustainability-Linked Bond Framework which will be reviewed by an independent second party opinion provider of internationally recognised standing appointed by the Issuer (in order to confirm alignment with ICMA's Sustainability-Linked Bond Principles) and (b) the limited assurance veritifcation of its sustainability performance targets against key performance indicators by the Issuer's auditors in respect of its Integrated Annual Report.

Although the Issuer targets (i) decreasing its direct and indirect greenhouse gas emissions and (ii) decreasing the energy consumed, there can be no assurance of the extent to which it will be successful in doing so or that any future investments it makes in furtherance of these targets will meet investor expectations or any binding or nonbinding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or social impacts may occur during the design, construction and operation of any investments the Issuer makes in furtherance of these targets or such investments may become controversial or criticized by activist groups or other stakeholders. Indeed, a Scope 1 and 2 GHG Emissions Reduction Event shall not occur in the case of the failure of the Issuer to satisfy the Scope 1 and 2 GHG Emissions Reduction Condition and a Net Energy Consumption Reduction Event shall not occur in the case of the failure of the Issuer to satisfy the Net Energy Consumption Reduction Condition, in each case as a result of certain events described in the Conditions. Lastly, no Event of Default shall occur under the Step Up Notes, nor will the Issuer be required to repurchase or redeem such Notes, if the Issuer fails to reduce its Scope 1 and 2 GHG emissions and Net Energy Consumption.

***In respect of any Notes issued as "Green Bonds" or "Social Bonds", or "Sustainability Bonds" there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor***

The Final Terms relating to any specific issue of Notes may provide that it will be the Issuer's intention to apply, in whole or in part, the proceeds from an offer of those Notes specifically for (i) projects and activities that promote climate-friendly and other environmental purposes (**Eligible Green Projects**) or (ii) projects with positive social outcomes (**Eligible Social Projects** or (iii) a combination of Eligible Green Projects and Eligible Social Projects, in accordance with the principles set out by ICMA (respectively, the green bond principles (the **Green Bond Principles** or **GBP**) or the social bond principles (the **Social Bond Principles** or **SBP**) or the sustainability bond guidelines (the **Sustainability Bond Guidelines** or **SBG**)).

Prospective investors should have regard to the information in "Use of Proceeds" regarding the use of the net proceeds of those Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular, no assurance can be given by the Issuer, any other member of the Group or the Dealers that the use of such net proceeds for any Eligible Green Projects, Eligible Social Projects or a combination of the foregoing 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 (including, amongst others, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment) or under its own bylaws or other governing rules or investment portfolio mandates.

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" "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, there is a risk that any projects or uses the subject of, or related to, any Notes will meet any or all investor expectations regarding such "green" "social" or "sustainable" or other equivalently-labelled performance objectives.

A basis for the determination of such definitions has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the **Sustainable Finance Taxonomy Regulation**) on the establishment of a framework to facilitate sustainable investment (the **EU Sustainable Finance Taxonomy**) and the Sustainable Finance Taxonomy Regulation Delegated Acts for climate change mitigation and adaption (the **Sustainable Finance Taxonomy Regulation Delegated Acts**) adopted by the EU Commission on 21 April 2021 and formally adopted on 4 June 2021 for scrutiny by the co-legislators (the Sustainable Finance Taxonomy Regulation and the Sustainable Finance Taxonomy Regulation Delegated Acts, jointly, the **EU Taxonomy Regulation**). The EU Taxonomy Regulation has been recently enacted and is subject to further developments.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Eligible Green Projects, Eligible Social Projects or a combination of the foregoing and to obtain the relevant opinion or certification of any third party which may be made available in connection with the issue of any such Notes in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the Issuer will be able to do this. Any failure to apply the proceeds of any issue of Notes for any Eligible Green Projects, Eligible Social Projects or a combination of the foregoing as aforesaid and/or withdrawal of any such opinion or certification or any negative change in such opinion or certification or any such Notes no longer being listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market may have a material adverse effect on the value of such Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Moreover, in light of the continuing development of legal, regulatory and market conventions in the green, sustainable and positive social impact markets, there is a risk that the legal frameworks and/or definitions may (or may not) be modified to adapt any update that may be made to the GBP and/or the SBP and/or the SBG and/or the EU framework standard. Such changes may have a negative impact on the market value and the liquidity of any "Green Bonds","Social Bonds" issued prior to their implementation.

Investors should also consider that the Dealers have not undertaken, nor are responsible for, any assessment of the Green Bond Principles or Social Bond Principles, any verification of whether the Eligible Green Projects, Eligible Social Projects or a combination of the foregoing comply with the meet the Green Bond Principles or Social Bond Principles, or the monitoring of the use of proceeds.

*See also "Risks related to any Second-party Opinions which may be provided in respect of any Step Up Notes (also referred to as "Sustainability-linked Notes")" above*

***There are particular risks associated with an investment in certain types of Notes, such as Inflation Linked Notes, CMS Linked Interest Notes and Constant Maturity BTP Linked Interest Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes***

The Issuer may issue Notes with principal or interest determined by reference to an index, in the case of Inflation Linked Notes, or with interest determined by reference to the CMS Rate, in the case of CMS Linked Interest Notes or the Constant Maturity BTP Rate, in the case of Constant Maturity BTP Linked Interest Notes (each, a **Relevant Factor**). Potential investors should be aware that:

a) the market price of such Notes may be volatile;

b) they may receive no interest;

c) in the case of Inflation Linked Notes, payment of principal or interest may occur at a different time than expected;

d) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices;

e) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

f) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of a Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

***Risks relating to Inflation Linked Notes***

The Issuer may issue Inflation Linked Notes (being either an Inflation Linked Interest Note, an Inflation Linked Redemption Note or a combination of the two) where the amount of principal (subject to the amount of principal payable on such Notes being equal to at least 100% of the nominal value of the Notes) and/or interest payable are dependent upon the level of an inflation/consumer price index or indices.

Potential investors in any such Notes should be aware that, depending on the terms of the Inflation Linked Notes (i) they may receive no interest or a limited amount of interest, and (ii) payment of principal, and/or interest may occur at a different time than expected. In addition, the movements in the level of the inflation/consumer price index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant level of the index or indices may affect the actual return to investors, even if the average level is consistent with their expectations.

Inflation Linked Notes may be subject to certain disruption provisions or extraordinary event provisions (such as the delay and disruption provisions described in Condition 4.4.2 (*Inflation Index delay and disruption provisions*) and any Additional Disruption Events as may be specified in the applicable Final Terms). Relevant events may relate to an inflation/consumer price index publication being delayed or ceasing or such index being rebased or modified. If the Calculation Agent (as defined in the Conditions of the Notes) determines that any such event has occurred, this may delay valuations under, and/or payments in respect of, the Notes and consequently adversely affect the value of the Notes. Any such adjustments may be by reference to a Related Bond, as defined in the applicable Final Terms if so specified therein. In addition, certain extraordinary or disruption events may lead to early redemption of the Notes, which may have an adverse effect on the value of the Notes. Whether and how such

provisions apply to the relevant Notes can be ascertained by reading the Inflation Linked Notes Conditions in conjunction with the applicable Final Terms.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the inflation/consumer price index or the indices on principal or interest payable will be magnified.

A relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the interest payable on the Notes (if applicable) or, in the case of Notes with a redemption amount linked to inflation, in a reduction of the amount payable on redemption or settlement.

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant index or indices may affect the actual yield to investors on the Notes, even if the average level is consistent with their expectations.

An inflation or consumer price index to which interest payments and/or the redemption amount of Inflation Linked Notes are linked is only one measure of inflation for the relevant jurisdiction or area, and such Index may not correlate perfectly with the rate of inflation experienced by Noteholders in such jurisdiction or area.

The market price of Inflation Linked Notes may be volatile and may depend on the time remaining to the maturity date or expiration and the volatility of the level of the inflation or consumer price index or indices. The level of the inflation or consumer price index or indices may be affected by the economic, financial and political events in one or more jurisdictions or areas.

***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

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

Interest rates and indices which are deemed to be "benchmarks" (including, without limitation, EURIBOR, LIBOR, CMS Rate, Constant Maturity BTP Rate, CPI - ITL and HICP) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**"), among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA

or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a rate or index deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation and/or the UK Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In particular, on 5 March 2021, ICE Benchmark Administration Limited (**IBA),** the administrator of LIBOR published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology (the **IBA announcement).** Concurrently, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors, following the dates on which IBA has indicated it will cease publication (the **FCA announcement).** Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and US Dollar LIBOR settings and immediately after 30th June 2023 for certain other USD LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, US Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to require IBA to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of US Dollar LIBOR). The FCA announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the case of the USD LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (**€STR**) as the new risk-free rate. €STR has been published by the ECB since 2 October 2019, reflecting trading activity since 1 October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks (including EURIBOR and LIBOR): (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark

or (iii) leading to the disappearance of the benchmark. It is not possible to predict with certainty whether, and to what extent, the relevant "benchmark" will continue to be supported going forwards and the relevant "benchmark" may perform differently than it has done in the past, and may have other consequences which cannot be predicted. Any of these changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes referencing a benchmark.

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other relevant benchmarks, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest or other amounts payable under the Notes could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances, the fallback for the purposes of calculation of interest or other amounts payable under the Notes may be based upon a determination to be made by the Agent or the Calculation Agent or by an independent adviser appointed by the Issuer. In addition, due to the uncertainty concerning the availability of successor 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 and in the event of a permanent discontinuation of LIBOR or any other benchmark, the Issuer may be unable to appoint an independent adviser or the independent adviser may be unable to determine a successor rate or alternative rate. In these circumstances, where LIBOR or any other benchmark has been discontinued, the Rate of Interest will revert to the Rate of Interest applicable as at the immediately preceding Interest Period or, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. This will result in the floating rate Notes, in effect, becoming fixed rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes referencing a benchmark.

***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes***

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: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) 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.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

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.

**2) Risks related to all Notes issued under the Programme**

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

***The conditions of the Notes contain provisions which may permit their modification without the consent of all investors***

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.

As provided under Article 2415, first paragraph, number 2, of the Italian Civil Code, the Noteholders may, by an Extraordinary Resolution passed by a specific majority, modify the Conditions of the Notes (these modifications may relate to, without limitation, the maturity of the Notes or the dates on which interest is payable on them; the principal amount of, or interest on, the Notes; or the currency of payment of the Notes). These and other changes to the Conditions of the Notes may adversely impact Noteholders' rights and may adversely impact the market value of the Notes.

***The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes***

***The value of the Notes could be adversely affected by a change in English law or administrative practice***

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to 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 hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the Minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time 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 at or in excess of the minimum Specified Denomination 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.

***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 may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with other unsecured senior indebtedness of the Issuer and, accordingly, any increase in the amount of unsecured senior indebtedness of the Issuer in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 3 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer to secure 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 rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

***Calculation Agent***

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such case, the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of business, in a wide range of banking activities out of which conflicts of interests may arise. While such Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities, from time to time, be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

**3) Risks related to the market**

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

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes 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.

***Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes***

One or more independent credit rating agencies may assign credit ratings to Issuer or 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 rating agency at any time.

In general, as of the date of this Base Prospectus, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such

registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU -registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). If the status of the relevant rating agency changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the 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.

Investors regulated in the UK are subject to similar restrictions under the CRA Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK-registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation, in each case subject to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the relevant rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK (as applicable) and the Notes may have a different regulatory treatment. This may result in such regulated investors selling the Notes which may impact the value of the Notes and their liquidity in any secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be entirely incorporated by reference in, and form part of, this Base Prospectus:

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg, and are available on the Luxembourg Stock Exchange's website at www.bourse.lu. In addition the documents incorporated by reference in this Base Prospectus are available at the following dedicated section of the Issuer's website https://www.italgas.it/en/investors/debt-rating/emtn-program/.

(a) the 2021 Half-Year Financial Report: the condensed consolidated half-year financial statements of Italgas Group as at and for the six months period ended 30 June 2021 (available at https://www.italgas.it/wp-content/uploads/sites/2/2021/09/2021-Half-Year-Financial-Report.pdf ), as set out at the following pages:

| | |
|---|---|
| Index | Pages 1 to 7 |
| Summary figures and information | Pages 8 to 12 |
| Italgas and the financial markets | Pages 13 to 16 |
| Operating Performance | Pages 17 to 26 |
| Legislative and regulatory framework | Pages 27 to 32 |
| Comment on the economic and financial results | Pages 33 to 56 |
| Other Information | Pages 57 to 60 |
| Elements of risk and uncertainty | Pages 61 to 78 |
| Coronavirus emergency and Business Outlook | Pages 79 to 81 |
| Glossary | Pages 82 to 86 |
| Balance Sheet | Pages 87 to 89 |
| Income Statement | Page 90 |
| Statement of Comprehensive Income | Page 91 |
| Statement of Changes in Shareholders' Equity | Pages 92 to 97 |
| Cash Flow Statement | Pages 98 to 99 |
| Notes to the Condensed Consolidated Half-Year Financial Statements | Pages 100 to 159 |
| Management Representations | Page 160 |
| Independent Auditor's Report | Page 162 |

(b) the 2020 Financial Report: the audited consolidated financial statements of Italgas Group as of and for the financial year ended 31 December 2020 (available at https://www.italgas.it/wp-content/uploads/sites/2/2021/09/2020-Integrated-Annual-Report.pdf ), as set out at the following pages:

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| Index | Pages 1 to 7 |
| Letter to shareholders and stakeholders | Pages 8 to 11 |
| 2020 Highlights | Pages 12 to 13 |

| | |
|---|---|
| Methodological note Integrated Annual Report 2020 consolidate non-financial statement ex D.Lgs. 254/2016 | Pages 14 to 26 |
| The Italgas Group value creation process | Pages 27 to 42 |
| Strategy and forward-looking vision | Pages 43 to 48 |
| Governance, risks and opportunities | Pages 49 to 78 |
| Summary figures and information | Pages 79 to 88 |
| Italgas Group performance | Pages 89 to 148 |
| Comment on the economic and financial results and other information | Pages 149 to 193 |
| “Information on the recommentadions of the task force on climate-related financial disclosure (TCFD)” table | Pages 194 to 195 |
| Independent Auditor’s Report related to the consolidated non-financial statement | Pages 196 to 199 |
| Glossary | Pages 200 to 204 |
| Balance Sheet | Pages 205 to 207 |
| Income Statement | Page 208 |
| Statement of Comprehensive Income | Page 209 |
| Statement of Changes in Shareholders' Equity | Pages 210 to 213 |
| Cash Flow Statement | Pages 214 to 215 |
| Notes to the Consolidated Financial Statements | Pages 216 to 301 |
| Statements from Management | Page 302 |
| Independent Auditor’s Report | Pages 303 to 309 |

(c) the 2020 Half - Year Financial Report: the condensed consolidated half-year financial statements of Italgas Group as at and for the six months period ended 30 June 2020 (available at https://www.italgas.it/wp-content/uploads/sites/2/2021/09/2020-Half-Year-Financial-Report.pdf ), including the information set out at the following pages in particular:

| | |
|---|---|
| Index | Pages 1 to 7 |
| Summary figures and information | Pages 8 to 11 |
| Italgas and the financial markets | Pages 12 to 15 |
| Operating Performance | Pages 16 to 23 |
| Legislative and regulatory framework | Pages 24 to 31 |
| Comment on the economic and financial results | Pages 32 to 45 |
| Non – GAAP Measures | Pages 46 to 55 |
| Other Information | Pages 56 to 57 |
| Elements of risk and uncertainty | Pages 58 to 71 |
| Coronavirus emergency and Business Outlook | Pages 72 to 75 |
| Glossary | Pages 76 to79 |

(d) the 2019 Financial Report: the audited consolidated financial statements of Italgas Group as of and for the financial year ended 31 December 2019 (available at https://www.italgas.it/wp-content/uploads/sites/2/2021/09/2019-Financial-Report.pdf ), as set out at the following pages:

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| Statement of Cash Flows | Page 160 to 161 |
| Notes to the Consolidated Financial Statements | Pages 162 to 273 |
| Management Representations | Page 274 |
| Independent Auditor's Report | Pages 275 to 281 |

(e) the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 20 October 2020, pages 67 to 109 (inclusive), prepared by the Issuer in connection with the Programme (the **2020 Conditions**) (available at https://www.italgas.it/wp-content/uploads/sites/2/2021/09/Base-Prospectus-20-October-2020-Terms-and-Conditions.pdf ).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which may affect the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

- if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**); and
- if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. 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.

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 the Temporary Global 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 and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to

the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Permanent Global Notes and definitive Notes which have an original maturity of more than one year and on all interest coupons relating to such Notes:

"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."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

**General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and an ISIN and, if applicable, a CFI and a FISN, which are different from the common code and ISIN and, if applicable, CFI and FISN, assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 7 October 2021 and executed by the Issuer.

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, in which event, a supplement to the Base Prospectus, a new Base Prospectus or a drawdown prospectus, in the case of listed Notes only, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Notes are not intended to be offered, sold [5]or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "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 ("MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (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 domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("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 domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of 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.][6]

[**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, **MiFID II**)][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. 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 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

[5] Legend to be included if the Notes potentially constitute "packaged" products and no key information document is prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the legend should be included.

[6] Legend to be included if the Notes potentially constitute "packaged" products and no key information document or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the legend should be included.

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. 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.]][7]

**[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (AS AMENDED, THE "SFA")**

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes [(and beneficial interests therein)] to be capital markets products other than: (a) prescribed capital markets products (as defined in the CMP Regulations 2018) and (b) Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][8]

[*Date*]

**Italgas S.p.A.**

**Legal entity identifier (LEI): 815600F25FF44EF1FA76**

**Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]**
**under the €6,500,000,000**
**Euro Medium Term Note Programme**

**PART 1**

**CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 7 October 2021 [and the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing [at [*website*]] [and] during normal business hours at the registered office of the Issuer [and copies may be obtained from the registered office of the Issuer]. The Base Prospectus and, in the case of Notes admitted to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange, the Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and on the

[7] The reference to the UK MiFIR product governance legend may not be necessary if the Managers in relation to the Notes are also not subject to UK MiFIR and therefore there are no UK MiFIR manufacturers. Depending on the location of the manufacturers, there may be situations where either the MiFID II product governance legend or the UK MiFIR product governance legend or both are included.

[8] Legend to be included on front of the Final Terms if the Notes (and, if applicable, beneficial interests therein): (a) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018 and (b) will be offered in Singapore.

following dedicated section of the Issuer's website https://www.italgas.it/en/investors/debt-rating/emtn-program.

[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.]

[Terms used herein shall be deemed to be defined as such for the purposes of the 2020 Conditions which are incorporated by reference in the Base Prospectus dated 7 October 2021. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and must be read in conjunction with the Base Prospectus dated 7 October 2021 [and the supplements] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**), including the 2020 Conditions 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 [[and the supplements] to the Base Prospectus dated [*date*] [and [*date*]]]. The Base Prospectus [and the supplements to the Base Prospectus] [is/are] available for viewing [at [*website*]] [and] during normal business hours at the registered office of the Issuer [and copies may be obtained from the registered office of the Issuer]. The Base Prospectus and, in the case of Notes admitted to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange, the Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the following dedicated section of the Issuer's website https://www.italgas.it/en/investors/debt-rating/emtn-program.]

[*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 or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.*]

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

| | | | |
|---|---|---|---|
| **1.** | (a) | Series Number: | [ ] |
| | (b) | Tranche Number:<br><br>(as referred to under the introduction to the Terms & Conditions of the Notes) | [ ] |
| | (c) | Date in which Notes will be consolidated and form a single Series | The Notes will be consolidated and form a single Series with [*provide issue amount/ISIN/maturity date/issue date of earlier Tranche*s] on [the Issue Date/the date that is 40 days after 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 [*date*]][Not Applicable] |
| **2.** | Specified Currency or Currencies: | | [ ] |
| **3.** | Aggregate Nominal Amount: | | |

| | | | |
|---|---|---|---|
| | (a) | Series: | [ ] |
| | (b) | Tranche: | [ ] |
| **4.** | Issue Price: | | [ ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)] |
| **5.** | (a) | Specified Denominations: | [ ] |
| | (as referred to under Condition 1 (*Form, Denomination and Title*)) | | |
| | | | (N.B. Notes must have a minimum denomination of €100,000 (or equivalent).) |
| | | | *(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:* |
| | | | *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]")* |
| | (b) | Calculation Amount: | [ ] |
| | (as referred to under Condition 4.2 (*Interest on Floating Rate Notes and Inflation Linked Interest Notes*) | | |
| | | | (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*) |
| **6.** | (a) | Issue Date: | [ ] |
| | (b) | Interest Commencement Date: | [*specify*/Issue Date/Not Applicable] |
| | (as referred to under Condition 4 (*Interest*)) | | |
| | | | (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*) |
| **7.** | Maturity Date: | | [*Fixed rate or Zero Coupon Notes – specify date*/ |

| | | |
|---|---|---|
| | | *Floating rate or Inflation Linked Notes* – Interest Payment Date falling in or nearest to [*specify month and year*]] |
| **8.** | Interest Basis: | [[ ]% Fixed Rate[, subject to the Step Up Option]]<br>[[[ ] month LIBOR/EURIBOR] +/- [ ]% Floating Rate[, subject to the Step Up Option]]<br><br>[Floating Rate: CMS Linked Interest[, subject to the Step Up Option]]<br><br>[Floating Rate: Constant Maturity BTP Linked Interest[, subject to the Step Up Option]]<br><br>[Zero Coupon]<br><br>[Inflation Linked]<br><br>(further particulars specified below) |
| **9.** | Redemption Basis:<br><br>(as referred to under Condition 6 (*Redemption and Purchase*)) | [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100%]/[ ]% of their nominal amount[9]] / [Inflation Linked Redemption (see Item 19)] |
| **10.** | Change of Interest Basis: | [For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*] paragraph [13/14] applies and for the period from (and including) [*date*], up to (and including) the Maturity Date, paragraph [13/14] applies][Not Applicable] |
| **11.** | Put/Call Options:<br><br>(as referred to under Conditions 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) and 6.6 (*Redemption at the option of the Noteholders (Investor Put)*)) | [Investor Put]<br><br>[Issuer Call]<br><br>[Issuer Maturity Par Call]<br><br>[Clean-Up Call]<br><br>[(further particulars specified below)]<br><br>[Not Applicable] |
| **12.** | Date [Board] approval for issuance of Notes obtained | [ ] [and [ ], respectively]]<br><br>(*N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes*) |

[9] Notes will always be redeemed at least 100 per cent. of the nominal value.

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | | |
|---|---|---|---|
| **13.** | Fixed Rate Note Provisions:<br><br>(as referred to under Condition 4.1 (*Interest on Fixed Rate Notes*)) | | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| | (a) | Rate(s) of Interest: | [The Notes are subject to the Step Up Option]/[The Notes are not subject to the Step Up Option]<br><br>[The Initial Rate of Interest is – *delete unless the Notes are subject to the Step Up Option]*<br>[ ]% per annum payable in arrear on each Interest Payment Date<br><br>[(further particulars specified in paragraph 17 below) - *delete unless the Notes are subject to the Step Up Option*]<br><br>(*If payable other than annually, consider amending Condition 4 (Interest)*) |
| | (b) | Interest Payment Date(s): | [ ] in each year up to and including the Maturity Date<br><br>(*Amend appropriately in the case of irregular coupons*) |
| | (c) | Fixed Coupon Amount(s):<br><br>(*Applicable to Notes in definitive form.*) | [ ] per Calculation Amount |
| | (d) | Broken Amount(s):<br><br>(*Applicable to Notes in definitive form.*) | [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable] |
| | (e) | Day Count Fraction: | [30/360] [Actual/Actual (ICMA)] |
| | (f) | Determination Date(s): | [[ ] in each year] [Not Applicable]<br><br>(*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) |

| | | | |
|---|---|---|---|
| **14.** | Floating Rate Note Provisions:<br><br>(as referred to under Condition 4.2 (*Interest on Floating Rate Notes and Inflation Linked Interest Notes*)) | | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*)<br><br>[The Notes are subject to the Step Up Option]/[The Notes are not subject to the Step Up Option]<br><br>[(further particulars specified in paragraph 17 below) - *delete unless the Notes are subject to the Step Up Option*] |
| | (a) | Specified Period(s)/Specified Interest Payment Dates: | [ ][, subject to adjustment in accordance with the Business Day Convention Set out in (b) below, not subject to any adjustment as the Business Day Convention in (b) below is specified to be Not Applicable] |
| | (b) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable] |
| | (c) | Additional Business Centre(s): | [ ]/[Not Applicable] |
| | (d) | Manner in which the Rate of Interest and Interest Amount is to be determined: | [Screen Rate Determination/ISDA Determination] |
| | (e) | Party responsible for calculating the Rate of Interest and Interest Amount: | [ ] |
| | (f) | Screen Rate Determination: | [Applicable/Not Applicable] |
| | | • Reference Rate and Relevant Financial Centre: | [[ ] month [LIBOR/EURIBOR]/[CMS Reference Rate]/[Constant Maturity BTP Rate].<br><br>Relevant Financial Centre: [London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)/New York/specify other Relevant Financial Centre]<br><br>(*only relevant for CMS Reference Rate*)<br><br>Reference Currency: [ ] |

(*only relevant for CMS Reference Rate*)

Designated Maturity: [ ]

(*only relevant for CMS Reference Rate and for Constant Maturity BTP Rate*)

Specified Time: [ ] in [ ]

*(only relevant for CMS Reference Rate and for Constant Maturity BTP Rate)*

- Interest Determination Date(s): [ ]

  *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

  *(in the case of a CMS Rate where the Reference Currency is euro or a Constant Maturity BTP Rate):* [Second day on which the TARGET2 System is open prior to the start of each Interest Period]

  *(in the case of a CMS Rate where the Reference Currency is other than euro):* [Second [*specify type of day*] prior to the start of each Interest Period]

- Relevant Screen Page: [ ]

  (*In the case of CMS Linked Interest Notes, specify relevant screen page and any applicable headings and captions*)

  *(In the case of Constant Maturity BTP Linked Interest Notes, specify relevant screen page[, which is expected to be Bloomberg page GBTPGRN Index, where N is the Designated Maturity,] and any applicable headings and captions)*

- Party responsible for calculating the Rate(s) of Interest: [ ]

| | | |
|---|---|---|
| (g) | ISDA Determination: | [Applicable/Not Applicable] |
| | • Floating Rate Option: | [ ] |
| | • Designated Maturity: | [ ] |
| | • Reset Date: | [ ]<br><br>(*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of Constant Maturity BTP Linked Interest Notes or CMS Linked Interest Notes, if based on euro the first day of the Interest Period and if other, to be checked*) |
| (h) | Linear Interpolation: | [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*) |
| (i) | Margin(s): | [The Initial Margin is – *delete unless the Notes are Step Up Notes*] [+/-] [ ]% per annum |
| (j) | Minimum Rate of Interest: | [ ]% per annum |
| (k) | Maximum Rate of Interest: | [ ]% per annum |
| (l) | Day Count Fraction: | [Actual/Actual (ISDA)] [Actual/Actual]<br><br>Actual/365 (Fixed)<br><br>Actual/365 (Sterling)<br><br>Actual/360<br><br>[30/360] [360/360] [Bond Basis]<br><br>[30E/360] [Eurobond Basis]<br><br>30E/360 (ISDA)]<br><br>(*See Condition 4 (Interest) for alternatives*) |
| **15.** | Zero Coupon Note Provisions:<br><br>(as referred to under Condition 6.7(c) (*Redemption and Purchase - Early Redemption Amounts*)) | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a) | Accrual Yield: | [ ]% per annum |

| | | |
|---|---|---|
| (b) | Reference Price: | [ ] |
| (c) | Day Count Fraction in relation to Early Redemption Amounts: | [30/360]<br>[Actual/360]<br>[Actual/365]<br>(*Consider applicable day count fraction if not U.S. dollar denominated*) |

**16.** Inflation Linked Interest Note Provisions: [Applicable/Not Applicable]

(as referred to under Condition 4.2 (*Interest on Floating Rate Notes and Inflation Linked Interest Notes*)) (*If not applicable, delete the remaining subparagraphs of this paragraph*)

| | | |
|---|---|---|
| (a) | Inflation Index/Indices: | [ ] |
| (b) | Inflation Index Sponsor(s): | [ ] |
| (c) | Reference Source(s): | [ ] |
| (d) | Related Bond: | [Applicable]/[Not Applicable]<br>The Related Bond is: [ ] [Fallback Bond]<br>The issuer of the Related Bond is: [ ] |
| (e) | Fallback Bond: | [Applicable]/[Not Applicable] |
| (f) | Reference Month: | [ ] |
| (g) | Cut-Off Date: | [ ]/[Not Applicable] |
| (h) | End Date: | [ ]/[Not Applicable]<br>(*This is necessary whenever Fallback Bond is applicable*) |
| (i) | Additional Disruption Events: | [Change of Law]<br>[Increased Cost of Hedging]<br>[Hedging Disruption]<br>[None] |

| | | |
|---|---|---|
| (j) | Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): | [ ] |
| (k) | DIR(0): | [ ] |
| (l) | Lookback Period 1: | [*insert number of months/years*] |
| (m) | Lookback Period 2: | [*insert number of months/years*] |
| (n) | Initial Ratio Amount: | [ ]/[Not Applicable] |
| (o) | Trade Date: | [ ] |
| (p) | Minimum Rate of Interest: | [ ]% per annum |
| (q) | Maximum Rate of Interest: | [ ]% per annum |
| (r) | Rate Multiplier: | [Not Applicable]/[[ ]%] |
| (s) | Interest Determination Date(s): | [ ] |
| (t) | Specified Period(s)/Specified Interest Payment Dates: | [ ][, subject to adjustment in accordance with the Business Day Convention Set out in (u) below, not subject to any adjustment as the Business Day Convention in (u) below is specified to be Not Applicable] |
| (u) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable] |
| (v) | Additional Business Centre(s): | [ ]/[Not Applicable] |
| (w) | Day Count Fraction: | [Actual/Actual (ISDA)][Actual/Actual]<br><br>Actual/365 (Fixed)<br><br>Actual/365 (Sterling)<br><br>Actual/360<br><br>[30/360][360/360][Bond Basis]<br><br>[30E/360][Eurobond Basis]<br><br>[30E/360 (ISDA)]<br><br>(*See Condition 4 (Interest) for alternatives)* |
| **17.** | Step Up Option | [Applicable/Not Applicable]<br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph)* |

| | | |
|---|---|---|
| (a) | Step Up Event: | [Scope 1 and 2 GHG Emissions Reduction Event] [and] [ Net Energy Consumption Reduction Event]<br>(In relation to a Scope 1 and 2 GHG Emissions Reduction Event<br>only:)<br>[(i) Scope 1 and 2 GHG Emissions Reduction Reference Date: [●]<br>(ii) Scope 1 and 2 GHG Emissions Reduction Threshold: [●]]<br><br>(In relation to a Net Energy Consumption Reduction Event only:)<br>[(i) Net Energy Consumption Reduction Reference Date: [●]<br>(ii) Net Energy Consumption Reduction Threshold: [●]] |
| (b) | Step Up Margin: | [●] per cent. per annum. |

**PROVISIONS RELATING TO REDEMPTION**

| | | |
|---|---|---|
| **18.** | Issuer Call:<br><br>(as referred to under Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*)) | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a) | Optional Redemption Date(s): | [ ] |
| (b) | Optional Redemption Amount and method, if any, of calculation of such amount(s): | [[ ] per Calculation Amount]/[Make-whole Amount] [in the case of the Optional Redemption Date(s) falling [on [ ]/any date from, and including, the Issue Date to but excluding [ ] (being the date that is 90 days prior to the Maturity Date)]/[and] [[ ] per Calculation Amount in the period (the **Par Call Period**) from and including [insert date] (the **Par Call Period Commencement Date**) to but excluding [date]] and [[ ] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [ ] /in the period from and including [date] to but excluding [date]] |

| | | |
|---|---|---|
| | | (*if Make-Whole Amount is selected, include the following items)* |
| | (c) Redemption Margin: | [[ ]%] [Not Applicable] |
| | (*Only applicable to Make-Whole Amount redemption*) | |
| | (d) Reference Bond: | [*insert applicable reference bond*] [Not Applicable] |
| | (*Only applicable to Make-Whole Amount redemption*) | |
| | (e) Reference Dealers: | [[ ]] [Not Applicable] |
| | (*Only applicable to Make-Whole Amount redemption*) | |
| | (f) If redeemable in part: | |
| | (i) Minimum Redemption Amount: | [ ] |
| | (ii) Maximum Redemption Amount: | [ ] |
| | (g) Notice periods: | Minimum period: [ ] days<br><br>Maximum period: [ ] days<br><br>(*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*) |
| **19.** | Issuer Maturity Par Call | [Applicable][Not Applicable]<br><br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (a) Notice periods (if other than as set out in the Conditions) | [Minimum period: [ ] days]<br><br>[Maximum period: [ ] days<br><br>(*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system* |

| | | |
|---|---|---|
| | | *business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*) |
| **20.** | Clean-Up Call (Condition 6.5 (*Redemption at the option of the Issuer (Clean-Up Call)*)): | [Applicable/Not Applicable] |
| | (a) [Clean-Up Call Threshold:] | [•][*specify percentage*] |
| | (b) Notice periods (if other than as set out in the Conditions) | [Minimum period: [ ] days]<br>[Maximum period: [ ] days<br>(*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*) |
| **21.** | Investor Put:<br>(as referred to under Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*)) | [Applicable/Not Applicable]<br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| | (a) Optional Redemption Date(s): | [ ] |
| | (b) Optional Redemption Amount: | [ ] per Calculation Amount |
| | (c) Notice periods: | Minimum period: [ ] days<br>Maximum period: [ ] days<br>(*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*) |

| | | | |
|---|---|---|---|
| **22.** | Inflation Linked Redemption Note Provisions: | | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| | (a) | Inflation Index: | [ ] |
| | (b) | Inflation Index Sponsor(s): | [ ] |
| | (c) | Related Bond: | [Applicable]/[Not Applicable]<br><br>The Related Bond is: [ ] [Fallback Bond]<br><br>The issuer of the Related Bond is: [ ] |
| | (d) | Fallback Bond: | [Applicable]/[Not Applicable] |
| | (e) | Reference Month: | [ ] |
| | (f) | Cut-Off Date: | [ ]/[Not Applicable] |
| | (g) | End Date: | [ ]/[Not Applicable]<br><br>(*This is necessary whenever Fallback Bond is applicable*) |
| | (h) | Additional Disruption Events: | <br><br>[Change of Law]<br><br>[Increased Cost of Hedging]<br><br>[Hedging Disruption]<br><br>[None] |
| | (i) | Party responsible for calculating the Redemption Amounts: | [ ] |
| | (j) | DIR(0): | [ ] |
| | (k) | Lookback Period 1: | [*insert number of months/years*] |
| | (l) | Lookback Period 2: | [*insert number of months/years*] |
| | (m) | Trade Date: | [ ] |
| | (n) | Redemption Determination Date: | [ ] |

(o) Redemption Amount Multiplier: [ ]%

**23.** Final Redemption Amount: [[ ] per Calculation Amount]/(*in the case of Inflation Linked Redemption Notes*:) as per Conditions 6.11 (*Redemption of Inflation Linked Notes*) and Condition 6.12 (*Calculation of Inflation Linked Redemption*)

(as referred to under Condition 6.1 (*Redemption at Maturity*) and, in the case of Inflation Linked Notes, Conditions 6.11 (*Redemption of Inflation Linked Notes*) and 6.12 (*Calculation of Inflation Linked Redemption*))

**24.** Early Redemption Amount payable on redemption for taxation reasons or on event of default or pursuant to Condition 4.4 (*Inflation Linked Note Provisions*): [[ ] per Calculation Amount] / [As per Condition 6.7 (*Early Redemption Amounts*)

(as referred to under Condition 6.7 (*Early Redemption Amounts*) and, in the case of Inflation Linked Notes, Conditions 6.11 (*Redemption of Inflation Linked Notes*) and 6.12 (*Calculation of Inflation Linked Redemption*))

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**25.** Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

(*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "*[*€100,000*] *and integral multiples of* [*€1,000*] *in excess thereof up to and including* [*€199,000*]." *Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a*

| | | |
|---|---|---|
| | | *Temporary Global Note exchangeable for Definitive Notes.*)] |
| | (b) New Global Note: | [Yes][No] |
| **26.** | Additional Financial Centre(s):<br><br>(as referred to under Condition 5.5 (*Payment Day*)) | [Not Applicable/*give details*]<br><br>(*Note that this paragraph relates to the date of payment and not Interest Period end dates to which subparagraph 14(c) relates*) |
| **27.** | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):<br><br>(as referred to under the Introduction to the Terms and Conditions of the Notes) | [Yes, 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 still to be made/No] |

**THIRD PARTY INFORMATION**

[[*Relevant third party information*] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

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

By:.....
*Duly authorised*

## PART 2

## OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

| | | |
|---|---|---|
| (a) | Listing and Admission to trading: | [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on professional segment of the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the professional segment of the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [ ].]/ [Not Applicable.] |
| (b) | Estimate of total expenses related to admission to trading: | [ ]/ [Not Applicable.] |

### 2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].]

(*Include brief explanation of rating if available*)

[[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

[[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") but the rating issued by it is endorsed by [*insert endorsing credit rating agency*] which is established in the European Union and [is registered under the CRA Regulation] [has applied for registration under the CRA Regulation, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") but is certified in accordance with the CRA Regulation.]

[[*Insert Credit Rating Agency*] is not established in the European Union and is not certified under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") and the rating given by it is not endorsed by a Credit Rating Agency established in the European Union and registered under the CRA Regulation.]

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the [United Kingdom]/[*insert*] and is [registered with the Financial Conduct Authority in accordance with] / [the rating it has given to the Notes is endorsed by [*UK-based credit rating agency*] registered with the FCA in accordance with] / [certified under] [Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")]]][10]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [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/their] affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

[10] Insert the relevant clause for Notes which are admitted to trading on the UK regulated market and which have been assigned a rating.

[(*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 the Base Prospectus under Article 23 of the Prospectus Regulation*)]

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

(i) Use of proceeds [ ]

(ii) Estimated net proceeds: [ ]

**5. YIELD** (*Fixed Rate Notes only*)

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

**6. HISTORIC INTEREST RATE (*Floating Rate Notes only*)**

[[Details of historic [LIBOR/EURIBOR/CMS/Constant Maturity BTP] rates can be obtained from [Reuters]]/[Not Applicable]]

**7. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING UNDERLYING, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS***

*(N.B. Specify "Not Applicable" unless the Notes are securities to which Annex 17 to the Commission Delegated Regulation (EU) 2019/980 (the "Commission Delegated Regulation") applies)*

| | |
|---|---|
| The final reference price of the underlying: | [[As set out in Condition 4.2(C) (*Interest – Interest on Floating Rate Notes and Inflation Linked Interest Notes - Rate of Interest – Inflation Linked Interest Notes*)/As set out in Condition 6.12 (*Calculation of Inflation Linked Redemption*)] /[Not Applicable]] |
| An indication where information about the past and the further performance of the underlying and its volatility can be obtained | [ ] |
| The name of the index: | [[CPI - ITL / HICP] as defined in Annex 1 to the Base Prospectus]/[Not Applicable]] |
| The place where information about the index can be obtained: | [[Bloomberg Page ITCPIUNR or its replacement /http://ec.europa.eu/eurostat]/[Not Applicable]] |

* Required for securities to which Annex 17 to the Commission Delegated Regulation applies.

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

## 8. OPERATIONAL INFORMATION

| | | |
|---|---|---|
| (a) | ISIN: | [ ] |
| (b) | Common Code: | [ ] |
| (c) | FISN: | [[ ], as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]] |
| (d) | CFI: | [[ ], as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]]<br><br>*(If the CFI and/or FISN is not required, it/they should be specified to be "Not Applicable")* |
| (e) | Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): | [Not Applicable/*give name(s), address(es) and number(s)*] |
| (f) | Names and addresses of additional Paying Agent(s) (if any): | [ ]/[Not applicable] |
| (g) | Deemed delivery of clearing system notices for the purposes of Condition 13 (*Notices*): | Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg. |
| (h) | 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 recognised 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.]<br><br>[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.]

**9. DISTRIBUTION**

| | | |
|---|---|---|
| (a) | Method of distribution: | [Syndicated/Non-syndicated] |
| (b) | If syndicated, names of Managers: | [Not Applicable/give names] |
| (c) | Date of [Subscription] Agreement: | [ ] |
| (d) | Stabilisation Manager(s) (if any): | [Not Applicable/*give name*] |
| (e) | If non-syndicated, name of relevant Dealer: | [Not Applicable/*give name*] |
| (f) | U.S. Selling Restrictions: | [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]] |

**10. [BENCHMARKS**

| | |
|---|---|
| Benchmark: | [Not Applicable] / [[*Benchmark*] provided by [*Benchmark administrator*]. As at the date hereof, [*Benchmark administrator*] [appears] / [does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**). [As far as the Issuer is aware, *EITHER* [[*Benchmark administrator*] does not fall within the scope of the Benchmarks Regulation] *OR* [the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [*Benchmark administrator*] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)].]] |

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Forms of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Italgas S.p.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a Global Note), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 7 October 2021 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Any reference to **Calculation Agent** in relation to any Notes shall mean the entity specified as such in the applicable Final Terms.

The final terms for this Note (or the relevant provisions thereof) are set out in Part 1 of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) References to the **applicable Final Terms** are, unless otherwise stated, to Part 1 of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing definitive Notes have interest coupons (**Coupons**) and in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 7 October 2021 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and copies thereof are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices. If this Note is neither admitted to trading on a regulated market in the European Economic Area or the United Kingdom nor offered in the European Economic Area or the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The expression **Prospectus Regulation** means Regulation (EU) 1129/2017. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Inflation Linked Note (being either an Inflation Linked Interest Note, an Inflation Linked Redemption Note or a combination of the two) or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part 2 of the applicable Final Terms.

## 2. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

## 3. NEGATIVE PLEDGE

So long as any of the Notes or Coupons remains outstanding, the Issuer will not, and will ensure that none of its Material Subsidiaries will, create or permit to subsist any Security upon the whole or any part of the present or future undertakings, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Material Subsidiaries to secure any Indebtedness, except for Permitted Encumbrances, unless:

(a) the same Security shall forthwith be extended equally and rateably to secure all amounts payable under the Notes and any related Coupons; or

(b) such other Security or guarantee (or other arrangement) as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement), shall previously have been or shall forthwith be extended equally and rateably to secure all amounts payable under the Notes and any related Coupons.

As used herein:

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

**Indebtedness** means any present or future indebtedness for borrowed money (whether being principal, premium, interest or other amounts) which is in the form of, or represented by, bonds, notes, debentures or other debt securities and which is or is intended to be quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or regulated securities market;

**Material Subsidiary** means any consolidated Subsidiary of the Issuer:

(a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 15% of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, 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 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 of the Issuer.

A report by two officers of the Issuer stating that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding on all parties;

**Permitted Encumbrances** means:

(a) any Security arising by operation of or pursuant to any mandatory provision of law without any action being taken by the Issuer or a Material Subsidiary to create or cause to arise such Security; or

(b) any Security in existence as at the date of issuance of the Notes (including any additional Security required to be given pursuant to or in connection with that Security); or

(c) in the case of any entity which becomes a Material Subsidiary or is merged, consolidated or amalgamated into a Material Subsidiary or the Issuer after the date of issuance of the Notes, any Security existing over such entity's assets at the time it becomes (or is merged, consolidated or amalgamated into) such member of the Group, provided that the Security was not created in contemplation of, or in connection with, its becoming (or being merged, consolidated or amalgamated into) such member of the Group and provided further that the relevant Indebtedness has not been increased in contemplation of, or in connection with, its becoming (or is merged, consolidated or amalgamated into) such member of the Group; or

(d) any Security securing Project Finance Indebtedness; or

(e) any Security Interest created or assumed by the Issuer or a Material Subsidiary over any revenues or receivables in connection with any securitised financing, factoring, discounting or other like arrangement where the payment obligations in respect of the indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the assets over which such Security Interest is created; or

(f) any Security created after the date of issuance of the Notes on any asset acquired by the person creating the Security and securing only Indebtedness incurred for the sole purpose of financing or re-financing that acquisition, provided that the principal amount of such Indebtedness so secured does not exceed the overall cost of that acquisition; or

(g) any Security created after the date of issuance of the Notes on any asset improved, constructed, altered or repaired and securing only Indebtedness incurred for the sole

purpose of financing or re financing such improvement, construction, alteration or repair, provided that the principal amount of such Indebtedness so secured does not exceed the overall cost of that improvement, construction, alteration or repair; or

(h) any Security that does not fall within subparagraphs (a) to (g) above and that secures Indebtedness which, when aggregated with Indebtedness secured by all other Security permitted under this subparagraph, does not exceed 10% of the consolidated net invested capital of the Group as determined by reference to the most recently audited consolidated financial statements of the Issuer;

**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;

**Project Finance Indebtedness** means any present or future Indebtedness incurred in financing or refinancing the ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets, whether or not an asset of a member of the Group:

(a) which is incurred by a Project Finance Subsidiary; or

(b) in respect of which the Person or Persons to whom any such Indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than a Project Finance Subsidiary) for the repayment thereof other than:

(i) 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

(ii) recourse for the purpose only of enabling amounts to be claimed in respect of such Indebtedness in an enforcement of any Security given by such borrower over such asset or assets or the income, cash flow or other proceeds, deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such 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 or are not entitled, by virtue of any right or claim arising out of or in connection with such Indebtedness, to commence any proceedings of whatever nature against any member of the Group (other than a Project Finance Subsidiary) and (c) an equity contribution in the borrower by the Issuer or Material Subsidiary, according to the then project finance market standard, shall not be deemed as a "recourse" to the relevant member of the Group;

**Project Finance Subsidiary** means any direct or indirect Subsidiary of the Issuer either:

(a) (i) which is a single-purpose company whose principal assets and business are constituted by the ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets; and

(ii) none of whose Indebtedness in respect of the financing of such ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary or another Project Finance Subsidiary)

in respect of the repayment thereof, except as expressly referred to in subparagraph (b)(ii) of the definition of Project Finance Indebtedness; or

(b) at least 70% in principal amount of whose Indebtedness is Project Finance Indebtedness;

**Security** means any mortgage, lien, pledge, charge or other security interest;

**Subsidiary** means, in respect of any Person (the **first Person**) at any particular time, any other Person (the **second Person**):

(a) whose majority of votes in ordinary shareholders' meetings of the second Person is held by the first Person; or

(b) in which the first Person holds a sufficient number of votes giving the first Person a dominant influence in ordinary shareholders' meetings of the second Person; or

(c) whose accounts are required to be consolidated with those of the first Person pursuant to article 26 of Law 127 of 1991;

in the case of (a) and (b), pursuant to the provisions of Article 2359, first paragraph, No. 1 and No. 2, of the Italian Civil Code.

## 4. INTEREST

### 4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the

Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 4.2 Interest on Floating Rate Notes and Inflation Linked Interest Notes

### (A) Interest Payment Dates

Each Floating Rate Note and Inflation Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

i. the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

ii. if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(A)ii (*Interest - Interest on Floating Rate Notes and Inflation Linked Interest Notes – Interest Payment Dates*) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and

(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) is open.

**(B) Rate of Interest – Floating Rate Notes**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

i. **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph i, **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

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

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph i, **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

ii. **Screen Rate Determination for Floating Rate Notes**

***(A) Floating Rate Notes other than CMS Linked Interest Notes and Constant Maturity BTP Linked Interest Notes***

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

i. the offered quotation; or

ii. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i) above, no offered quotation appears or, in the case of (ii) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer, or a third party/independent advisor appointed by the Issuer, shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question.

If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading

banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of this paragraph (A) of Condition 4.2, **Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer, or by a third party/independent advisor appointed by the Issuer;

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

***(B) Floating Rate Notes which are CMS Linked Interest Notes***

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and CMS Reference Rate is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be determined by the Calculation Agent by reference to the following formula where CMS Reference Rate is specified as the Reference Rate in the applicable Final Terms:

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Issuer, or a third party/independent advisor appointed by the Issuer, shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, after eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its discretion, in accordance with standard market practice.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

For the purposes of this paragraph (B) of Condition 4.2:

**CMS Rate** shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent.

**CMS Reference Banks** means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Issuer, or by a third party/independent advisor appointed by the Issuer.

**Designated Maturity**, **Margin, Relevant Screen Page and Specified Time** shall have the meaning given to those terms in the applicable Final Terms.

Relevant Swap Rate means:

(i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR- EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Agent by reference to standard market practice and/or the ISDA Definitions;

(ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR- BBA with a designated maturity of three months;

(iii) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

(iv) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms.

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time.

***(C) Floating Rate Notes which are Constant Maturity BTP Linked Interest Notes***

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and Constant Maturity BTP Rate is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the gross yield before taxes of Italian government bonds with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date the Relevant Screen Page (or such replacement page on that service which displays the information) is not available, the Constant Maturity BTP Rate for such Interest Determination Date shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, as the gross yield before taxes based on the mid-market price for Italian government bonds with a maturity of the Designated Maturity, or as close to the Designated Maturity as considered appropriate by the Calculation Agent in its discretion, and in a Representative Amount at the Specified Time on the Interest Determination Date in question and shall be the arithmetic mean of quotations obtained from three Constant Maturity BTP Reference Banks selected by the Issuer, or by a third party/independent advisor appointed by the Issuer (from five such Constant Maturity BTP Reference Banks after eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)).

If on any Interest Determination Date fewer than three or none of the Constant Maturity BTP Reference Banks provides the Calculation Agent with quotations for such prices as provided in the preceding paragraph, the Constant Maturity BTP Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its discretion, in accordance with standard market practice.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

For the purposes of this paragraph (C) of Condition 4.2:

**Constant Maturity BTP Reference Bank** means the principal office of any "Specialist in Italian Government Bonds" included in the "List of Specialists in Government Bonds" (*Elenco Specialisti in Titoli di Stato*) published by the Department of Treasury (*Dipartimento del Tesoro*) from time to time.

**Designated Maturity, Margin, Relevant Screen Page** and **Specified Time** shall have the meaning given to those terms in the applicable Final Terms.

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time.

**(C) Rate of Interest – Inflation Linked Interest Notes**

The Rate of Interest payable from time to time in respect of Inflation Linked Interest Notes for each Interest Period will be determined by the Calculation Agent, or other party specified in the applicable Final Terms, on the relevant Interest Determination Date in accordance with the following formula:

$$\text{Rate of Interest} = \left[\textit{Rate Multiplier}\right] * \left(\frac{DIR(t)}{DIR(0)}\right)$$

subject to the Minimum Rate of Interest or the Maximum Rate of Interest if, in either case, designated as applicable in the applicable Final Terms in which case the provisions of paragraph (D) below of Condition 4.2 (*Interest – Interest on Floating Rate Notes and Inflation Linked Interest Notes – Minimum Rate of Interest and/or Maximum Rate of Interest*) shall apply as appropriate.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

The Rate of Interest and the result of DIR(*t*) divided by DIR(0) shall be rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

For the purposes of the Conditions:

**DayOfMonth** means the actual number of days since the start of the relevant month;

**DaysInMonth** means the number of days in the relevant month;

**DIR(0)** means the value specified in the applicable Final Terms and being the value as calculated in accordance with the following formula (where month "t" is the month and year in which the Trade Date falls):

DIR(0) = Inflation Index(t - Lookback Period 1) + [Inflation Index(t - Lookback Period 2) – Inflation Index(t - Lookback Period 1)]*[(DayOfMonth – 1)/DaysInMonth],

rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards;

**DIR(t)** means in respect of the Specified Interest Payment Date falling in month "t", the value calculated in accordance with the following formula:

DIR(t) = Inflation Index(t - Lookback Period 1) + [Inflation Index(t - Lookback Period 2) – Inflation Index(t - Lookback Period 1)]*[(DayOfMonth – 1)/DaysInMonth],

rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards;

**Inflation Index** means the relevant inflation index set out in Annex I to this Base Prospectus specified in the applicable Final Terms;

**Inflation Index (t-Lookback Period 1)** means the value of the Inflation Index for the month that is the number of months in the Lookback Period 1 prior to the month (t) in which the relevant Specified Interest Payment Date falls;

**Inflation Index (t-Lookback Period 2)** means the value of the Inflation Index for the month that is the number of months in the Lookback Period 2 prior to the month in which the relevant Specified Interest Payment Date falls; and

**Rate Multiplier** has the meaning given to it in the applicable Final Terms, provided that if Rate Multiplier is specified as "Not Applicable", the Rate Multiplier shall be deemed to be equal to one.

**(D) Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above or paragraph (C) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above or paragraph (C) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(E) Determination of Rate of Interest and calculation of Interest Amounts**

The Agent, in the case of Floating Rate Notes, other than CMS Linked Interest Notes and Constant Maturity BTP Linked Interest Notes, and the Calculation Agent, in the case of Floating Rate Notes which are CMS Linked Interest Notes and Constant Maturity BTP Linked Interest Notes and Inflation Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Floating Rate Notes which are CMS Linked Interest Notes and Constant Maturity BTP Linked Interest Notes and Inflation Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period promptly after calculating the same.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Inflation Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

i. in the case of Floating Rate Notes or Inflation Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

ii. in the case of Floating Rate Notes or Inflation Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Inflation Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

In the case of Inflation Linked Interest Notes, if an Initial Ratio Amount is specified in the applicable Final Terms as applicable, the amount payable on the first Interest Payment Date in respect of the aggregate nominal amount of the Notes for the time being outstanding shall be the sum of the relevant Interest Amount (in respect of the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date) plus an amount equal to the product of the Initial Ratio Amount multiplied by DIR(t)/DIR(0) (or in the event the Interest Amount referred to above is calculated in respect of Notes in definitive form, a pro rata proportion of such amount) (such sum shall be rounded (if necessary) to the nearest euro cent with half a euro cent being rounded upwards).

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

$\mathbf{Y_1}$ is the year, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{Y_2}$ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{M_1}$ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{M_2}$ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**$D_1$** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case $D_1$ will be 30; and

**$D_2$** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and $D_1$ is greater than 29, in which case $D_2$ will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

**$Y_1$** is the year, expressed as a number, in which the first day of the Interest Period falls;

**$Y_2$** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**$M_1$** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**$M_2$** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**$D_1$** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case $D_1$ will be 30; and

**$D_2$** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case $D_2$ will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

**$Y_1$** is the year, expressed as a number, in which the first day of the Interest Period falls;

**$Y_2$** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**$M_1$** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**$M_2$** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**$D_1$** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case $D_1$ will be 30; and

**$D_2$** is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 $D_2$ will be 30.

**Initial Ratio Amount** means the value specified in the applicable Final Terms, if applicable.

**(F) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

**(G) Notification of Rate of Interest and Interest Amounts**

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(H) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 (*Interest on Floating Rate Notes and Inflation Linked Interest Notes*), whether by the Agent, or, if applicable, the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

### 4.3 Step Up Option

This Condition 4.3 (*Step Up Option*) is applicable to Notes (Step Up Notes) only if the Step Up Option is specified in the applicable Final Terms as being applicable.

The Rate of Interest for Step Up Notes will be the Rate of Interest specified in the applicable Final Terms or otherwise determined in accordance with Condition 4 (*Interest*), provided that for any Interest Period commencing on or after the Interest Payment Date immediately following a Step Up Event, if any, the Initial Rate of Interest or, in the case of Floating Rate Notes, the Initial Margin, shall be increased by the Step Up Margin specified in the applicable Final Terms. The occurrence of a Step Up Event will be notified by the Issuer to the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders on the Step Up Event Notification Date. Such notice shall be irrevocable and shall specify the Initial Rate of Interest **(**in the case of Fixed Rate Notes) or the Initial Margin (in the case of Floating Rate Notes), the Step Up Margin and the Step Up Date.

For the avoidance of doubt, an increase in the Rate of Interest may occur no more than once in respect of the relevant Step Up Notes.

For the purposes of this Condition 4.3 (*Step Up Option):*

**$CH_4$** means methane.

**$CO_2$** means carbon dioxide.

**$CO_2$eq** means carbon dioxide equivalent and, for the purpose of this Condition include $CO_2$ and $CH_4$.

**External Verifier** means DELOITTE & TOUCHE S.p.A. or any such other qualified provider of third party assurance or attestation services or other independent expert of internationally recognised standing appointed by the Issuer, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under these Conditions, as determined in good faith by the Issuer.

**Initial Margin** is the Margin applicable on the Issue Date to the Floating Rating Notes, as specified in the applicable Final Terms.

**Initial Rate of Interest** is the Rate of Interest applicable at the Issue Date to the Fixed Rate Notes, as specified in the applicable Final Terms.

**Integrated Annual Report** has the meaning given to it in Condition 14 (*Available Information*).

**Net Energy Consumption Reduction Condition** means the notification in writing by the Issuer to the Agent and the Noteholders in accordance with Condition 13 (*Notices*) on the Step Up Event Notification Date that the Net Energy Consumptions as of the Net Energy Consumption Reduction Reference Date was equal to or lower than the Net Energy Consumption Reduction Threshold, and that such Net Energy Consumptions as of the Net Energy Consumptions Reduction Reference Date has been confirmed by the External Verifier in accordance with its customary procedures.

**Net Energy Consumption Reduction Event** means the failure of the Issuer to satisfy the Net Energy Consumption Reduction Condition, unless an amendment to, or change in, any applicable policies, laws, regulations, rules and guidelines applicable to and/or relating to the Group's businesses, or a decision of a competent authority which has a direct and/or indirect impact on the Issuer's ability to satisfy the Net Energy Consumption Reduction Condition occurred.

**Net Energy Consumption Reduction Reference Date** is the date specified in the applicable Final Terms.

**Net Energy Consumption Reduction Threshold** means the threshold expressed in TJ specified in the applicable Final Terms as being the Net Energy Consumption Reduction Threshold.

**Net Energy Consumptions** means the energy consumed in TJ by the Issuer and its subsidiaries consolidated as of 31 December 2020 (i.e. referring for any date after 31 December 2020 to a perimeter unchanged from the consolidation perimeter as of 31 December 2020, excluding any M&A and tenders transactions) related to fuel energy consumption for civil and industrial use, net electricity consumption for civil and industrial use, fuel energy consumption for vehicles and thermal energy consumption for civil use, without considering the consumption of auto-produced energy. All, as calculated in good faith by the Issuer and reported by the Issuer in its Integrated Annual Report or in the Separate Report, confirmed by the External Verifier as of the Net Energy Consumption Reduction Reference Date and published by the Issuer on or prior to the Step Up Event Notification Date on its website in accordance with Condition 14 (*Available Information*) and in accordance with applicable law.

**Scope 1 and 2 GHG Emissions** means the amount of Scope 1 GHG Emissions and Scope 2 GHG Emissions, as calculated in good faith by the Issuer and reported by the Issuer in its Integrated Annual Report or in the Separate Report, confirmed by the External Verifier as of the Scope 1 and 2 GHG Emissions Reduction Reference Date and published by the Issuer on or prior to the Step Up Event Notification Date on its website in accordance with Condition 14 (*Available Information*) and in accordance with applicable law.

**Scope 1 and 2 GHG Emissions Reduction Condition** means the notification in writing by the Issuer to the Agent and the Noteholders in accordance with Condition 13 (*Notices*) on the Step Up Event Notification Date that the Scope 1 and 2 GHG Emissions as of the Scope 1 and 2 GHG Emissions Reduction Reference Date was equal to or lower than the relevant Scope 1 and 2 GHG Emissions Reduction Threshold, and that such Scope 1 and 2 GHG Emissions as of the Scope 1 and 2 GHG Emissions Reduction Reference Date has been confirmed by the External Verifier in accordance with its customary procedures.

**Scope 1 and 2 GHG Emissions Reduction Event** means the failure of the Issuer to satisfy the Scope 1 and 2 GHG Emissions Reduction Condition, unless an amendment to, or change in, any applicable policies, laws, regulations, rules and guidelines applicable to and/or relating to the Group's businesses, or a decision of a competent authority which has a direct and/or indirect impact on the Issuer's ability to satisfy the Scope 1 and 2 GHG Emissions Reduction Condition occurred.

**Scope 1 and 2 GHG Emissions Reduction Reference Date** is the date specified in the applicable Final Terms.

**Scope 1 and 2 GHG Emissions Reduction Threshold** means the threshold expressed in expressed in thousand ton of $CO_2$eq specified in the applicable Final Terms as being the Scope 1 and 2 GHG Emissions Reduction Threshold.

**Scope 1 GHG Emissions** means the direct (Scope 1) greenhouse gas (GHG) emissions (expressed in thousand ton of $CO_2$eq) of the Issuer and its subsidiaries consolidated as of 31 December 2020 (i.e. referring for any date after 31 December 2020 to a perimeter unchanged from the consolidation perimeter as of 31 December 2020, excluding any M&A and tenders transactions) deriving from the civil consumption of gas, from industrial consumption of gas for preheating, from fuel consumptions for vehicles and grid losses. The GHGs included in the calculation are $CO_2$ and $CH_4$ and the emissions are calculated with a GWP of methane equal to 28.

**Scope 2 GHG Emissions** means the indirect (Scope 2) greenhouse gas (GHG) (expressed in thousand ton of $CO_2$eq) of the Issuer and its subsidiaries consolidated as of 31 December 2020 (i.e. referring for any date after 31 December 2020 to a perimeter unchanged from the consolidation perimeter as of 31 December 2020, excluding any M&A and tenders transactions) deriving from the consumption of electricity purchase and district heating. The GHGs included

in the calculation are $CO_2$ and $CH_4$ and the emissions are calculated with a global warming potential (GWP) of methane equal to 28. The Scope 2 GHG Emissions are calculated using the market-based method, according to which the emission quota relating to renewable sources is zero and the residual mix emission factor is used for the portion not covered by such contracts.

**Separate Report** has the meaning given to it in Condition 14 (*Available Information*).

**Step Up Date** means:

- in relation to a Scope 1 and 2 GHG Emissions Reduction Event, the first day of the next Interest Period following the date on which the Issuer is required to publish the Integrated Annual Report as of and for the period ending on the Scope 1 and 2 GHG Emissions Reduction Reference Date pursuant to Condition 14 (*Available Information*);

- in relation to Net Energy Consumption Reduction Event, the first day of the next Interest Period following the date on which the Issuer is required to publish the Integrated Annual Report as of and for the period ending on the Net Energy Consumption Reduction Reference Date pursuant to Condition 14 (*Available Information*);

**Step Up Event** means the occurrence of either (a) Scope 1 and 2 GHG Emissions Reduction Event; and/or (b) a Net Energy Consumption Reduction Event; as specified in the applicable Final Terms.

**Step Up Event Notification Date** means a Business Day falling no later than 30 days prior to the Step Up Date.

**Step Up Margin** means the amount specified in the applicable Final Terms as being the relevant Step Up Margin.

**TJ** means terajoules.

## 4.4 Inflation Linked Note Provisions

### 4.4.1 Definitions

For the purposes of Inflation Linked Interest Notes and Inflation Linked Redemption Notes:

**Additional Disruption Event** means any of Change of Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms.

**Change of Law** means that, on or after the Trade Date (as specified in the applicable Final Terms):

(a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or

(b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines in its discretion that (i) it has become illegal to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its affiliates or any other Hedging Party).

**Cut-Off Date** means, in respect of a Determination Date, five (5) Business Days prior to any due date for payment under the Notes for which valuation on the relevant Determination Date is relevant, unless otherwise stated in the applicable Final Terms.

**Delayed Index Level Event** means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the **Relevant Level**) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Cut-Off Date.

**Determination Date** means each of the Interest Determination Date and the Redemption Determination Date, as the case may be, specified as such in the applicable Final Terms.

**End Date** means each date specified as such in the applicable Final Terms.

**Fallback Bond** means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the End Date specified in the applicable Final Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but notwithstanding the immediately prior sentence, selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**Hedging Disruption** means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

**Hedging Party** means at any relevant time, the Issuer, or any of its affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Notes as the Issuer may select at such time.

**Increased Cost of Hedging** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the

creditworthiness of the Issuer and/or any of its affiliates shall not be deemed an Increased Cost of Hedging.

**Interest Determination Date** means the date specified in the applicable Final Terms, if applicable.

**Inflation Index Sponsor** means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Final Terms.

**Redemption Determination Date** means the date specified in the applicable Final Terms, if applicable.

**Reference Month** means the calendar month for which the level of the Inflation Index is reported as specified in the applicable Final Terms, regardless of when this information is published or announced, except that if the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level is reported.

**Related Bond** means, in respect of an Inflation Index, the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond. If a bond is specified as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date (i) unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination and (ii) if "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond.

**Relevant Level** has the meaning set out in the definition of "Delayed Index Level Event" above.

**4.4.2 Inflation Index delay and disruption provisions**

**(A) Delay in publication**

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index with respect to the relevant Reference Month subject to such Delayed Index Level Event (the **Substitute Index Level**) shall be determined by the Calculation Agent as follows:

(i) if "Related Bond" is specified as applicable for such Inflation Index in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond; or

(ii) if (I) "Related Bond" is not specified as applicable for such Inflation Index in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

Substitute Index Level = Base Level x (Latest Level/Reference Level),

in each case as of such Determination Date,

where:

**Base Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**Latest Level** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**Reference Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to Noteholders, in accordance with Condition 13 (*Notices*) of any Substitute Index Level calculated pursuant to this paragraph (A) of Condition 4.4.2.

If the Relevant Level (as defined above) is published or announced at any time on or after the relevant Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this paragraph (A) of Condition 4.4.2 will be the definitive level for that Reference Month.

**(B) Cessation of publication**

If the Calculation Agent determines that the level for the Inflation Index has not been published or announced for two (2) consecutive months, or the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index or the Inflation Index Sponsor otherwise cancels the Inflation Index, then the Calculation Agent shall determine a successor inflation index (the **Successor Inflation Index**) (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Linked Notes by using the following methodology:

(i) if at any time (other than after an early redemption has been designated by the Calculation Agent pursuant to this Condition 4.4), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall be designated a "Successor Inflation Index" notwithstanding that any other Successor Inflation Index may previously have been determined under paragraphs (B)(ii), (B)(iii) or (B)(iv) below of Condition 4.4.2;

(ii) if a Successor Inflation Index has not been determined pursuant to paragraph (B)(i) above of Condition 4.4.2, and a notice has been given or an announcement has been made by the Inflation Index Sponsor specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Linked Notes from the date that such replacement Inflation Index comes into effect;

(iii) if a Successor Inflation Index has not been determined pursuant to paragraphs (B)(i) or (B)(ii) above of Condition 4.4.2, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this paragraph (B)(iii) of Condition 4.4.2, the Calculation Agent will proceed to paragraph (B)(iv) below of Condition 4.4.2; or

(iv) if no replacement index or Successor Inflation Index has been determined under paragraphs (B)(i), (B)(ii) or (B)(iii) above of Condition 4.4.2 by the next occurring Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or

(v) If the Calculation Agent determines that there is no appropriate alternative inflation index to Inflation Linked Interest Notes, the Issuer may redeem the Notes early at the Early Redemption Amount.

**(C) Rebasing of the Inflation Index**

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the **Rebased Index**) will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, if "Related Bond" is specified as applicable in the applicable Final Terms, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased.

**(D) Material modification prior to last occurring Cut-Off**

If, on or prior to the last occurring Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if "Related Bond" is specified as applicable in the applicable Final Terms, consistent with adjustments made to the Related Bond, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

**(E) Manifest Error in Publication**

With the exception of any corrections published after the day which is fifteen (15) Business Days prior to the relevant Redemption Determination Date, if, within thirty (30) calendar days of publication, the Calculation Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Calculation Agent may, in its discretion, make such adjustments to the terms of the Inflation Linked Notes as it determines appropriate to account for the correction and will notify the Noteholders of any such adjustments in accordance with Condition 13 (*Notices*).

**(F) Consequences of an Additional Disruption Event**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may at its option:

(a) make any adjustment or adjustments to the payment or any other term or condition of the Notes as the Calculation Agent determines appropriate; and/or

(b) redeem all but not some of the Inflation Linked Notes on the date notified by the Calculation Agent to Noteholders in accordance with Condition 13 (*Notices*) by payment of the relevant Early Redemption Amount, as at the date of redemption, taking into account the relevant Additional Disruption Event.

### 4.4.3 Inflation Index disclaimer

The Notes are not sponsored, endorsed, sold or promoted by the Inflation Index or the Inflation Index Sponsor and the Inflation Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the levels at which the Inflation Index stands at any particular time on any particular date or otherwise. Neither the Inflation Index nor the Inflation Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Inflation Index and the Inflation Index Sponsor is under no obligation to advise any person of any error therein. The Inflation Index Sponsor is not making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer shall not have liability to the Noteholders for any act or failure to act by the Inflation Index Sponsor in connection with the calculation, adjustment or maintenance of the Inflation Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer nor its affiliates has any affiliation with or control over the Inflation Index or the Inflation Index Sponsor or any control over the computation, composition or dissemination of the Inflation Index. Although the Calculation Agent will obtain information concerning the Inflation Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

## 4.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

## 4.6 Benchmark discontinuation

### (A) Independent Adviser

If a Benchmark Event occurs 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, the Issuer shall use its reasonable endeavours to appoint an Independent

Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.6(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4.6(D)) shall apply.

In making such determination, the Independent Adviser appointed pursuant to this Condition 4.6 shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4.6.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.6(A) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.6(A).

**(B) Successor Rate or Alternative Rate**

If the Independent Adviser determines that:

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.6); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.6).

**(C) Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

**(D) Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.6 and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread

(such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.6(E), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4.6(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

**(E) Notices etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.6 will be notified promptly by the Issuer to the Agent, or if applicable, Calculation Agent, the Paying Agents and, in accordance with Condition 13 (*Notices*), the Noteholders. Such notice shall be irrevocable and binding and shall specify the effective date of the Benchmark Amendments, if any.

**(F) Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Condition 4.6 (A), (B), (C) and (D), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(B) will continue to apply unless and until a Benchmark Event has occurred.

**(G) Definitions**

As used in this Condition 4.6:

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case, that the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative 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 and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

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

(ii) if, in the case of a Successor Rate, no recommendation under paragraph (i) above has been made, or in the case of an Alternative Rate, the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) (if the Independent Adviser determines that no such spread is customarily applied) the Independent Adviser 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 Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.6(B) is customarily applied in international

debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4.6(D).

"**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, by a specified date on or prior the next Interest Determination Date, 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 administrator or the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be, by a specified date on or prior the next Interest Determination Date, permanently or indefinitely discontinued; or

(iv) a public statement by the administrator or 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 specified date on or prior the next Interest Determination Date; or

(v) it has become unlawful for any Paying Agent, the Calculation Agent, or if applicable, the Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(vi) a public statement by the administrator or the supervisor of the administrator of the Original Reference Rate that means the use of the Original Reference Rate is subject to restrictions or adverse consequences.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.6(A).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); 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 the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

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

## 5. PAYMENTS

### 5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*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 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

### 5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) and save as provided in Condition 6.6) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further

Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

### 5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

### 5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### 5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the

relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8 (*Prescription*)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre specified in the applicable Final Terms; and

(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

### 5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Early Redemption Amount (as calculated according to Condition 6.7 (*Early Redemption Amounts*)); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

## 6. REDEMPTION AND PURCHASE

### 6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms or, in the case of each Note which is an Inflation Linked Redemption Note, determined in accordance with Condition 6.12 (*Calculation of Inflation Linked Redemption*) in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

See Condition 6.11 (*Redemption of Inflation* Linked Notes) and Condition 6.12 (*Calculation of Inflation Linked Redemption*) in relation to each Note which is an Inflation Linked Redemption Note.

**6.2 Redemption for tax reasons**

Subject to Condition 6.7 (*Early Redemption Amounts*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Inflation Linked Interest Note) or on any Interest Payment Date (if this Note is a Floating Rate Note or an Inflation Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which 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 that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two officers 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, and (ii) 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.

Notes redeemed pursuant to this Condition 6.2 (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in paragraph 6.7 (below) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**6.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (Notices) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or,

(i) in the case of Notes that are not Step Up Notes only, if Make-Whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Agent or a third party appointed in this respect by the Issuer (such third party being a recognized financial institution or a financial markets specialist), equal to the higher of:

(a) 100% of the principal amount of the Note to be redeemed; or

(b) as determined by the Reference Dealers (as defined below), the sum of the then current values of the remaining scheduled payments of principal and interest to maturity (or, if Par Call Period is specified in the applicable Final Terms, to the Par Call Period Commencement Date) (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Dealer Rate (as defined below) plus the Redemption Margin,

plus, in each case, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

(ii) in the case of Notes that are Step Up Notes only, if Make-Whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Agent or a third party appointed in this respect by the Issuer (such third party being a recognized financial institution or a financial markets specialist), equal to the higher of:

(a) 100% of the principal amount of the Note to be redeemed; or

(b) as determined by the Reference Dealers (as defined below), the sum of the then current values of the remaining scheduled payments of principal of the Step Up Notes to be redeemed and interest to maturity (or, if Par Call Period is specified in the applicable Final Terms, to the Par Call Period Commencement Date) (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) (calculated at the Initial Rate of Interest or, in the case of Floating Rate Notes, by applying the Initial Margin until the interest period immediately following the Step Up Date, at which point, the Initial Rate of Interest or, in the case of Floating Rate Notes, the Initial Margin shall be deemed to be the Subsequent Rate of Interest or, in the case of Floating Rate Notes, the Subsequent Margin unless the Scope 1 and 2 GHG Emissions Reduction Condition or the Net Energy Consumption Reduction Condition, as the case may be, has been satisfied and the Issuer has provided the notice described in the definition of the Scope 1 and 2 GHG Emissions Reduction Condition or the Net Energy Consumption Reduction Condition, as the case may be, in Condition 4.3 (*Step Up Option)* within the deadline provided therein confirming the satisfaction of the Scope 1 and 2 GHG Emissions Reduction Condition or the Net Energy Consumption Reduction Condition, as the case may be) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Dealer Rate (as defined below) plus the Redemption Margin,

plus, in each case, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

As used in this Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call*)):

**Make-Whole Amount** is the amount, when applicable, calculated by the Agent in accordance with Condition 6.3(i) in the case of Notes that are not Step Up Notes or Condition 6.3(ii) in the case of Step Up Notes;

**Par Call Period Commencement Date** has the meaning given to it in the Final Terms;

**Par Call Period** has the meaning given to it in the Final Terms;

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Bond** shall be as set out in the applicable Final Terms;

**Reference Dealers** shall be as set out in the applicable Final Terms; and

**Reference Dealer Rate** means with respect to the Reference Dealers and the Optional Redemption Date, 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 quoted in writing to the Issuer by the Reference Dealers;

**Subsequent Rate of Interest** means the Initial Rate of Interest plus the Step Up Margin.

**Subsequent Margin** means the Initial Margin plus the Step Up Margin.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (Notices) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call*)) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) at least five days prior to the Selection Date.

**6.4 Redemption at the option of the Issuer (Issuer Maturity Par Call)**

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 15 nor more than 30 days' notice (or such other period of notice as is specified in the applicable Final Terms) in accordance with Condition 13 (*Notices*), to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) (the "**Par Call Redemption Date**") redeem the Notes then outstanding in whole, but not in part, at any time during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the Par Call Redemption Date.

### 6.5 Redemption at the option of the Issuer (Clean-Up Call)

If Clean-Up Call is specified as being applicable in the applicable Final Terms, in the event that 20 per cent. or less or such other percentage (the "**Clean-up Call Threshold**" as may be specified in the applicable Final Terms) of the initial aggregate principal amount of a particular Series of Notes (including any Notes issued pursuant to Condition 16 (*Further Issues)*) remains outstanding, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the outstanding Notes in that Series at par together with any interest accrued to but excluding the date set for redemption.

### 6.6 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, 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 **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) and instead to declare such Note forthwith due and payable pursuant to Condition 9 (*Events of Default*).

## 6.7 Early Redemption Amounts

For the purpose of Condition 4.4 (*Inflation Linked Note Provisions*), Condition 6.2 (*Redemption for tax reasons*) above and Condition 9 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{y}$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365); or

(d) in the case of an Inflation Linked Interest Note and/or an Inflation Linked Redemption Note, at an amount calculated in accordance with Condition 6.11 (*Redemption of Inflation Linked Notes*) and Condition 6.12 (*Calculation of Inflation Linked Redemption*).

## 6.8 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are

purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation.

**6.9 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.8 above (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

**6.10 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.6 above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7 above (*Redemption and Purchase – Early Redemption Amounts*) as though the references therein to the date fixed for the redemption or the ate upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

**6.11 Redemption of Inflation Linked Notes**

In respect of Inflation Linked Notes, the Calculation Agent will calculate such Final Redemption Amount or Early Redemption Amount (as the case may be) promptly after each time such amount is capable of being determined and will notify the Agent thereof promptly after calculating the same. The Agent will promptly thereafter notify the Issuer and any stock exchange on which the Notes are for the time being listed thereof and cause notice thereof to be published in accordance with Condition 13 (*Notices*).

**6.12 Calculation of Inflation Linked Redemption**

The Final Redemption Amount payable in respect of each Note that is an Inflation Linked Redemption Note shall be determined by the Calculation Agent on the Redemption Determination Date (utilising the DIR(*T*) value applicable to the Final Redemption Amount) in accordance with the following formula:

$$\text{Final Redemption Amount} = \text{Specified Denomination} * Max\left[100\%; \left[\text{Redemption Amount Multiplier}\right] * \left(\frac{DIR(T)}{DIR(0)}\right)\right]$$

The result of DIR(*T*) divided by DIR(0) shall be rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards and the Final Redemption Amount shall be rounded (if necessary) to the nearest euro cent with half a euro cent being rounded upwards.

The Early Redemption Amount payable in respect of each Note that is an Inflation Linked Interest Note or an Inflation Linked Redemption Note shall be the sum of (i) a principal amount determined by the Calculation Agent promptly after the time the Early Redemption Amount is capable of being determined in accordance with the formula set out above, provided that the reference to "Final Redemption Amount" shall be replaced by a reference to "Early Redemption Amount" and the DIR(*T*) value applicable to the Early Redemption Amount shall be utilised; and (ii) interest accrued but unpaid in respect of the period from, and including, the most recent Interest Payment Date to, but excluding, the date for redemption of the Notes where the Rate of Interest for such period shall be calculated in accordance with the applicable Final Terms.

Defined terms used in this Condition shall have the same meanings as set out in Condition 4.2(C) (*Interest – Interest on Floating Rate Notes and Inflation Linked Interest Notes – Rate of Interest – Inflation Linked Interest Notes*) provided that, DIR(*T*) means the value of the Inflation Index for (i) in the case of the calculation of the Final Redemption Amount, the Maturity Date and (ii) in the case of the calculation of the Early Redemption Amount, the date for redemption of the Notes, in each case calculated in accordance with the following formula where month "t" is the month and year of the Maturity Date in the case of (i) above and the month and year in which the date for redemption falls in the case of (ii) above:

DIR(T) = Inflation Index(t-Lookback Period 1)+[Inflation Index(t-Lookback Period 2)-Inflation Index(t-Lookback Period 1)]*[DayOfMonth-1)/DaysInMonth],

rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

If the date for redemption occurs prior to the first Interest Payment Date, a pro rata proportion of an amount equal to the product of the Initial Ratio Amount multiplied by DIR(T)/DIR(0) shall be added to the relevant Interest Amount (in respect of the period from and including the Interest Commencement Date to but excluding the date of redemption of the Notes) (such sum shall be rounded (if necessary) to the nearest euro cent with half a euro cent being rounded upwards).

**Redemption Amount Multiplier** has the meaning given to it in the applicable Final Terms, provided that if Redemption Amount Multiplier is specified as "Not Applicable", the Redemption Amount Multiplier shall be deduced to be equal to 100%.

The provisions of Condition 4.4 (*Inflation Linked Note Provisions)* shall apply *mutatis mutandis*.

## 7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon, presented for payment in the Republic of Italy; or

(b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*)); or

(d) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement, including but not limited to, a declaration of residence or non-residence, but fails to do so; or

(e) in relation to any payment or deduction of any interest, principal or other proceeds of any Notes or Coupons on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or future similar law and any related implementing regulations (each as amended or supplemented from time to time); or

(f) 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 Republic of Italy.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Notes and Coupons by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withhold-ing or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein**:**

i. **Tax Jurisdiction** means the Republic of 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 becomes subject by reason of its tax residence or a permanent establishment maintained therein in respect of payments made by it of principal and interest on the Notes and Coupons; and

ii. the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

## 8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Presentation of definitive Notes and Coupons*).

## 9. EVENTS OF DEFAULT

### 9.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

(a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 calendar days; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) if any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described), or the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person (as extended by any originally applicable grace period), provided that no such event shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing shall exceed at any time €100,000,000 (or its equivalent in any other currency); or

(d) any Security (other than any Security securing Project Finance Indebtedness or Indebtedness for Borrowed Money incurred in the circumstances described in the definition of Project Finance Indebtedness as if such definition referred to Indebtedness for Borrowed Money), present or future, created or assumed on or against all or a material 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) which is not contested in good faith or discharged or cancelled within 60 days of such enforcement; or

(e) if any order is made by any competent court or resolution passed for the liquidation, winding up or dissolution (*scioglimento o liquidazione*) of the Issuer or any of its Material Subsidiaries and such order or resolution is not contested in good faith or discharged and cancelled within 60 days, save for the purposes of (i) a solvent amalgamation, merger, de-merger or reconstruction (a **Solvent Reorganisation**) under which the assets and liabilities of the Issuer or such Material Subsidiary, as the case may be, are assumed by the entity resulting from such Solvent Reorganisation and (A) such entity continues to carry on substantially the same business of the Issuer or such Material Subsidiary, as the case may be, and (B) in the case of a Solvent Reorganisation of the Issuer, such entity assumes all the obligations of the Issuer in respect of the Notes

and the Coupons and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Agent confirming the same prior to the effective date of such Solvent Reorganisation, or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution; or

(f) (A) if the Issuer, acting directly and/or through any of its Material Subsidiaries, announces that the Group shall cease to carry on the whole of its business or (B) the Group ceases to carry on the whole of its business, save, in either case, for the purposes of (i) a Solvent Reorganisation under which the assets and liabilities of, as appropriate, the Issuer, and/or such Material Subsidiar(y/ies), as the case may be, are assumed by the entity resulting from such Solvent Reorganisation, and such entity assumes all the obligations of the Issuer in respect of the Notes and the Coupons and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Agent confirming the same prior to the effective date of such Solvent Reorganisation or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution; or

(g) if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) unless initiated by a member of the Group, is not contested in good faith or is not discharged within 60 days; or

(h) if the Issuer or any of its Material Subsidiaries fails to pay a final judgment (*sentenza passata in giudicato*, in the case of a judgment issued by an Italian court) of a court of competent jurisdiction within 60 days from the receipt of a notice that a final judgment in excess of an amount equal to the value of a substantial part of the assets or property of the Issuer or any of its Material Subsidiaries has been entered against it or an execution is levied, enforced upon or sued out against the whole or any substantial part of the assets or property of the Issuer or any of its Material Subsidiaries pursuant to any such judgment (for the purposes of paragraph (g) above and this paragraph (h), a "**substantial part**" of an entity's assets or property, as applicable, means a part of the relevant entity's assets or property which accounts for 30% or more of the relevant entity's assets or property as determined by reference to the most recently audited consolidated financial statements of the relevant entity); or

(i) if the Issuer or any of its Material Subsidiaries stops or announces that it shall stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, or initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an

arrangement or composition with its creditors generally (or any class of its creditors) otherwise than for the purposes of a solvent amalgamation, merger, de-merger or reconstruction,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

**9.2 Definitions**

For the purposes of the Conditions:

**Indebtedness for Borrowed Money** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other debt securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

## 10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## 12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

## 13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on the professional segment of the regulated market of, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu . It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## 14. AVAILABLE INFORMATION

This Condition 14 (*Available Information)* is applicable to Notes (**Step Up Notes)** only if the Step Up Option is specified in the applicable Final Terms as being applicable.

Beginning with the annual financial statements of the Issuer for the fiscal year ending on 31 December published after the Issue Date, in relation to Step Up Notes in respect of which the applicable Final Terms specifies the Step Up Event being a Scope 1 and 2 GHG Emissions Reduction Event or a Net Energy Consumption Reduction Event, the Issuer will publish on its website and in accordance with applicable laws (i) its Scope 1 and 2 GHG Emissions and/or its Net Energy Consumptions, in each case (a) as indicated in the Group's consolidated financial statements also including the disclosure of non-financial information in accordance with Italian Legislative Decree 254/2016 (as amended and supplemented from time to time) or equivalent document prepared pursuant to applicable legislation, and subsequent amendments and supplements thereto (the **Integrated Annual Report**) or (b) as included in a separate document published by the Issuer (the **Separate Report)** and (ii) in respect of the Integrated Annual Report, an independent auditor's report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Italian Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018 (the **Limited Assurance Report**) or, in respect of the Separate Report, a verification assurance report issued by the External Verifier in respect of the Scope 1 and 2 GHG Emissions and/or its Net Energy Consumptions included in the Separate Report. Each Separate Report accompanied by a verification assurance report issued by the External Verifier will be published concurrently with the publication of the independent auditor's reports on the annual financial reports and will have the same reference date as the relevant independent auditor's report; provided that to the extent the Issuer reasonably determines that additional time is required to complete any or Separate Report accompanied by a verification assurance report issued by the External Verifier, then the relevant Separate Report accompanied by a verification assurance report issued by the External Verifier may be published as soon as reasonably practicable, but in no event later than 30 days, subsequent to the date of publication of the independent auditor's report.

Furthermore, on or before the relevant Step Up Event Notification Date following each Scope 1 and 2 GHG Emissions Reduction Reference Date and/or Net Energy Consumption Reduction Reference Date, as applicable, the Issuer will publish on its website an assurance report issued by the External Verifier in respect of, as applicable, its Scope 1 and 2 GHG Emissions at the relevant Scope 1 and 2 GHG Emissions Reduction Reference Date and/or its Net Energy Consumptions as at the relevant Net Energy Consumption Reduction Reference Date (the **External Verifier Assurance Report).** The External Verifier Assurance Report will be published as soon as reasonably practicable following each Scope 1 and 2 GHG Emissions Reduction Reference Date and/or Net Energy Consumption Reduction Reference Date, as applicable, but in no event later than the Step Up Event Notification Date.

## 15. MEETINGS OF NOTEHOLDERS AND MODIFICATION

In accordance with the rules of the Italian Civil Code, the Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or Coupons or any of the provisions of the Agency Agreement.

All meetings of the Noteholders will be held in accordance with applicable provisions of Italian law in force at the time and, where applicable Italian law so requires, the Issuer's by-laws in force from time to time. In accordance with Article 2415 of the Italian Civil Code, the meeting of Noteholders is empowered to resolve upon the following matters: (i) the appointment and revocation of the Noteholders' Representative, (ii) any amendment to these Conditions, (iii) motions for the composition with creditors (*concordato*) of the relevant Issuer; (iv) establishment of a fund for the expenses necessary for the protection of the common interests

of the Noteholders and the related statements of account; and (v) any other matter of common interest to the Noteholders.

Such a meeting may be convened by the Board of Directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon the request of any Noteholder(s) holding not less than 5% in nominal amount of the Notes for the time being remaining outstanding. If the meeting has not been convened following such request of the Noteholders, the same may be convened by a decision of the competent court in accordance with the provisions of Article 2367 of the Italian Civil Code. Every such meeting shall be held at a place as provided pursuant to Article 2363 of the Italian Civil Code.

Such meetings will be validly held if, subject to mandatory laws, legislation, rules and regulations of Italian law from time to time and, where applicable Italian law so requires, the Issuer's by-laws in force from time to time, there are one or more persons present being or representing Noteholders holding at least one fifth of the aggregate nominal amount of the Notes for the time being outstanding, provided that a higher majority may be required by the Issuer's by-laws.

The majority required to pass a resolution at any meeting convened to vote on any resolution will be one or more persons holding or representing at least two thirds of the aggregate nominal amount of the Notes for the time being outstanding represented at the meeting; provided, however, that certain proposals (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons) may only be sanctioned by a resolution passed at a meeting (as provided under Article 2415 of the Italian Civil Code) of Noteholders by one or more persons holding or representing not less than one half of the aggregate nominal amount of the Notes for the time being outstanding.

Officers and statutory auditors of the Issuer shall be entitled to attend the Noteholders' meetings but not participate or vote with reference to the Notes held by the Issuer. 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.

A representative of the Noteholders (*rappresentante comune*) (the **Noteholders' Representative**), subject to applicable provisions of Italian law, is 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 meeting 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 Board of Directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

In derogation from Article 2415 of the Italian Civil Code, the Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

## 16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which the interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## 17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

### 18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with Agency Agreement, the Deed of Covenant, the Notes and the Coupons, are and shall be governed by, and construed in accordance with, Condition 15 (*Meetings Of Noteholders and Modification*) and the provisions of Schedule 5 of the Agency Agreement concerning the meeting of relevant Noteholders and the appointment of a Noteholders' representative are subject to mandatory provisions of Italian law.

### 18.2 Submission to jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) and accordingly each of the Issuer, the Noteholders and the Couponholders submits to the exclusive jurisdiction of the English courts.

Each of the Issuer, the Noteholders and the Couponholders waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

### 18.3 Appointment of Process Agent

The Issuer appoints Laurentia Financial Services Limited at its registered office for the time being as its agent for service of process, and undertakes that, in the event of Laurentia Financial Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### 18.4 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, as well as for any other purpose specified in the applicable Final Terms, including to finance or refinance any Eligible Green Projects, Eligible Social Projects or a combination of the foregoing, as applicable. In case of issuance of Green Bonds and/or Social Bonds and/or Sustainable Bonds, the Issuer will publish the relevant framework in accordance with the principles set out by ICMA, and will be available on the Issuer's website at www.italgas.it .

In addition, pursuant to Condition 4.3 (*Step Up Option*), the Issuer may issue Step Up Notes linked to the performance of specific sustainable Key Performance Indicators (KPIs) measured against specific Sustainable Performance Targets (SPTs) in line with the Sustainability-Linked Bond Principles, as will be better indicated in the Sustainability-Linked Bond Framework. Tranches of such Step Up Notes will be denominated "Sustainability-Linked Notes".

## DESCRIPTION OF THE ISSUER

### Overview

As of 30 June 2021, Italgas S.p.A. (**Italgas**), through its consolidated subsidiaries, is the leading operator in the distribution of natural gas in Italy with 1,827 municipal concessions and more than 71,700 kilometres of medium and low pressure transportation network.

Italgas was incorporated as a joint stock company (*società per azioni*) under the Laws of the Republic of Italy on 1 June 2016, specifically to implement the partial and proportional demerger of Snam S.p.A. (**Snam**). Pursuant to its by-laws (the **By-laws**), its final term ends on 31 December 2100, which term can be extended by the extraordinary shareholders' meeting of the company.

Italgas operates under the laws of the Republic of Italy. Italgas' registered address is Via Carlo Bo, 11, Milan, Italy and is registered with the Register of Enterprises in Milan with company number 09540420966. Its telephone number is +39 02 81872012.

As at the date of this Base Prospectus, the Issuer holds directly 100% of the share capital of Italgas Acqua S.p.A., Italgas Newco S.r.l. (**Italgas Newco**), Bludigit S.p.A. (**Bludigit**)[11] and Italgas Reti, 50.66% of the share capital of Toscana Energia, 67.2% of Seaside[12], 51.85% of Gaxa and, indirectly, through its shareholding in Italgas Reti, 51.85% of the share capital of Medea and 15% of the share capital of Reti Distribuzione S.r.l. (**Reti Distribuzione**). In turn, its subsidiary Medea holds 100% of Isgastrentatrè S.p.A.(**Isgastrentatre**)[13], Seaside holds 10% of Enerpaper S.r.l. (**Enerpaper**) and Toscana Energia holds 42.96% of Gesam Reti S.p.A. (**Gesam Reti**) and 30.05% of Valdarno S.r.l..

Italgas also holds (i) 45% of the share capital of Umbria Distribuzione Gas S.p.A. (**Umbria Distribuzione Gas**) and (ii) 50% of the share capital of Metano S. Angelo Lodigiano S.p.A. (**Metano S. Angelo Lodigiano**).

The Issuer's main business is the distribution of natural gas which is a regulated activity in Italy under the authority of the ARERA. Under applicable regulations, these services must be offered to third parties on equal terms and conditions and at regulated tariffs. See section "*Regulatory and Legislative Framework*" below.

Italgas elaboration based on MISE 2012 data shows that Italgas and its consolidated subsidiaries own approx. 34.5% market share in terms of the percentage of final gas users connected (approx. 35.2% if non-consolidated affiliates are included) and the market for the distribution of natural gas remains fragmented between 194 distributors (ARERA 2020 Report).

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[11] On 16 June 2021, as a result of a partial and proportional demerger of Italgas Reti of the IT business unit, the company Bludigit was established in order to rationalise the Group's activities and assets in the IT area and to propose a commercial offer of IT services by opening up collaborations with third parties to the Group. The rationalization of the Group's IT activities was completed on 29 June 2021 with the capital increase following the contribution by Italgas S.p.A. of the specific IT company branch pertaining to it.

[12] On 26 April 2021, the merger by incorporation of Toscana Energia Green S.p.A. in Seaside was completed. The transaction took effect for accounting and tax purposes from 1 January 2021 and for civil purposes from 1 May 2021. As a consequence, the share capital of Seaside is divided between Italgas S.p.A. (that, as said, holds 67.22% of the share capital) and Toscana Energia (that holds the remaining 32.78%). On 2 August 2021 the extraordinary Shareholders' Meeting of Seaside approved the transformation from a limited liability company (S.r.l.) to a joint stock company (S.p.A.).

[13] Following the framework agreement signed between Italgas and CONSCOOP on 28 December 2020, on 13 July 2021, Italgas through its subsidiary Medea finalized the purchase of the entire share capital of Isgastrentatrè, a company active in the natural gas distribution sector in Sardinia. On 28 January 2021, under the same agreement, the acquisition of the concession for the distribution of natural gas in the Municipality of Olevano sul Tusciano (SA) was concluded. The network extends for about 26 kilometers to cover a potential catchment area equal to a total of 2,500 resident families. Isgastrentatre is expected to be merged into Medea within the first ten days of November 2021, effective from 14 July 2021 for accounting purposes.

As at the date of this Base Prospectus the Issuer's share capital is €1,002,016,254.92 divided into 809,768,354 shares with no indication of nominal value. The shares are not divisible and each gives the right to one vote.

On 19 April 2018, the Extraordinary Shareholders meeting resolved to increase the share capital[14] by a maximum amount of 4,960,000.00 euro, through the issue of no more than 4,000,000 new ordinary shares to be assigned free of charge, pursuant to article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained earnings reserves, for beneficiaries of the incentive plan[15] approved by the Ordinary meeting of 19 April 2018 (**Incentive Plan**), to be implemented no later than 30 June 2023. On 10 March 2021, the Board of Directors resolved to: (i) freely allocate 632,852 ordinary shares to the beneficiaries of the plan given the rights assigned (the so-called first cycle of the plan) and accrued in accordance with the provisions of such plan at the end of the relative performance period (i.e. 2018-2020) and (ii) implement the first tranche of the capital increase aspect of the plan, taking a total of €784,736.48 from the retained profits of the issue of 632,852 new ordinary shares.

As of 7 November 2016, the Issuer's shares have been listed on the *Mercato Telematico Azionario* (**MTA**) of the Italian stock exchange (i.e. Borsa Italiana S.p.A. (**Borsa Italiana**)).

As at the date of this Base Prospectus, on the basis of the shareholders' register, communications received pursuant to CONSOB Regulation No. 11971/1999 (as amended) and other information available to the Issuer, as far as the Issuer is aware, the main shareholders directly or indirectly owning an interest greater than 3% of Italgas' share capital are (i) CDP, with an overall 39.51% stake of the ordinary share capital, held through CDP Reti S.p.A. (**CDP Reti**) and Snam, (ii) Lazard Asset Management with a stake of 9.3% of the ordinary share capital (iii) Mr. Romano Minozzi who holds, also through his companies Iris Ceramica Group S.p.A (**Iris Ceramica**), GranitiFiandre S.p.A. (**GranitiFiandre**) and Finanziaria Ceramica Castellarano S.p.A. (**Finanziaria Ceramica Castellarano**), 4.29% of the ordinary share capital, (iv) BlackRock Inc. (**BlackRock**) with a stake of 4.4% of the ordinary share capital; (v) Sun Life Financial Inc. (**Sun Life Financial**) with a stake of 3.4% of the ordinary share capital and (vi) Credit Agricole with a stake of 3.1%[16]. The remaining (free float) is held by other shareholders. See "Principal Shareholders" below.

As at the date of this Base Prospectus the Issuer's long-term rating is "BBB+ - stable outlook" by Fitch and "Baa2 - stable outlook" by Moody's.

**Historical Financial Information**

In order to represent the financial and operating performance of the Italgas Group, the Base Prospectus presents financial information for the half-year closed at 30 June 2021 and at 30 June 2020 (included in the condensed consolidated interim financial statements of Italgas Group as at and for the six months period ended 30 June 2021 and 30 June 2020 incorporated by reference in this Base Prospectus) and for the years ended 31 December 2020 and 31 December 2019 (included in the audited consolidated annual

[14] On 19 April 2018, the share capital of Italgas stood at 1,001,231,518.44 euros and was divided into 809,135,502 registered ordinary shares.

[15] Concerning the co-investment plan 2021-2023, adopted by the Shareholders' Meeting on April 20th, 2021. The plan involves selected managers of the Company and provides to defer the 35% of the accrued short term bonus into Italgas shares subject to a 3 year performance condition with a minimum, target and maximum performance levels. For more information concerning the co-investment plan, please refers to the Plan's Information Notice published on Italgas website.

[16] For information concerning communications received pursuant to CONSOB Resolutions no. 21304 of 17 March 2020 on the "*Reduction of the initial percentage threshold pursuant to art. 120, subsection 2-bis, of Legislative Decree 58/1998 for shareholdings in the capital of listed companies - having Italy as the home Member State – with a high current market value and a particularly disseminated ownership structure*" and subsequent Consob resolutions of similar content, please make reference to the website www.consob.it, "Relevant Shareholdings". The information on the website does not form part of the Base Prospectus and has not been scrutinized or approved by the competent authority.

financial statements of Italgas Group as of and for the financial years ended 31 December 2020 and 31 December 2019 incorporated by reference in this Base Prospectus).

**Alternative Performance Measures**

In order to better evaluate the Italgas Group's financial management performance the management has identified several Alternative Performance Measures (**APM**). Management believes that these APMs provide useful information for investors because they facilitate the identification of significant operating trends and financial parameters.

For a correct understanding of these APMs, note the following:

(i) the APMs are based on Italgas Group's historical data (as at 30 June 2021 and 30 June 2020);

(ii) the APMs are not derived from the International Financial Reporting Standards (**IFRS**) and, as they are derived from the consolidated financial statements prepared in conformity with these principles, they are not subject to audit;

(iii) the APMs should not be considered as replacing the indicators required by IFRS;

(iv) the APMs should be read together with the financial information for the Italgas Group taken from the consolidated financial statements for the half-year ending 30 June 2021 and 30 June 2020;

(v) since they are not derived from IFRS, the definitions used in connections with the APMs might not be standardised with those adopted by other companies/groups and therefore they are not comparable; and

(vi) the APMs and definitions used herein are consistent and standardised for all the periods for which financial information in this Base Prospectus is included.

The APMs reported below have been identified and used in this Base Prospectus because the Italgas Group believes that:

- net financial debt provides a better evaluation of the overall level of debt, the capital solidity and the capacity to repay the debt; and
- performance measurements relating to EBITDA, EBITDA Margin, EBIT and net profit, as well as adjusted configurations, analyse business performance, and provide a better comparison of the results; these indicators are also generally used for the purpose of evaluating company performance.

The Alternative Performance Measures identified from the management are:

- EBITDA: operating performance indicator, calculated by subtracting operating costs and the release of connection contributions relating to the financial year from the revenue;
- EBITDA Margin: the ratio between the EBITDA and total income net of income from construction and the strengthening of the distribution infrastructure registered pursuant to IFRIC 12 "Service concession arrangements" and the release of connection contributions relating to the financial year;
- EBIT: operating performance indicator, calculated by subtracting operating costs, amortisation, depreciation and impairment from revenue;
- Capex: technical investments net of asset related to M&A transactions;

- Net financial debt: indicator of the ability to meet obligations of a financial nature, calculated as the sum of the values pertaining to the short- and long-term financial debt items (gross financial debt) net of cash and cash equivalents and financial liabilities for leases pursuant to IFRS 16;
- Cash flow from operating activities: operating performance indicator, calculated by subtracting operating costs, amortisation, depreciation and impairment from revenue; and
- RAB: Value of net invested capital for regulatory purposes, calculated based on the rules defined by the ARERA in order to determine the benchmark revenues for the regulated businesses (ARERA Resolution 570/2019/R/gas for the gas distribution business).

The Italgas Group's consolidated core business revenue (*ricavi gestione caratteristica*) comprehensive of IFRIC 12 for the period ended 30 June 2021 was €1.018 million and Group net profit for the period was €180 million. Investment in property, plant and equipment and intangible assets during the first half year ended on 30 June 2021 was €375 million.

The table below shows key financial and operating data for Italgas for the period ended 30 June 2021 and for the period ended 30 June 2020 and for the period ended 31 December 2020:

| | **First half of the year** | |
|---|---|---|
| (€ million) | **2021** | **2020** (3) |
| Core Business Revenue (1) | 1018 | 948 |
| EBITDA | 489 | 462 |
| EBITDA Margin | 74% | 71% |
| EBIT | 279 | 254 |
| Cash flow from operating activities | 550 | 384 |
| Capex | 420 | 369 |
| | | |
| **Operational data** | | |
| Gas distributed (bcm) | 4.702 | 4.449 |
| Active gas metering at redelivery points (million) | 7.592 | 7.587 |
| | | |
| **(€ million)** | **30.06.2021** | **31.12.2020**(4) |
| Net financial debt (2) | 4.737 | 4.660 |

(1) These core business revenues are comprehensive of IFRIC 12 as of 30/06/2021 and 30/06/2020.

(2)The data excludes accounts payable per leasing pursuant to IFRS 16 for €69.8 million as at 30 June 2021.

(3) As of 30 June 2021, the Group stated the expenses relating to the legally required periodic checks of volume conversion devices under operating costs, where such devices are present in the meters installed at the re-delivery points. In order to ensure comparability with the income statement items, the items relating to Operating costs (-€ 0.9 million), Amortisation, depreciation and impairment (+€ 2.1 million) and Income taxes (-€ 0.4 million) were adjusted as of 30 June 2020.

(4) As of 30 June 2021, the Group stated the expenses relating to the legally required periodic checks of volume conversion devices under operating costs, where such devices are present in the meters installed at the re-delivery points. In order to ensure comparability with the balance sheet items, the items relating to intangible assets (-€ 5.1 million), shareholders' equity (-€ 3.6 million) and tax assets (+€ 1.5 million) were adjusted as of 31 December 2020.

The manager responsible for preparing the accounting and corporate documents, Giovanni Mercante, declares, pursuant to paragraph 2, Article 154-*bis* of the Italian Legislative Decree no. 58/1998 (as amended and supplemented, *Testo Unico della Finanza*), that the accounting information contained in this Base Prospectus corresponds to the documented results, books and accounting records.

**Competitive position**

Any statements in this Base Prospectus regarding the Issuer's competitive position in Italy are, unless stated otherwise, based on information contained in the ARERA's 2020 Annual Report on Services and Activities (*Relazione annuale sullo stato dei servizi e sull'attività svolta*) dated 7 July 2021 (the **ARERA 2020 Report**).

According to the ARERA 2020 Report, in 2020, 194 distributors were engaged in natural gas distribution in Italy, serving approximately 7,249 municipalities (*Comuni*) with approximately 24 million customers.

Italgas elaboration based on MISE 2012 data shows that the market for the distribution of natural gas remains fragmented with the principal operator being the Issuer and its consolidated subsidiaries, which owned approx. 34.5% of the market share in terms of the percentage of final gas users connected (approx. 35.2% if non-consolidated affiliates are included). In recent years, the market has been experiencing a restructuring and consolidation process due to several mergers and acquisitions in the sector. The management of the Issuer believes that this consolidation process will continue in the future, also fostered by the new legislative framework for gas distribution enacted in 2011 by the MED and by the consultation process launched by ARERA with document 312/2020/R/Gas. See section "*Regulatory and Legislative Framework*" – "*Legislation regarding Distribution of natural gas*" below.

**History**

Italgas Reti (formerly Italgas S.p.A.) was founded on 12 September 1837 as Compagnia di illuminazione a Gaz per la Città di Torino. It was the first company in Italy, and among the first companies in Europe, to produce and distribute gas for lighting purposes.

The expansion to the rest of Italy started 25 years later, with the new company named Società Italiana per il Gas. In subsequent years, with the advent of electric power, the company changed its product offering and launched the distribution of manufactured gas for cooking and heating purposes. In 1967, Italgas Reti became part of the Eni Group.

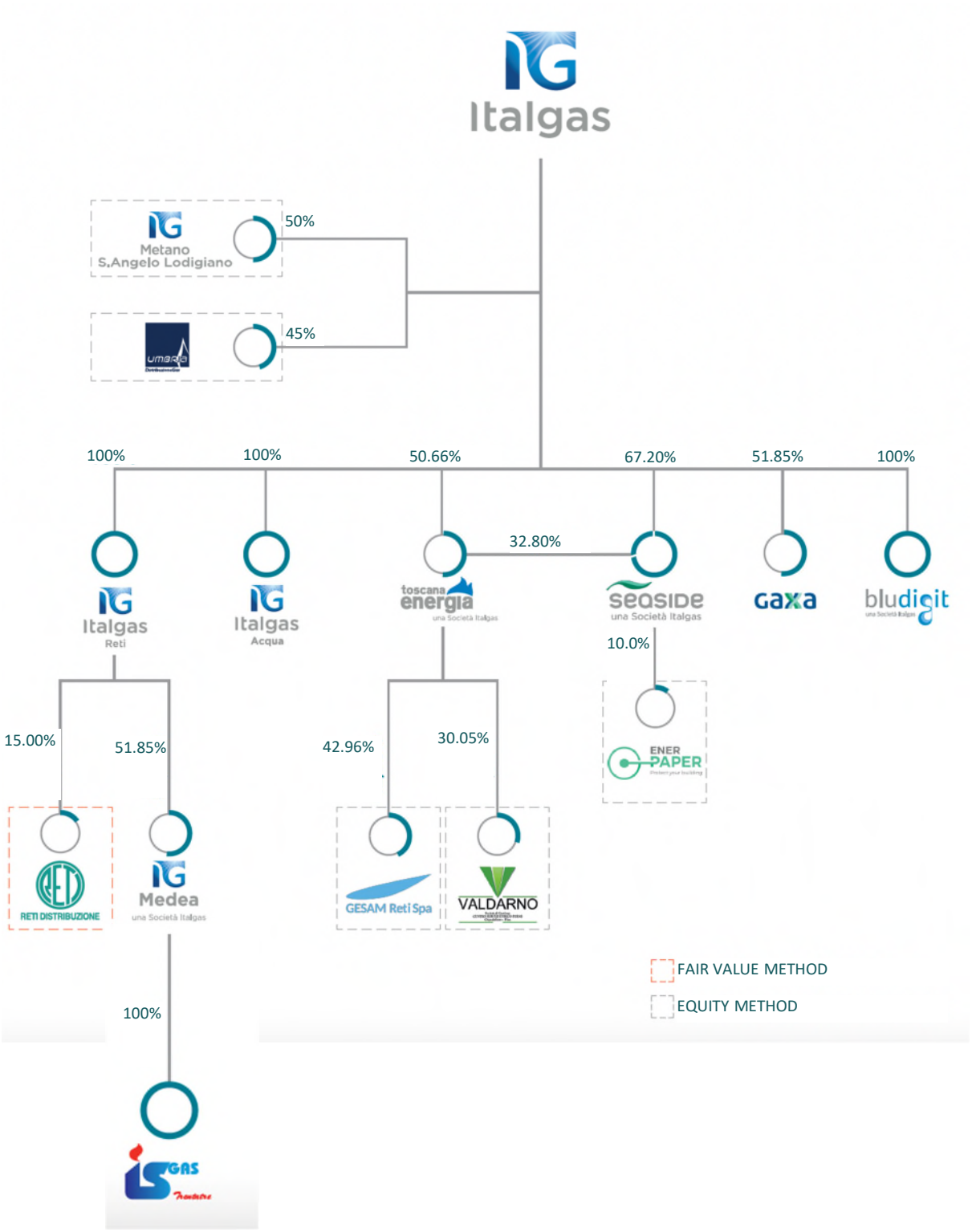
With the progressive affirmation of natural gas and the development of gas pipeline transportation networks since the 1970s, the company focused on the construction of networks for urban distribution and the sale of gas for domestic use, taking on the leading role in Italy's growth of methanisation. In 2000, in parallel with new legal provisions on the unbundling of gas distribution activities from selling activities, the latter were separated from Italgas Reti and merged into ENI S.p.A..

The shares of Italgas Reti were listed on the MTA of Borsa di Milano from 1900 to 2003. Following its sale by Eni, Italgas Reti was part of the Snam Group from July 2009 until the separation of Italgas Reti from Snam through a partial and proportional demerger.

On 7 November 2016, such demerger was effective and the Issuer's shares were admitted to trading on the MTA.

**Group Structure**

As at the date of this Base Prospectus, the Group Structure is as follows:


Italgas
Metano S.Angelo Lodigiano
50%
45%
100%
100%
50.66%
67.20%
51.85%
100%
32.80%
Italgas Reti
Italgas Acqua
toscana energia
una Società Italgas
seaside
una Società Italgas
gaxa
bludigit
10.0%
ENER PAPER
15.00%
51.85%
42.96%
30.05%
RETI DISTRIBUZIONE
Medea
una Società Italgas
GESAM Reti Spa
VALDARNO
100%
FAIR VALUE METHOD
EQUITY METHOD

On 6 December 2017 Italgas Reti acquired 90.03% of the share capital of Enerco Distribuzione S.p.A. (**Enerco**) (being the remaining 9.97% represented by own shares). Enerco owned 100% of the share capital of SGS S.r.l. (**SGS**).

On 28 February 2018, Italgas Reti acquired 100% of the share capital of Ichnusa Gas, a holding company controlling 12 companies with granted concessions for the installation and operation of gas distribution networks in 74 municipalities in Sardinia.

On 13 March 2018 Italgas acquired 100% of the share capital of Seaside. Seaside is one of the largest Italian Energy Service Companies (**ESCo**), on the cutting edge in offering digital services due to its skills in the field of Big Data, Business Intelligence and Machine Learning. Seaside has a customer base of over 400 clients operates in different sectors: from large industry to SMEs, from service providers to public administration.

On 6 April 2018 Italgas Reti acquired 100% of the share capital of Medea, a LPG distribution company based in Sassari.

On 31 May 2018, Italgas acquired 98% of the capital of Favaragas Reti S.r.l. (**Favaragas**), Siculianagas Reti S.r.l. (**Siculianagas**), Baranogas Reti S.r.l. (**Baranogas**), Ischia Reti Gas S.r.l. (**Ischia Reti Gas**), Progas Metano S.r.l. (**Progas**) and Grecanica Gas S.r.l. (**Grecanica**), companies granted concessions for the installation and operation of gas distribution networks in 16 municipalities of Southern Italy.

The companies Acam Gas S.p.A. (**Acam**), Enerco and SGS were merged into Italgas Reti, effective from 1 January 2018 for accounting purposes; at the same date, the assets related to the water services were spun off from Italgas Reti and contributed to a new company named Italgas Acqua. Italgas Acqua owns 5 concessions for water distribution in the south of Italy.
In addition, during the month of January 2018, Italgas finalised the acquisition of the business units of Amalfitana Gas and AEnergia Reti, related respectively to the distribution of the natural gas in three ATEMs in Campania and Basilicata and to the distribution network serving the Municipality of Portopalo di Capopassero (Siracusa).

On 27 November 2018, Italgas Reti acquired the remaining 2% of the corporate capital of Grecanica, Progas, Baranogas, Favaragas, Siculianagas and Ischia Reti Gas.

On 28 November 2018, Ichnusa Gas was merged by incorporation into Medea.

On 30 November 2018, Italgas Reti acquired from CPL Concordia 100% of the corporate capital of Naturgas S.r.l. (**Naturgas**) and Fontenergia S.r.l. (**Fontenergia**) and 60% of the corporate capital of European Gas Network S.r.l. (**European Gas**). Subsequently, on 17 April 2019, Italgas Reti acquired the remaining 40% of this latter. European Gas owned 100% of the corporate capital of Marigliano Gas S.r.l., Ischia Reti Gas and EGN Distribuzione S.r.l. and together with its subsidiaries was merged by incorporation into Italgas Reti on 1 August 2019.

On 12 March 2019, the process of merger by incorporation of Grecanica, Progas, Baranogas, Favaragas, Siculianagas, Ischia Reti Gas together with Naturgas into Italgas Reti was completed.

On the same date, Fontenergia 4 S.r.l., Fontenergia 6 S.r.l., Fontenergia 7 S.r.l., Fontenergia 9 S.r.l., Fontenergia 10 S.r.l., Fontenergia 11 S.r.l., Fontenergia 15 S.r.l., Fontenergia 19 S.r.l., Fontenergia 26 S.r.l., Fontenergia 27 S.r.l., Fontenergia 35 S.r.l. e Fontenergia 37 S.r.l. were merged together with Fontenergia into Medea.

On 30 April 2019, based on the agreement signed with the CONSCOOP Group, the purchase of the following was finalized: (i) the business unit of Aquamet S.p.A., including, *inter alia*, 9 natural gas distribution concessions in some municipalities in Lazio, Campania, Basilicata and Calabria, for a total

of 23,800 users served; (ii) the business unit of Isgas Energit Multiutilities S.p.A., holder of propane-air distribution concessions in the Sardinian municipalities of Cagliari, Nuoro and Oristano, for a total of roughly 22,300 users currently served with LPG; (iii) 100% of Mediterranea S.r.l. (**Mediterranea**), holder of 6 concessions for natural gas distribution in the province of Salerno, with approximately 3,600 users served.

On 7 May 2019 Medea Newco S.r.l. (**Medea Newco**), a limited liability company entirely controlled by the Issuer, has been established and became operational starting from the beginning of 2020.

On 1 August 2019 Italgas signed a binding agreement with the European infrastructure fund Marguerite II, participated by the EIB and several of the main European national promotional banks (the Italian Cassa Depositi e Prestiti, the French Caisse des Dépôts Group, the Polish BGK, the German KfW and the Spanish ICO). The agreement, concerning the purchase of stakes either in Medea and in Gaxa was executed on 18 December 2019 as per what is explained hereinafter.

On 25 September 2019 Italgas finalised the acquisition of the going concern related to the distribution of natural gas in the municipality of Cannara (Perugia) by Sienergas Distribuzione S.r.l..

On 1 October 2019 Italgas acquired by the Municipalities of Bientina, Buti, Calcinaia, Casciano Terme Lari and Palaia no. 2,897,778 shares of the company Toscana Energia increasing its equity investment in Toscana Energia from 48.68% to 50.66%.

On 21 October 2019, the company Mediterranea was merged by incorporation into Italgas Reti, with legal effect as of 1 November 2019.

On 15 November 2019, the Shareholders' Meeting of Medea Newco resolved to change its name to Gaxa S.r.l.

On the same date, in order to comply with the Unbundling Regulation, which apply starting from the date on which Gaxa is able to sell natural gas in Sardinia, a partial demerger of the sale branch of Medea in favour of Medea Newco has been entered into, with effect as of 1 December 2019.

On 12 December 2019, Seaside purchased the 10% of the corporate capital of Enerpaper, innovative start-up that holds a thermal insulation technology for buildings.

On 18 December 2019, the Shareholders' Meeting of Gaxa S.r.l. resolved to change the company to a joint stock company with consequent change of company name and increase of the share capital (change with effect as of 14 January 2020).

According to the agreement entered into on 1 August 2019 with fund Marguerite II, on 18 December 2019, the Luxembourg funds Marguerite Gas IV S.à r.l. and Marguerite Gas III S.à r.l. respectively purchased 48.15% of the share capital of Gaxa and Medea.

On 31 January 2020 the agreement for the sale of several non-core industrial assets between Italgas and A2A, signed on 7 October 2019, was finalised. In particular, Italgas Reti sold to A2A Calore & Servizi (A2A Group) the entire district heating business managed in the Municipality of Cologno Monzese (Milan); at the same time, Unareti (A2A Group) sold Italgas Reti its natural gas distribution business managed in seven Municipalities belonging to the Alessandria 4 ATEM.

In compliance with the "Invitation to Submit Expression of Interest", published on 9 December 2019, as part of the privatisation process launched by the Greek government, the expression of interest in the purchase of 100% of the capital of DEPA Infrastructure S.A. ("**Depa Infrastructure**") was presented on 20 February 2020. The assets transferred include more than 420 thousand re-delivery points in Greece and around 5000 km of low-pressure networks. On 3 June 2020 the inclusion of Italgas in the

short list of subjects admitted to the next phase of the tender for the acquisition was confirmed. On 15 July 2021, in compliance with the request for submission of binding offers for the acquisition of a 100% stake in DEPA Infrastructure, originally dated 7 August 2020, as subsequently amended Italgas submitted the binding offer for the acquisition of 100% of the share capital of DEPA Infrastructure.

At the beginning of September 2021, Italgas was selected as “Preferred Bidder” in such international tender process. It has agreed to pay a consideration equal to 733 million Euro for 100% of DEPA Infrastructure equity. The signing of the agreements for the acquisition is subject to completion of further steps envisaged by the tender procedure and by local legislation, while the closing of the transaction is expected by year-end, once the required authorizations have been received (including anti-trust clearance).

On 26 May 2020, Italgas Reti finalised the acquisition from AEG Soc. Coop. of 15% of the company Reti Distribuzione, which manages the natural gas distribution service in the territory of 49 Municipalities located in Canavese, Valle Orco and Soana and in the Municipality of Saluggia.

On 26 June 2020 Italgas established Italgas Newco.

On 28 January 2021, under the framework agreement signed between Italgas and CONSCOOP on 28 December 2020, the acquisition of the concession for the distribution of natural gas in the Municipality of Olevano sul Tusciano was concluded. The network extends for about 26 kilometers to cover a potential catchment area equal to a total of 2,500 resident families.

On 26 April 2021, the merger by incorporation of Toscana Energia Green S.p.A. in Seaside, started on January 2021, was completed. The transaction took effect for accounting and tax purposes from 1 January 2021 and for civil purposes from 1 May 2021. As a consequence, the share capital of Seaside is divided between Italgas (that, as said, holds 67.22% of the share capital) and Toscana Energia (that holds the remaining 32.78%).

On 23 June 2021, as a result of a partial and proportional demerger of Italgas Reti of the IT business unit, the company Bludigit was established in order to rationalize the Group's activities and assets in the IT area and to propose a commercial offer of IT services by opening up collaborations with third parties to the Group. The rationalization of the Group's IT activities was completed on 1 July 2021 with the capital increase following the contribution by Italgas of the specific IT company branch pertaining to it.

Following the framework agreement signed between Italgas and CONSCOOP on 28 December 2020, on 13 July 2021, Italgas through its subsidiary Medea finalized the purchase of the entire share capital of Isgastrentatrè, a company active in the natural gas distribution sector in Sardinia.

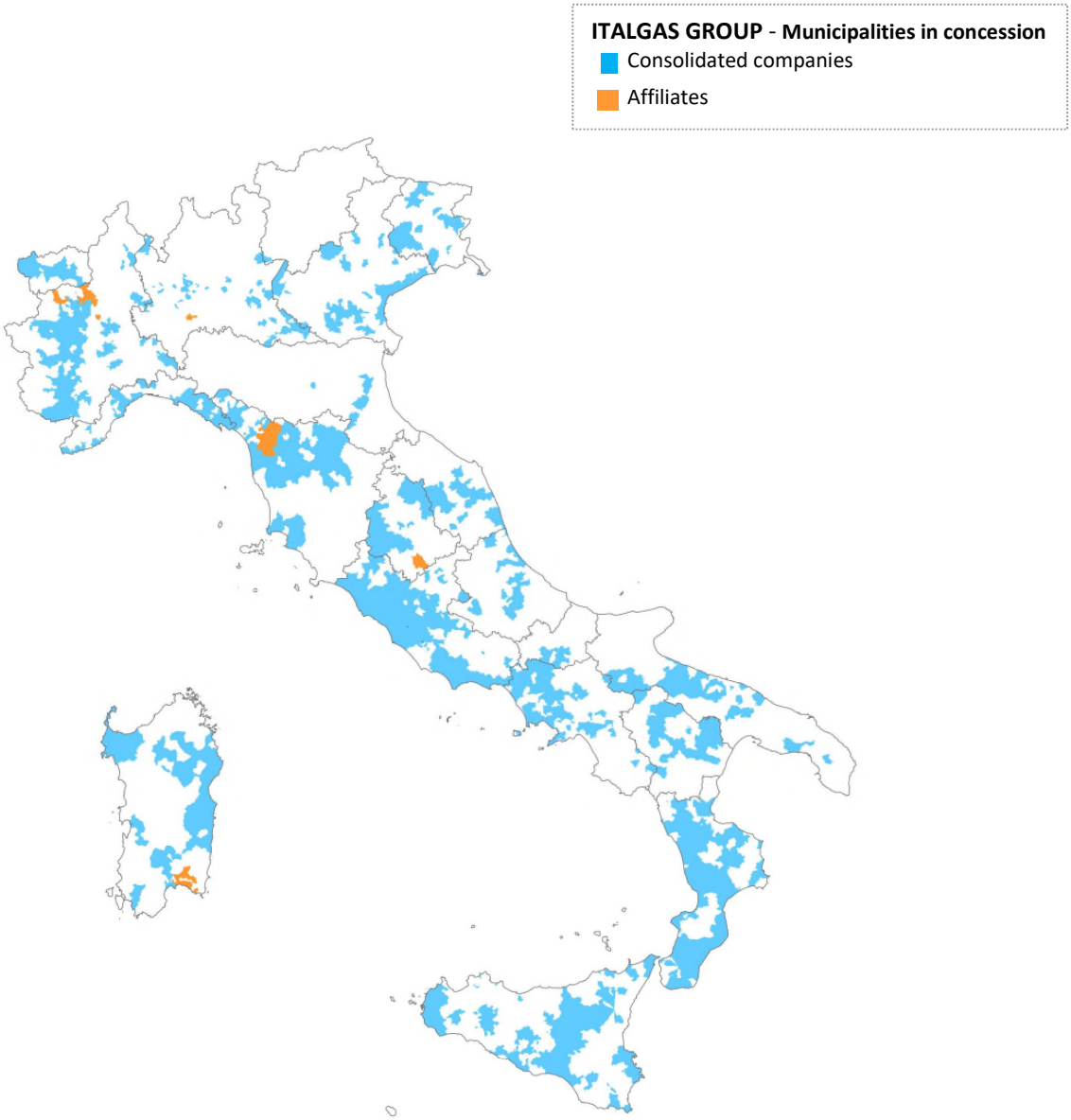
At the end of June 2021 Italgas established Bludigit. Bludigit brings together all the IT activities of the Group and aims to give a further boost to the Group’s innovation and digital transformation. Bludigit will allow for greater internal efficiency within the Group, promoting further centrality with the Group’s digital transformation and offering new proprietary technological solutions out of the Group. Bludigit is the natural evolution of the digital transformation path undertaken by Italgas starting from 2017 and will allow to further rationalise IT activities in terms of efficiency and internal cost control while developing new synergies inside and outside the Group in a service provider logic. Through the new company, the Group will offer state-of-the-art proprietary digital solutions by making the skills and applications developed in-house available to other operators in the energy and infrastructure sectors.

On 29 July 2021 the process of merger by incorporation of Isgastrentatre into Medea started and is expected to be completed by November 2021, effective from 14 July 2021 for accounting purposes.

On 2 August 2021 the extraordinary Shareholders’ Meeting of Seaside approved the transformation from a limited liability company (S.r.l.) to a joint stock company (S.p.A.).

**Business Overview**

The following map illustrates the Italgas Group' redelivery points in Italy as at 30 June 2021.




**Business Activities of Italgas**

The natural gas distribution business operates on a concession regime through the conferral of this service by local public authorities (see "*Gas Distribution Concessions*" below); it consists of the service of transportation through medium and low pressure pipeline networks of the natural gas, belonging to sales companies or other entities authorised to sell gas to end-customers, from delivery points at the metering and pressure reduction stations (city gates) to redelivery points to the end customers (households, businesses, etc). The Issuer through its subsidiaries carries out natural gas distribution activities using an integrated system of infrastructures comprising stations for withdrawing gas from the transport network, pressure reduction plants, the local transportation and distribution networks, user

derivation plants and redelivery points comprised of technical equipment including meters for the end customers.

As reported in the consolidated financial statements of Italgas as at 30 June 2021, Italgas Group is the leading operator in the natural gas distribution business in Italy with 1,827 municipal concessions (of which 1,746 were in operation and 81 had yet to complete and/or create networks) and more than 71,700 kilometres of medium and low pressure transportation network as at 30 June 2021.

The Issuer owns minority shareholdings or 50:50 equal shareholdings in companies that operate directly or through their own subsidiaries gas distribution concessions as set out in the table below. These companies are not consolidated by the Issuer.

| **Company** | **Shares held by the Issuer** |
|---|---|
| Umbria Distribuzione Gas | 45% |
| Metano S. Angelo Lodigiano | 50% |
| Gesam Reti | 42.96% |
| Reti Distribuzione | 15% |

In particular: (i) the remaining share capital of Umbria Distribuzione Gas is owned by ASM Terni S.p.A. (40%) and Acea S.p.A. (**Acea**) (15%); (ii) the remaining share capital of Metano S. Angelo Lodigiano is owned by the Municipality of S. Angelo Lodigiano; (iii) the remaining share capital of Gesam Reti is owned by Lucca Holding S.p.A (56.71%) and the Municipality of Capannori (0.33%); and (iv) the remaining share capital of Reti Distribuzione is owned by AEG Soc. Coop. (85%).

***Gas Distribution Concessions***

The gas distribution business of the Issuer is dependent on concessions awarded by Italian local authorities after a public tender process.

Each concession is governed by agreements with the relevant grantor requiring the relevant concession holder to comply with its obligations. 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 could, if such failure is left unremedied, lead to early termination by the grantor of the concession.

On the basis of the new legislation introduced through four Ministerial Decrees issued in 2011, and which are now in force for all public tender offers launched after June 2011, the public tender process for gas distribution concessions is no longer managed by individual municipalities (*Comuni*) (previously numbering approximately 7,000) but by a reduced number (177) of "multi-municipality areas" ("**ATEM**") which were identified by Ministerial Decrees dated 19 January 2011 and 18 October 2011.

MD 226 (also defined as the **Tender Criteria Decree**) prescribes the criteria to which each tender process must conform, while Ministerial Decree of 4 May 2011, adopted in conjunction with the Ministry of Work and Social Policy (*Ministero del Lavoro e delle Politiche Sociali*) is aimed at protecting employment levels subsequent to the awarding of new gas distribution concessions.

With regard to gas distribution concessions, Article 14, paragraph 8 of Legislative Decree No. 164 of 2000 establishes that the new operator is obliged, *inter alia*, to pay a sum to the outgoing distributor equal to the Reimbursement Value for the plants whose ownership is transferred from the outgoing distributor to the new operator. Specifically, MD 226 provides that the incoming operator acquires ownership of the facility with payment of the reimbursement to the outgoing operator, with the

exception of any portions of the facility already under municipal ownership or which become municipally owned as a result of any free donations.

As a result of these regulations, there could be cases in which the amount to be reimbursed is lower or higher than the value of the Regulatory Asset Base (**RAB**).

The estimated RAB of the Italgas Group with reference to the investments made until 31 December 2020 was approximately €7.8 billion[17], as the sum of the Local RAB of approximately €7.5 billion and the Centralised RAB of approximately €0.3 billion.

The Reimbursement Value of the total portfolio of the concessions of the Italgas Group, net of free assignments, is based on the method provided for by Article 5 of MD 226, as amended, and by the guidelines, making an exception for concessions that, based on the aforementioned regulation, provide for specific contractual stipulations regarding the calculation of the Reimbursement Value (Roma Capitale, City of Venice, Naples and other smaller municipalities).

It is possible that the Reimbursement Value of the concessions resulting from the tenders, where a third party is an assignee, is below the value of the RAB. Such a case could have negative effects on the assets and the balance sheet, income statement and financial position of the Italgas Group.

In 2012, Italgas Reti won the tender awarding the concession for natural gas distribution service in the Municipality of Rome, which represents the most significant concession in Italgas' portfolio (Roma Capitale concession includes about 1.3 million RPs out of a total for the Italgas Group of about 6.5 million equal to approximately 20%). Upon the outcome of the tender, for which the Local Tender Processes regulation still did not apply, a service agreement was signed with a term of 12 years, which is due to expire on 20 November 2024. The municipality of Rome has made the network, facilities and buildings instrumental to the service available to Italgas Reti for the entire term of the service agreement.

The Reimbursement Value for the Roma Capitale concession was estimated as the sum of:

(i) the amount paid to the municipality of Rome at the beginning of the concession (November 2012) as a one-off payment for the management of the service, net of amortisation as of 31 December 2020 calculated for the duration of the agreement and on the basis of the remaining Reimbursement Value at the end of the concession, as provided for in the agreement; and

(ii) the value of cumulative investments starting at the beginning of the concession, in accordance with the provisions set out in the agreement, and, in particular, with reference to their partial acknowledgement within the Reimbursement Value, net of related amortisation.

It cannot be excluded that, at the time of expiration of the service agreement, the difference between the Reimbursement Value and the RAB value related to the Roma Capitale concession could be higher than the one estimated as of 31 December 2020.

If concessions for municipalities previously managed by the gas distribution companies of the Italgas Group are awarded, based on the analyses conducted by the regulatory framework in force and under the scope of existing IAS/IFRS international accounting principles, the event would be represented in the financial statements together with the situation before the tender and thus without recording the greater values.

[17] RAB refers to the last RAB defined for regulatory purposes related to the investments made until 31 December 2020, within the definition of the reference tariffs and related to the companies included in the scope of consolidation (Italgas Reti, Medea, Toscana Energia).

Because of the complexity of the applicable regulations, this could result in the risk of different interpretations, with possible negative effects on the balance sheet, income statement and financial position of the Italgas Group. At the date of this Base Prospectus, no specific interpretations were noted of the above-mentioned applicable legislation that could cause negative effects on the assets and the balance sheet, income statement and financial position of the Italgas Group.

See section "*Regulatory and Legislative Framework" – "Principal Legislation regarding regulation of the Issuer*" and "*Regulatory and Legislative Framework" – "Regulatory – Tariffs*" below.

As at 30 June 2021, Italgas Group held 1,827 active concessions representing over 7.6 million redelivery points. Of these, 1,429 concessions representing approximately 5 million redelivery points (or 75% of total redelivery points) have expired. As at the date of this Base Prospectus, there is no significant data regarding participation by the Issuer and its consolidated subsidiaries in tenders for distribution concessions or historical success rate in terms of winning distribution concessions because the new tender concession regime has been in place for only a short period. Italgas Reti will evaluate, on a case by case basis, whether to participate in future tenders for gas distribution concessions taking into account, among other things, the economic and other conditions described in the relevant tender bid.

It should be noted, however, that issues surrounding the expiry date of concessions affect not only the Issuer and its subsidiaries but all operators in the Italian gas distribution sector since the matter is regulated by provisions of law. In addition, as natural gas distribution has been qualified as a public service by the Letta Decree, when a concession expires, Italgas Reti and its relevant subsidiaries will continue to provide (and be remunerated for) the service under the terms of the expired concession until a new concession has been awarded. It should also be noted that, as described above, where an operator is not awarded a concession it currently operates, the same is entitled to receive a compensation amount or indemnification payment. See also section "*Regulatory and Legislative Framework*" below.

**Key Operating Figures**

The table below provides some key operating figures for Italgas Reti and its consolidated subsidiaries.

| | June 2020 | June 2021 | Abs. change | Change % |
|---|---|---|---|---|
| Active meters (millions) | 7.587 | 7.592 | 0.0 | 0.1 |
| Installed meters (millions) | 8.488 | 8.538 | 0.1 | 0.6 |
| Municipalities with gas distribution concessions (no.) | 1,825 | 1,827 | 2.0 | 0.1 |
| Municipalities with gas distribution concessions in operation (no.) | 1,739 | 1,746 | 7.0 | 0.4 |
| Distribution network (kilometres) | 70,796.0 | 71,706.7 | 910.7 | 1.3 |

**Employees**

As at 30 June 2021, the Italgas Group had 3,930 employees. The tables below show the number of personnel employed in each contractual position and the number employed by each company, together with a comparison against the previous year:

| **Personnel in service by position** (number) ..... | **2020** | **June 2021** | **Change** |
|---|---|---|---|
| Executives ..... | 58 | 60 | 2 |
| Managers ..... | 302 | 313 | 11 |
| Office workers ..... | 2.195 | 2.170 | -25 |
| Manual workers ..... | 1.430 | 1.387 | -43 |
| | **3.985** | **3.930** | **-55** |

| **Personnel in service by Company** | **2020** | **June 2021** | **Change** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Italgas. ..... | 549 | 550 | 1 |
| Italgas Reti ..... | 2.941 | 2871 | -70 |
| Italgas Acqua | 16 | 19 | 3 |
| Medea | 50 | 57 | 7 |
| Seaside | 23 | 42 | 19 |
| Gaxa | 14 | 19 | 5 |
| Toscana Energia | 380 | 372 | -8 |
| Toscana Energia Green | 12 | 0 | -12 |
| | **3.985** | **3.930** | **-55** |

**Health, Safety, Environment and Quality**

Italgas Reti was the first Italian company in the gas distribution sector to obtain recognition in the form of the "Integrated Quality, Environment and Safety Certification" in 2001 from the Det Norske Veritas (DNV) international certification organisation, and this was also extended to energy management in 2012. Since then, every six months the Certification Organisation verifies compliance of the company's operations with international standards UNI EN ISO 9001, UNI EN ISO 14001, UNI ISO 45001 and UNI CEI EN ISO 50001 in order to maintain such certification. The commitment to areas such as the environment, health, safety and energy management, which are aimed at providing quality and customer satisfaction, are embodied in the adoption of the "Health, Safety, Environment, Quality and Energy Policy".

Due to the outbreak of COVID-19 and given that the measures for containing it set out by the competent authorities shall be promptly implemented after issuance, the Italgas Group has established a Crisis Committee that has the task of constantly monitoring the current scenario and defining actions accordingly.

As regard to the infectious viral pandemic, Italgas has adopted protocols concerning health, safety and organizational measures with reference to Authorities codes of conduct to counter the spread of COVID-19. Italgas has also launched a serological screening project for employees, and molecular test campaigns, aimed at preventing the spread of the virus.

**Research and Development**

In keeping with industry regulations in Europe (Energy Efficiency Directive) and Italy (ARERA regulations on responsibility for metering and in the area of implementing smart metering), Italgas Reti was one of the first distributors in Italy to provide its meters with advanced technologies and in 2009 launched the project "Remote meter reading at gas redelivery points". During the experimentation phase, application products and technological market solutions were closely evaluated. The new AMM-MDM (Automatic Meter Management and Meter Data Management) information systems, equipped with all functions to manage the reading system for remote meter reading and traditional meters, were released in August 2013 for industrial and commercial users and implemented in April 2016 for all other users (over 6 million). With regard to the development of remote meter reading, Italgas Reti implemented the Work Force Management system, making it possible to manage installation, configuration, activation and maintenance of remotely read meters by equipping operational staff with a single tool (tablets).

In 2019 Italgas Reti started an experimentation on smart meter using NB-IoT communication protocol (5G) in order to improve communications efficiency and quantity from smart meters to central data management systems.

**Italgas' Debt Structure**

As of 30 June 2021, the debt of the Italgas Group is composed by approximately 97.8% fixed rate debt and by 2.2% floating rate credit lines.

The increase in fixed rate financial debt compared with 31 December 2020 is mainly attributable to the dual-tranche bond issue completed in February 2021 for a cumulated nominal value of €1 billion, partially compensated by the repurchase of outstanding bonds maturing in January 2022 and March 2024, for a total nominal amount of €255.7 million. On 16 February 2021, Italgas launched a new fixed rate dual-tranche bond issue with maturity in February 2028 and February 2033, for a cumulated amount of €1 billion and with an annual coupon of 0% and 0.5%, respectively; at the same date, the Company concluded a buyback in relation of two of its outstanding bonds due January 2022 and March 2024 for an amount of €156.1 million and €99.6 million, respectively.

The Company's current debt structure is composed by bonds with the following characteristics: (i) a nominal amount equal to €750 million issued on 19 January 2017, maturing on 19 January 2022 and having a fixed rate annual coupon equal to 0.50% firstly, repurchased for a total nominal amount of €481.64 million on 11 December 2019 and later repurchased again for a further total nominal amount of €156.05 million on 16 February 2021 (the notes currently outstanding are in nominal amount equal to €112.31 million); (ii) a nominal amount equal to €750 million issued on 19 January 2017, maturing on 19 January 2027 and having a fixed rate annual coupon equal to 1.625%; (iii) a nominal amount equal to €650 million issued on 14 March 2017, maturing on 14 March 2024 and having a fixed rate annual coupon of 1.125%, repurchased for a total nominal amount of €169.055 million on 11 December 2019 and later repurchased again for a further total nominal amount of €99.62 million on 16 February 2021 (the notes currently outstanding are in nominal amount equal to €381.33 million); (iv) a nominal amount equal to €750 million issued on 18 September 2017 and reopened on 30 January 2018, maturing on 18 January 2029 and having a fixed rate annual coupon equal to 1.625%; (v) a nominal amount equal to €600 million issued on 24 July 2019, maturing on 24 April 2030 and having a fixed rate annual coupon equal to 0.875%; (vi) a nominal amount equal to €500 million issued on 11 December 2019, maturing on 11 December 2031 and having a fixed rate annual coupon equal to 1%; (vii) a nominal amount equal to €500 million issued on 24 June 2020, maturing on 24 June 2025 and having a fixed rate annual coupon equal to 0.250%; (viii) a nominal amount equal to €500 million issued on 16 February 2021, maturing on 16 February 2028 and having a fixed rate annual coupon equal to 0%; and (ix) a nominal amount equal to €500 million issued on 16 February 2021, maturing on 16 February 2033 and having a fixed rate annual coupon equal to 0.50%.

Italgas can also rely on four European Investment Bank (**EIB**) loans for a total amount of €849 million, intended for specific investment projects involving natural gas distribution. In addition to the Interest Rate Swap (IRS) contract signed on 15 January 2018 with seven-years duration to hedge a floating rate EIB loan (6M Euribor) totalling €360 million, on 24 July 2019, Italgas signed a new Interest Rate Swap (IRS) contract to hedge a floating rate EIB loan (6M Euribor) for a ten-years duration totalling initial €300 million in relation to the loan denominated "Italgas Smart Metering".

As regards future financial strategy, Italgas's objective is to establish a financial structure (in terms of debt to Regulatory Asset Base (**RAB**) ratio, between short- and medium-to-long-term debt, fixed-rate and variable-rate debt, and bank credit granted and bank credit used) which, in line with the business objectives and the regulatory context in which Italgas shall operate, would guarantee access to the banking and bond market, ensure an adequate level of liquidity, while minimising the relative opportunity cost and maintaining balance in terms of the duration and composition of the debt.

***Enterprise Risk Management***

The Enterprise Risk Management (the **ERM**) unit reports directly to the Chief Financial Officer and oversees the integrated process of managing corporate risk for all Group companies.

The main objectives of ERM are to define, implement, maintain and evolve a risk assessment system that allows risks to be identified, using standardised, group-wide policies, measured in terms of likelihood and impact, according to group risk scoring scales and prioritised, to provide consolidated measures to mitigate these risks, and to draw up adequate reporting. The ERM system adopted by the Italgas Group is based on existing international best practices (COSO Framework and ISO 31000).

The ERM unit operates as part of the wider Internal Control and Risk Management System of Italgas.

The ERM system enables dynamic and integrated group-wide risk assessment that bring out the best of the management systems in individual corporate processes. Group-wide risk assessment is performed on annual basis, while single risk information, evaluation and treatment activities are updated periodically (from semi-annual to quarterly frequency, based on risk severity).

The findings, in terms of the main risks and the plans devised to manage them, are presented to the Control and Risk and Related-Party Transactions Committee and to the Board of Statutory Auditors so that an assessment can be carried out on the effectiveness of the Internal Control and Risk Management System with regard to Italgas' specific characteristics and the risk profile it has taken on.

In addition, the ERM unit applies a specific methodology for the identification and quantification of the main risks and opportunities related to the Strategic Plan. The approach enables to assess the resilience of the Strategic Plan to context changes and to estimate the overall degree of variability of the Plan's financial targets generated by the potential occurrence of risk events. Outcomes of the analysis are part of the Strategic Plan (section "risk analysis") approved by the Board of Directors.

**Material Litigation**

The Issuer is currently party to a number of civil, administrative, criminal and tax, claims and legal actions that have arisen in the ordinary course of its business. Applicable accounting principles identify two different types of legal proceedings which have different ways to set aside provisions.

According to the procedure known as "Financial Report" ("*Bilancio*") (Annex I), the relevant legal proceedings are those in which counterparties and/or third party claims are equal to or in excess of €150,000 and/or may produce material adverse effects on the Issuer image and/or reputation (the **Relevant Proceedings**). As a consequence, legal proceedings that do not comply with such requirements are considered not relevant (the **Non-Relevant Proceedings**).

The accounting provision is calculated by aggregating the values of the liabilities that may arise in the event of a negative outcome of a Relevant Proceeding. It is usually carried out when the unfavourable outcome of the relative proceeding has a probability of occurrence greater than 50% and the burden's amount can be estimated reliably. Instead, as regard the Non-Relevant Proceedings, the accounting provision is calculated as indicated below: a) for Proceedings with a *petitum* determined less than €25,000 the amount of the *petitum*; b) for Proceedings with an undetermined amount a lump sum of €25,000 per case; c) for Proceedings with *petitum* exceeding €25,000 and less than €150,000, an amount flat rate of €25,000 per case.

As at 30 June 2021, in relation to the Issuer the risks provision for legal disputes was made for a total amount of €12.7 million. In making such provision, the Board of Directors has taken into account the potential risks relating to each claim and the applicable accounting standards on probable and quantifiable risks. The most relevant claims and proceedings are summarised below, together with an indication of the total amount claimed, if known. See "*Risk Factors" - "Risks associated with legal proceedings and disputes*".

*Criminal Proceedings*

**Rome incident, Via Parlatore**

The Public Prosecutor of the Court of Rome has opened an investigation against some managers of Italgas Reti in relation to the incident that occurred on 7 September 2015 during the implementation of the interconnecting works between two polyethylene pipes already installed within the project of grey cast-iron pipes replacement with hemp and lead seals, in Via Filippo Parlatore and neighbouring streets in Rome. An explosion occurred during the course of the activities, due to a gas leak. The incident led to the death of an Italgas Reti worker and injured two workers of a third-party company. The Public Prosecutor in Rome, on May 5, 2017, filed a motion for dismissal (*domanda di archiviazione*) for all the suspects. The dossier was submitted to the Judge for preliminary investigations (G.I.P.). The trial hearing was set for 26 October 2018 before the G.I.P. for the decision: in that hearing, the G.I.P. requested to the Prosecutor to carry out further investigations.

Following the further investigations, the Public Prosecutor filed, once again, a motion to dismiss for all the suspects. As a result of the opposition to the motion proposed by the offended parties, a new hearing was held on 25 September 2020 before the G.I.P.. Following that hearing, the G.I.P. dismissed the Public Prosecutor's motion and requested the same Prosecutor should file charges (*capi di imputazione*) against the suspects. The Public Prosecutor formulated the request for indictment for the suspects and the hearing before the Judge for the preliminary hearing (**GUP**) was set for 26 May 2021. In this hearing the GUP ordered the indictment of the three Italgas Reti suspects at the hearing on 22 January 2022. The relatives of the deceased Italgas Reti employee and two employees of the contractor who suffered injuries filed a civil claim.

**Cerro Maggiore/via Risorgimento Event**

With reference to the investigations regarding an accident which took place on 11 November 2015 during an emergency repair at the Municipality of Cerro Maggiore, the Public Prosecutor on 24 April 2017 notified the ordinance pursuant to art. 415 bis of the Italian Code of Criminal Procedure (*avviso di conclusione delle indagini preliminari)* to the persons under investigation and Italgas Reti, in respect of which it is alleged that no preventive measures have been adopted in the field of work safety. Save as for the person which has been appointed as the Employer (*datore di lavoro ex Legislative Decree n. 81/2008*) of Italgas Reti, whose position was dismissed (*archiviata*) by a Decree of 27 April 2018, on 4 May 2018 the request for commitment to trial has been notified, complying with the notification of 24 April 2017. Italgas Reti is working on the most appropriate defence in order to be discharged from any accusation. At the hearing held on 19 March 2019, the Judge for the Preliminary Hearing (G.U.P.) pronounced a not to prosecute verdict for two of the Italgas Reti employees for not having committed the crime. A verdict was issued against the employees of the subcontractor company for the laying of the optical fiber, applicants for the summary trial, rejecting the request for compensation of the civil part of the Municipality of Cerro Maggiore. Italgas Reti and remaining three of its employees, as well as the other defendants of the said subcontractor company laying the optical fiber, have been indicted for a hearing to be held on 9 December 2019. The preliminary issues were discussed at the hearings of 9 December 2019 and 13 January 2020 and the Public Prosecutor asked to hear the witnesses.

The first witnesses were heard by the Public Prosecutor at the hearing on 7 September 2020 and the hearings continued on a weekly basis.

The examination of the defence witnesses started with the hearings of 9 November and 23 November 2020. The examination of the defendants took place at the hearing of 8 February 2021 (in particular, two of the accused employees of Italgas Reti were heard), while the examination of the technical consultants took place at the hearing of 8 March 2021. At the hearing of 19 April 2021, the consultant of two accused employees of the contractor company was heard and, at the following hearing on 7 May 2021, the discussion between the parties took place. During this hearing, the Public Prosecutor requested

for the acquittal of the safety manager of Italgas Reti and for the two accused employees of the contractor, while the Public Prosecutor requested the other two defendants of Italgas Reti be sentenced to imprisonment for two years, with a suspended (and therefore non-executable) judgment. For Italgas Reti, the application of a minimum fine was requested. On 4 June 2021, the judge acquitted one of the two Italgas Reti defendants, the other was sentenced to one year and six months' imprisonment with suspension and no mention of the judgment. A minimum fine was imposed on Italgas Reti. The Company shall lodge an appeal within the time limit of 15 October 2021.

**Rocca di Papa Event**

The Public Prosecutor's Office of the Court of Velletri opened an investigation for the incident that occurred on 10 June 2019 in the Municipality of Rocca di Papa caused by the rupture of a Italgas Reti pipeline by a company that carried out works on behalf of the same Municipality. The dispersion of gas produced an explosion in which some persons were injured; two of whom died in the following days. The Public Prosecutor has conducted preliminary investigations where Italgas Reti people are not involved. Italgas Reti, who is aggrieved party by the crime - for damages to its pipeline - has cooperated in the investigation. The Public Prosecutor has also carried out investigations with expert reviews into the area of the accident and Italgas Reti, as aggrieved party, has appointed its own technical consultants. The technical advice (*consulenza tecnica*) requested by the G.I.P. has been made available at the beginning of September 2020. The hearing before the G.I.P, initially scheduled on 1 October 2020, has been postponed to 16 October 2020. During that hearing, the probative objection (*incidente probatorio*) took place. The preliminary investigation was completed on 28 April 2021. Two persons were added to the list of suspects: another geologist (who was in charge of the checks on the pipeline for the company that carried out works on behalf of the Municipality) and the municipal technician responsible for the procedure (**RUP**). The preliminary hearing before the judge for the preliminary hearing (GUP) has been set for 9 November 2021. In the writ of summons the charge against the RUP of Rocca di Papa was withdrawn. The Italgas Reti is aggrieved party in the proceeding. On 16 September 2021 the Public Prosecutor filed the appeal against the defendant of Italgas Reti acquitted with the first degree judgment.

***Other Proceedings***

**Comune di Venezia / Italgas Reti: Trib.Venezia**

After the conclusion of the administrative judicial proceedings (*giudizi amministrativi*) between Italgas Reti and the Municipality of Venice, in which the Courts stated the acquisition, free of charge, by the latter of the assets included in the "Block A", as well as the obligation for the Company to pay a fee for the use of the portion of network object of transfer without consideration, the Municipality of Venice has initiated in April 2019 a civil proceeding at the Court of First Instance in Venice (Tribunale di Venezia) in order to recover the amounts which it assumes due for the utilization by Italgas of assets of Block A. Italgas Reti has submitted its statements of defence (*comparsa di risposta*) in response to counterparty's claims and on 12 September 2019, at the first hearing, the parties have discussed their allegations. The following hearing, initially scheduled on 1 April 2020, for the admission of evidence supporting parties' statements, has been postponed to 23 December 2020 and then to 29 December 2020. The written briefs have been filed. The next hearing is scheduled for the 28 October 2021.

**Publiservizi S.p.A. / Italgas S.p.A.: Trib. Firenze**

On 25 July 2019, a writ of summons was served on Italgas by Publiservizi S.p.A. (**Publiservizi**) and other Municipalities with stakes in Toscana Energia which, claiming the alleged violation of a shareholders' agreement signed between said parties and Italgas on 28 June 2018, demanded that Italgas be ordered to acquire a 3% stake in Toscana Energia or, in any case, to fulfil the aforementioned shareholders' agreement and, in the alternative, to pay Publiservizi by way of compensation for damages for breach or, alternatively, by way of unjust enrichment. The first hearing, held on 14 January 2020 before the Court of Florence, was first adjourned to 6 May 2020 and, thereafter, due to the health

emergency, to 25 November 2020 and lastly to 28 April 2021. Italgas, which filed an appearance under the terms of the law, set forth all the exceptions useful to demonstrate that the counterparty claims are groundless. At the moment, the next hearing is scheduled for the 17 January 2023.

**Italgas Reti / Comune di Roma: Trib. Roma**

The Municipality of Rome, where Italgas Reti carries out the service of gas distribution on the basis of a specific service contract, after a series of discussions aiming at reaching an agreement for the adjustment of timetable for the implementation of the Business Plan, which is an integral part of the above-mentioned Contract, charged Italgas Reti with alleged delays in the execution of the Plan itself. In rejecting the claims of the Municipality of Rome, Italgas Reti had already filed a recourse with the TAR Lazio on 11 January 2019 (RG no. 560/2019) for the cancellation of the notice with which the Municipality of Rome had started the procedure to apply liquidated damages and supplemented it on 30 August 2019 due to reasons added following further notices of the Municipality of Rome. On 19 December 2019, the Municipality of Rome served the Managerial Resolution dated 6 September 2019 that: i) quantified the alleged amount owed by Italgas Reti by way of liquidated damages for the supposed delay in implementing the business plan covered by the gas concession contract, ii) levied the bank guarantee issued to guarantee the proper execution of the above Service Contract, in case liquidated damages would not be paid within the deadline of 90 days from notification of the resolution. With additional reasons (*motivi aggiunti di ricorso*) of 20 January 2020 in the proceeding RG n. 560/2019, Italgas contested the above-mentioned Managerial Resolution at the TAR Lazio and asked for an interim measure aimed at suspending the Measure (*provvedimento*) in so far as it is illegitimate from different perspectives, including i) invalidity due to vagueness of the liquidated damages clause, ii) non-existence and/or in any case non-chargeability of the company for the non-fulfilments challenged by the Municipality of Rome, iii) waiver by the Municipality of Rome to promptly apply the liquidated damages clause, iv) violation of the procedure to impose such liquidated damages clause. While awaiting preliminary analyses and based on an outside legal opinion, the Company sees no risk of losing the case such as to record it in its financial statements. With Order (*ordinanza*) no. 1124/2020 published on 21 February 2020, the TAR Lazio, raising doubts about the jurisdiction of the administrative court on this litigation, stayed the Measure with which the Municipality of Rome ordered Italgas Reti to pay liquidated damages until 18 March 2020, date on which the next meeting in chambers would be held. Such hearing was then postponed to 22 April 2020. In addition to that, Italgas Reti, on 18 April 2020, filed before the Supreme Civil Court (*Corte Suprema di Cassazione*) a request for a judgment on the jurisdiction (*regolamento preventivo di giurisdizione*), with the aim of obtaining a judgment on whether the competence on such litigation rests on a Civil Court or on an Administrative Court. The hearing was scheduled for 15 December 2020. By Order (*ordinanza*) no. 254/2021, published on 11 January 2021, the Supreme Civil Court (*Corte Suprema di Cassazione*) stated that the competence on such litigation rests on a Civil Court. Therefore, on 11 February 2021, Italgas Reti resumed the judgment before the Civil Court of Rome and the next hearing has been scheduled for 29 September 2021 and then to 11 January 2022. By Order (*ordinanza*) no. 4140/2020, published on 23 April 2020, the TAR Lazio stayed the RG n. 560/2019 proceeding, pending the Supreme Civil Court decision, and did not confirm the interim measure initially issued by the above cited Order no. 1124/2020 of 21 February 2020. Order no. 4140/2020 was annulled by the Council of State which issued an order on 19 June 2020 by means of which it confirmed the *interim* measure. Furthermore Italgas Reti filed before the TAR Lazio a recourse in order to have it ascertained the liability of the Municipality of Rome concerning the breach of certain provisions of the Business Plan and the order to pay damages suffered by Italgas Reti. By judgment (*sentenza)* no. 6472/2021 published on 31 May 2021, the TAR Lazio (*Tribunale Amministrativo Regionale*) stated that the competence on such litigation rests on a Civil Court. As at the date of this Base Prospectus, Italgas Reti has resumed the judgment before the competent Court of Rome (*Tribunale Civile di Roma).*

**Seaside / GSE – TAR Lazio**

With reference to the monitoring initiated by the GSE on 55 packages of energy efficiency projects relating to the subsidiary company Seaside, in the months of March and April 2019 notices of cancellation for 2 packages of projects were received as well as the request of the supplementary documentation for the remaining projects. Seaside filed a suit before the TAR Lazio (Rome) against the April notification for the annulment of the same and additional reasons (*motivi aggiunti*) were subsequently filed against the further measures related to the April notification. In a communication dated 17 February 2020, the GSE notified the results of its monitoring on the remaining 53 files, highlighting the failure to meet requirements for the recognition of incentives on all the files examined. The GSE also specified that it was obliged to recover the amount already paid, in accordance with reimbursement methods that would be notified in subsequent communications. Seaside, which has carried out all the necessary technical and legal studies to accurately challenge the detailed observations put forward by the GSE, filed a suit before the TAR Lazio. The next hearing, initially scheduled on 28 September 2020, has been postponed to 9 December 2020 and then to 3 March 2021. At the same time, the reimbursement request has also arrived for the remaining 53 RVC. The interim measure concerning all of 55 RVC was rejected; the final decision on the merit is yet to be delivered.

**Italgas Reti / Comune di Cavallino-Treporti**

After the statements of the Council of State (*Consiglio di Stato*) on the acquisition, free of charge, of the assest included in the "Block A", the Municipality of Cavallino-Treporti has initiated a civil proceeding at the Court of First Istance in Venice (*Tribunale di Venezia*) in order to recover the amounts which it assumes due for the utilization by Italgas Reti of assets of Block A. The first hearing, scheduled on 17 December 2020, has been postponed to 1 April 2021 and finally to 22 April 2021 for the admission of evidence supporting parties' statements and then to 13 January 2022 as final hearing.

**Italgas Reti / 2i Reti Gas / Comune di Napoli**

Italgas Reti appelead before the Tar Campania the decision of Naples-1 local authority, awarding the tender to 2i RG and the next hearing initially scheduled on 8 september 2021, has been postponed to 8 October 2021.

***ARERA Proceedings***

A number of preliminary investigations (*istruttorie*) are currently being carried out by the ARERA with respect to different matters involving the Issuer Group's business activity.

With Executive Resolution 4/2020/gas of 24 February 2020, the ARERA started a proceeding against Italgas Reti regarding the emergency call center. According to ARERA, Italgas Reti would not have been fully compliant with the safety and security standards prescribed by regulation. Italgas Reti replied to these allegations arguing that none of the rules has been infringed and that Italgas Reti guarantees high security standards on a daily-basis. Nevertheless, with Resolution 74/2021/S/gas of 2 March 2021, Italgas Reti was ordered to pay a fine of Euro 500,000. On this judgment a suit was filed which is currently pending before the TAR Lombardia (Milan).

With Executive Resolution 34/2019/gas of 8 August 2019, the ARERA started a proceeding against Italgas Reti with the aim of verifying the correctness of certain internal procedures with the security standards set forth by ARERA. Italgas Reti argued that none of the procedures in force within the organisation clashes with the regulation and that any dated reference to past regulations, if any, does not affect security standards. Nevertheless, with Resolution 266/2020/S/gas of 14 July 2020, Italgas Reti was ordered to pay a fine of Euro 531,200.

With Resolution 323/2017/S/gas of 12 May 2017, the ARERA started an investigation against Italgas Reti regarding the conduct of the personnel of emergency call center. Italgas Reti argued that the instructions given by the operators were fully compliant with the safety and security obligations prescribed by the regulation. Nevertheless, with the 328/2019/S/GAS Resolution (30 July 2019), Italgas Reti was ordered to pay a fine of Euro 469,000. On this judgment a suit was filed which is currently pending before the TAR Lombardia (Milan). The first hearing has been scheduled for 21 October 2021.

Resolution 33/2012/S/GAS - The ARERA has launched infringement proceedings against Italgas Reti, disputing, specifically, the failure, by the Company to comply, with regard to the Venice network distribution, with the obligation to recondition or replace, by 31 December 2010, at least 50% of the hemp- and lead-sealed joints in operation as at 31 December 2003, as set out in Article 12(7) letter b) of the Regulation of the Quality of Gas Distribution and Metering Services (Annex RGDQ to the Resolution ARG/gas 120/08 for years 2009-2012). At the end of the proceedings, by Resolution n. 197/2017/S/gas Italgas Reti was ordered to pay the amount of Euro 204,000. Italgas Reti filed a suit against the above mentioned ARERA Resolution before the TAR Lombardia (Milan) which invalidated the resolution n.197/2017/S/gas and ordered consequently ARERA to refund Italgas Reti of the entire amount of the fine. ARERA appealed the judgment.

With Executive Resolution 13/2018/efr of 7 February 2018, the ARERA started a proceeding against Italgas Reti regarding alleged violation on Energy efficiency mechanism in 2016. Despite the detailed argumentation of Italgas Reti presented in a specific memorandum, with Resolution 415/2019/S/efr of 23 October 2019, ARERA ordered Italgas Reti to pay a fine of Euro 1,614,000. On this judgment a suit was filed before the TAR Lombardia (Milan). The first hearing has not been scheduled yet.

***Resolution no. 98/2019/R/gas ARERA and Resolution no. 128/2019/R/gas ARERA***

By way of Resolution no. 98/2019/R/gas, ARERA approved the definitive reference tariffs for gas distribution and metering services for 2018. This Resolution has been followed by Resolution no. 128/2019/R/gas, which approved the provisional reference tariffs for gas distribution and metering services for 2019. With the same Resolution ARERA announced that it will conduct further analyses regarding the tariff recognition of investments made in the municipalities whose first year of supply was 2017, following a petition submitted by Italgas which highlights an incongruity between what recognized by the Authority in 2018 (remunerated capital calculated with regard to standard parameters for delivery points) and the amount that would result from the application of the tariff methodology in force.

On 17 July 2019 Italgas Reti started a proceeding (*Ricorso Straordinario innanzi al Presidente della Republica*) against the Resolution no. 98/2019/R/gas and the Resolution no. 128/2019/R/gas. On 2 October 2019, ARERA filed an instance for the transposition of the recourse before the competent Administrative Court. The recourse has been transposed before the competent Administrative Court. The first hearing has not been scheduled yet.

***Resolution no. 570/R/gas/2019***

A suit (*ricorso giurisdizionale)* was filed against ARERA Resolution no. 570/R/gas/2019 before the TAR Lombardia (Milan), notified on 24 February 2020, challenging the legitimacy of various points, including the planned reduction of operating costs recognised to the distributor, the reduced return on invested capital in metering activities, confirmation of the cap on investments in start-up areas, the planned single tariff for Sardinia using a balancing mechanism limited only to the first three years, and the inclusion of an x factor that remains constant for the entire regulatory period. The first hearing has not been scheduled yet.

Under the same suit, Italgas Reti requested the ARERA to transmit all the relevant documents used to set the tariff parameters considered not correct, thus detrimental to Italgas Reti. Despite a formal

application having been sent to the ARERA, the Authority refused to make available the concerned documentation. Due to this refusal, Italgas Reti filed a specific suit (*ricorso per diniego di accesso agli atti*) which recently (on 4 August 2020) led to a judgment of the TAR Lombardia (Milan). Backing Italgas Reti position, ARERA was ordered to send all the documents to Italgas Reti within the following 30 days.

ARERA failed to comply with the 30 days deadline. As a consequence, Italgas Reti duly began a new suit in order to obtain the enforcement of the aforementioned judgment. After being notified of such new suit, ARERA provided documentation to Italgas Reti. However, given the delay and the unsatisfactory level of the documents received, Italgas Reti replied to ARERA inviting the Authority to wholly abide by the judgment of the TAR Lombardia and therefore make available all the relevant documents, especially the internal ones, aimed at setting the level of both metering and gas distribution remuneration. The first hearing has been scheduled for 27 January 2021. Prudentially, Italgas Reti appealed the 4 August 2020 judgment of the TAR Lombardia (Milan) on compliance for the hypothesis in which the judgment is interpreted as excluding the access to the relavant document, especially the internal ones. The next hearing, initially scheduled for 18 March 2021 has been set at a later date.

By means of a preliminary application filed on 13 January 2021, Italgas Reti requested TAR Lombardia to order a technical exam (*procedimento di verificazione*) concerning the grounds for the suit against ARERA Resolution no. 570/R/gas/2019, with particular reference to the beta parameter, the initial level of recognised operating costs and the annual productivity recovery rate (x-factor).

The TAR Lombardia has appointed two experts to conduct the technical review and the outcome of their analysis was expected in September 2021. Italgas Reti has then issued a request for the temporary suspension of the technical analysis as the TAR must decide on the sharing of the distribution companies unbundling financial statements. TAR Lombardia has yet to decide on the request by Italgas Reti.

**Resolution 270/2020/r/efr**

A court claim (*ricorso giurisdizionale*) was filed against ARERA Resolution 270/2020/R/efr before the TAR Lombardia (Milan), notified on 13 October 2020, challenging the legitimacy of various points, including the mere confirmation of obligation year 2018 tariff contribution (which was determined under Resolution 487/2018/R/efr, abolished by TAR Lombardia (Milan) judgment no. 2538/2019), the confirmation of Euro 250,0 unitary tariff cap (abolished by the same judgment), the inclusion of the prices of bilateral transactions in the calculation of the tariff contribution, the additional tariff contribution mechanism. The first hearing was held on 16 December 2020. During such hearing, only the issues relating to the violation of TAR Lombardia (Milan) judgment no. 2538/2019 were examined. On 18 February 2021, TAR Lombardia (Milan) stated, without entering into the merits of the suit filed by Italgas Reti, that ARERA Resolution 270/2020/R/efr was not in contradiction with a previous judgment (TAR Lombardia n. 2358/2019) concerning "Energy Efficiency Certificates" (**EECs**); this latter established that the Ministerial Decree of 10 May 2018, in the part in which this latter quantified at 250 Euro/EEC the maximum amount which could be reimbursed through tariffs for the purchase of the same EEC, exceeded the powers granted by law to ARERA to set tariffs. Italgas Reti has appealed such ruling: the relevant hearing has not been scheduled yet.

***AGCM Proceedings***

**Proceeding A 540 of 27 May 2020**

By decision of 27 May 2020 – notified to Italgas on 3 June 2020 – the AGCM opened a formal investigation into Italgas for an alleged abuse of dominant position. More specifically, the investigation aims to ascertain whether Italgas has abused of the dominant position held in most of the cities comprised in Venice-1 ATEM (the company is indeed legal monopolist in Eraclea, Caorle, Cavallino Treporti and Jesolo, and major operator in Chioggia and Venice) by refusing to provide the tender

authority with some information allegedly essential for preparing the call for tender for the gas distribution service in Venice-1 ATEM. The Company strongly challenges the allegations raised in the opening decision and believes to have always cooperated with the tender authority, providing the latter all the information required under the relevant regulatory framework. On 1 October 2020, Italgas submitted a set of commitments that – if accepted and made binding by the AGCM – would bring to close the case without the ascertainment of the infringement or the imposition of a fine. AGCM, considering the measures proposed by Italgas not manifestly unfounded, on 20 October 2020 admitted the commitments to the market test, setting the deadline of 20 November 2020 for submitting observations. On 21 December 2020 Italgas Reti - in the light of the observations received during the market test - submitted an integrated version of the set of commitments. On 3 March 2021, the AGCM accepted Italgas Reti commitments and, as a result, closed the investigation without ascertaining any infringement of competition law by Italgas Reti. On 30 June 2021 the Company presented a report concerning the compliance with the set of commitments previously submitted, as required by the AGCM. Furthermore, as requested by AGCM on 21 June 2021, Italgas Reti on 9 July 2021 has provided the data necessary for the publication of the tender notice.

**Principal Shareholders**

As at the date of this Base Prospectus, the Issuer fully subscribed and paid-up share capital is €1,002,016,254.92, divided into 809,768,354 ordinary shares with no par value. As at the date of this Base Prospectus, there are no other classes of shares issued.

On 19 April 2018, the Extraordinary Shareholders meeting resolved to increase the share capital by a maximum amount of 4,960,000.00 euro, through the issue of no more than 4,000,000 new ordinary shares to be assigned free of charge, pursuant to article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained earnings reserves, for beneficiaries of the Incentive Plan[18] approved by the Ordinary meeting of 19 April 2018, to be implemented no later than 30 June 2023. On 10 March 2021, the Board of Directors resolved to: (i) freely allocate 632,852 ordinary shares to the beneficiaries of the Incentive Plan given the rights assigned (the so-called first cycle of the plan) and accrued in accordance with the provisions of such plan at the end of the relative performance period (i.e. 2018-2020) and (ii) implement the first tranche of the capital increase aspect of the plan, taking a total of €784,736.48 from the retained profits of the issue of 632,852 new ordinary shares.

On 20 April 2021, the Ordinary Shareholders' Meeting approved the 2021-2023 co-investment plan, in accordance with the terms and conditions described in the information document prepared pursuant to Article 84-bis of the Issuers' regulations and made available to the public in accordance with the law. In extraordinary session, the Shareholders' Meeting approved the proposal, in service of the 2021-2023 co-investment plan, to increase the share capital, in one or more tranches, for a maximum nominal amount of €5,580,000.00, through the issue of a maximum of 4,500,000 new ordinary shares to be assigned free of charge, pursuant to Article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained earnings, exclusively to the beneficiaries of the plan, i.e. employees of the Company and/or Group companies.

Since 7 November 2016, the Issuer's shares have been listed on the MTA (*mercato telematico azionario*) division of the Borsa Italiana.

As at the date of this Base Prospectus, on the basis of the shareholders' register, communications received pursuant to CONSOB Regulation No. 11971/1999 (as amended) and other information

[18] Concerning the co-investment plan 2021-2023, adopted by the Shareholders' Meeting on April 20th, 2021. The plan involves selected managers of the Company and provides to defer the 35% of the accrued short term bonus into Italgas shares subject to a 3 year performance condition with a minimum, target and maximum performance levels. For more information concerning the co-investment plan, please refers to the Plan's Information Notice published on Italgas website.

available to the Issuer, as far as the Issuer is aware, the main shareholders directly or indirectly owning an interest greater than 3% of Italgas' share capital are (i) CDP, with an overall 39.51% stake of the ordinary share capital, held through CDP Reti and Snam, (ii) Lazard Asset Management with a stake of 9.3% of the ordinary share capital (iii) Mr. Romano Minozzi who holds, also through his companies Iris Ceramica, GranitiFiandre and Finanziaria Ceramica Castellarano, 4.29% of the ordinary share capital;(iv) BlackRock with a stake of 4.4% of the ordinary share capital; (v) Sun Life Financial with a stake of 3.4% and (vi) Credit Agricole with a stake of 3.1%[19]. The remaining (free float) is held by other shareholders. See "Principal Shareholders" below.

As at the date of this Base Prospectus, based on information in Issuer's shareholders' register, communications received pursuant to CONSOB Regulation No. 11971/1999 (as amended) and other information available to the Issuer, as far as the Issuer is aware, the shareholders owning interests in excess of 3% of the Issuer's ordinary shares are as follows:

| **Declarant** | **Direct shareholder** | **Proportion of ordinary share capital (%)** |
|---|---|---|
| CDP | CDP Reti | 26.02 |
| | Snam | 13.49 |
| Lazard LLC | Lazard LCC | 9.3 |
| Romano Minozzi | Finanziaria Ceramica Castellarano | 0.22 |
| | Granitifiandre | 0.025 |
| | Iris Ceramica | 1.893 |
| | Romano Minozzi | 2.14 |
| BlackRock | BlackRock | 4.7 |
| Sun Life Financial | MFS Investment Management | 3.4 |
| Crédit Agricole S.A. | Crédit Agricole S.A. | 3.1 |

As of the date of this Base Prospectus, Snam and CDP Reti are parties of a Shareholders' Agreement signed on 20 October 2016 relating to the equity investments which are held in Italgas, amounting to

[19] For information concerning communications received pursuant to CONSOB Resolutions no. 21304 of 17 March 2020 on the "*Reduction of the initial percentage threshold pursuant to art. 120, subsection 2-bis, of Legislative Decree 58/1998 for shareholdings in the capital of listed companies - having Italy as the home Member State – with a high current market value and a particularly disseminated ownership structure*" and subsequent Consob resolutions of similar content, please make reference to the website www.consob.it, "Relevant Shareholdings". The information on the website does not form part of the Base Prospectus and has not been scrutinized or approved by the competent authority.

13.50%, and 26.05%, respectively (the **Shareholders' Agreement**). A purpose of the Shareholder's Agreement is to ensure a stable and transparent ownership structure and the general provisions of governance of Italgas upon the outcome of the Transaction. The Shareholders' Agreement has a term of three years and is renewable. Given such provision, the Italgas Shareholders' Agreement was automatically renewed for a further three years period.

On 1 August 2019, CDP specified that, based on the evaluation of (i) the amount of the holdings of CDP Reti and Snam – controlled, by CDP, applied to the Shareholders' Agreement, equal to 39.55% of the share capital of the Issuer, (ii) the composition of the Board of Directors of Italgas and (iii) the results of the Shareholders meetings held starting from the demerger, there was deemed to be sufficient evidence of the existence of *de facto* control, in accordance with Article 2359 par. 1 n. 2 of Italian Civil Code and Article 93 of Italian Legislative Decree No. 58 of 24 February 1998 (**TUF**). Even after such requalification, there are no shareholders exercising the direction and coordination activities referred to in Articles 2497 et seq. of the Italian Civil Code over Italgas.

***Brief description of the main shareholders***

***CDP S.p.A. and CDP Reti S.p.A.***

As at the date of this Base Prospectus, CDP Reti holds 26.05% of Issuer's share capital.

CDP Reti is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy and is 35% owned by State Grid Europe Limited, 5.9% owned by Italian institutional investors and 59.1% owned by CDP.

CDP is a joint stock company (*società per azioni*) controlled by the Italian Ministry of the Economy and Finance (the Italian Ministry of the Economy and Finance holds 80.1% of the corporate capital of CDP, a broad group of bank foundations holds 18.4% of the corporate capital of CDP and the remaining shares - equal to 1.5% - are represented by own shares held by CDP). CDP's mission is to foster the development of public investment, local utility infrastructure works and major public works of national interest.

***Snam S.p.A.***

Snam holds 13.50% of the share capital of the Issuer.

Snam**,** through its operating subsidiaries, is the leading operator in the regulated gas sector in Italy and one of the main regulated operators in Europe in terms of regulatory asset base (RAB). Snam's main business areas (namely transportation and dispatching, storage, and liquefied natural gas (**LNG**) regasification) are all regulated activities in Italy under the authority of the ARERA.

**Measures in place to ensure major shareholder control is not abused**

The Issuer has adopted a procedure for transactions with related parties issued in compliance with the provisions of the Article 2391-*bis* of Italian Civil Code and CONSOB Resolution No. 17221/2010; such procedure establishes the principles and rules to which the Issuer and its subsidiaries must adhere to in order ensure transparency and substantial and procedural fairness of related parties transactions.

**Management, Statutory Auditors and Committees**

***Corporate Governance of the Issuer***

The Issuer adopts the traditional system of administration and control comprising of:

- a **Board of Directors** (*consiglio di amministrazione*) responsible for the management of the Issuer;

- a **Board of Statutory Auditors** (*collegio sindacale*), responsible for compliance with the law and with the By-laws, as well as observance of the principles of correct administration in the conduct of Issuer's activities and to ensure the adequacy of the Issuer's organisational structure, the internal control system and the administrative/accounting system; and

- the **Shareholders' Meeting** (*assemblea dei soci*), in both ordinary and extraordinary sessions, which has the power to resolve on, among other things, (i) appointment and dismissal of the members of the Board of Directors and the Board of Statutory Auditors, as well as their respective compensation and responsibilities; (ii) approval of the financial statements and allocation of earnings; (iii) purchase and disposal of Issuer's own shares (*azioni proprie*); (iv) amendment of the By-laws; and (v) issues of convertible bonds.

Independent Auditors were appointed by the Shareholders' Meeting following proposal from the Board of Statutory Auditors.

The Issuer's corporate governance system will comply with the Code of Corporate Governance of Listed Companies promoted by the Borsa Italiana (the **Code of Corporate Governance**) and also with the Code of Corporate Governance issued in July 2018 by the corporate governance committee of the Borsa Italiana (the **Corporate Governance Committee**).
On 31 January 2020 the Corporate Governance Committee published the new Corporate Governance Code (the **New Code**), applicable to companies with shares listed on the MTA division of Borsa Italiana as of the first financial year starting after 31 December 2020 informing the market in the report on corporate governance and ownership structures to be published during 2022.
Therefore, on 18 December 2020 Italgas Board of Directors adhered to the New Code and has applied its recommendations from 1 January 2021.

***Code of Ethics, Principles of the Internal Control, and Enterprise Risk Management system and the management system for the prevention and fight against corruption***

The Issuer has adopted and is committed to promoting and maintaining an adequate internal control and risk management system, to be understood as a set of all of the tools necessary or useful in order to direct, manage and monitor business activities with the objective of (i) ensuring compliance with laws and company procedures, (ii) protecting corporate assets, (iii) managing activities in the best and most efficient manner and (iv) providing accurate and complete accounting and financial data.

The Issuer also has adopted a code of ethics (the **Code of Ethics**). The Code of Ethics defines a shared system of values and expresses the business ethics culture of the Issuer, as well as inspiring strategic thinking and guidance of business activities. The Code of Ethics defines the guiding principles that serve as the basis for the entire internal control and risk management system, including (i) the segregation of duties among the entities assigned to the processes of authorisation, execution or control; (ii) the existence of corporate determinations capable of providing the general standards of reference to govern corporate activities and processes; (iii) the existence of formal rules for the exercise of signatory powers and internal powers of authorisation; and (iv) traceability (ensured through the adoption of information systems capable of identifying and reconstructing the sources, the information and the controls carried out to support the formation and implementation of the decisions of the Issuer and the methods of financial resource management).

In this context, as well as for the purpose of implementing the provisions of the Code of Corporate Governance, the Issuer has adopted an Enterprise Risk Management system (**ERM**) composed of rules, procedures and organisational structures, for identifying, measuring, managing and monitoring the main risks that could affect the achievement of its strategic objectives. The Issuer, through the ERM system

will adopt uniform and structured method identifying, evaluating, managing and controlling risks in line with existing reference models and best practice.

At the end of 2020, for the third year in a row, Italgas and the subsidiary Italgas Reti have achieved a certification in accordance with standard UNI ISO 37001:2016 that certifies the compliance of the management system for the prevention and fight of corruption. In addition, during the year 2020, the required activities were carried out prior to obtaining the compliance certification of the management systems for the prevention and fight against corruption for Italgas Acqua, Umbria Distribuzione Gas, Metano Sant'Angelo Lodigiano, Seaside, Medea, Toscana Energia and Gaxa. The audits carried out for the abovementioned companies were completed successfully. Therefore, the certification in accordance with UNI ISO 37001:2016 was achieved for all the following companies: (i) Italgas Acqua (15 July 2020); (ii) Umbria Distribuzione Gas (15 July 2020); (iii) Metano Sant'Angelo Lodigiano (15 July 2020); (iv) Seaside (28 September 2020); (v) Medea (2 October 2020); (vi) Toscana Energia (4 November 2020); (vii) Gaxa (18 November 2020). The management systems for the prevention of and fight against corruption were certified upon completion of in-depth audits during which the commitment and collaboration was seen of the corporate departments and representatives (supervised by the department for conformity for the prevention of and fight against corruption) in the implementation and observance of the measures adopted in order to assure the adequacy and suitability of each management system for the prevention of and fight against corruption in accordance with standard UNI ISO 37001:2016.

At the end of September 2021, the Management Systems of Italgas Acqua, Umbria Distribuzione Gas, Metano Sant'Angelo Lodigiano, Medea and Gaxa have been subject of the so-called "Maintenance audit" at the outcome of which the certification body confirmed the certification obtained by the aforementioned companies in 2020.

**Board of Directors**

The Board of Directors has responsibility for the management of Italgas and is vested with full powers for management and, in particular, may take all actions it deems necessary for the implementation and achievement of any corporate purpose, excluding only acts that the law or the By-laws reserve for Shareholders' Meetings.

On 4 April 2019, the Board of Directors of the Issuer resolved to reserve several powers exclusively, pursuant to Article 2381 of the Civil Code, to the Board of Directors and to assign certain powers to the Chairman and to the Director Paolo Gallo, who was appointed Chief Executive Officer (**CEO**).

At the meeting on 25 January 2021, the Board of Directors reserved new specific powers pursuant to art. 2381 of the Italian Civil Code for its exclusive area of responsibility, as well as those which cannot legally be delegated and those required by the Corporate Governance Code so as to incorporate in part the recommendations of the New Code and also so as to bring the powers in line with the new wording of the Board and Committee Regulations. The Board of Directors can always give directives to the CEO and recall transactions coming under its jurisdiction, in the same way as it can, at any time, revoke the proxies conferred, proceeding, in the case of the revocation of proxies conferred on the CEO, at the same time to appoint another CEO. The Board of Directors can also set up committees, deciding upon their powers and the number of members.

**Current Board of Directors Members**

Pursuant to Article 13 of the existing by-laws of Italgas, the Board of Directors of Italgas is composed of nine members. The Board of Directors appointed by the ordinary shareholders' meeting of 4 April 2019 will remain in office for three financial years, until the date of the ordinary shareholders' meeting called for the approval of the 2021 financial statements.

The table below sets out the name, office held and date and place of birth for each of the current members of the Issuer's Board of Directors:

| Name | Office | Date and place of birth |
|---|---|---|
| Alberto Dell'Acqua | Chairman | Milan, Italy, 1976 |
| Paolo Gallo | Chief Executive Officer | Turin, Italy 1961 |
| Giandomenico Magliano | Director | Naples, Italy 1955 |
| Veronica Vecchi | Director | Reggio Emilia, Italy, 1979 |
| Maurizio Dainelli | Director | Rome, Italy 1977 |
| Yunpeng He | Director | Baotou (Inner Mongolia, China) 6 February 1965 |
| Andrea Mascetti | Director | Varese, Italy 1971 |
| Silvia Stefini | Director | Varese, Italy 1964 |
| Paola Annamaria Petrone | Director | Milan, Italy 1967 |

_____

Considering that the Company had already adapted to the New Code recommendations on the matter, based on the statements issued by those concerned, on 10 March 2021 it was ascertained (i) the existence of the independence requirements pursuant to the Italian Legislative Decree n. 58 of 24 February 1998 (as amended and integrated from time to time) ( "**TUF**") and the Corporate Governance Code as at 31 December 2020 and (ii) the existence of the independence requirements pursuant to the TUF and the New Code as at 10 March 2021, also taking into account the quantitative and qualitative criteria applied to assess independence, as approved by the Board of Directors on 24 February 2021. As a result, the independence of five non-executive directors (i.e. Giandomenico Magliano, Veronica Vecchi, Andrea Mascetti, Silvia Stefini and Paola Annamaria Petrone) was confirmed on the date above, and pursuant to both the TUF and the Corporate Governance Code on 31 December 2020, and pursuant to both the TUF and the New Code on 10 March 2021. As at 10 March 2021, the Chairman was also independent pursuant both to the TUF and the New Code.

For the purposes of the above-mentioned positions, each member of the Board of Directors is domiciled at the Issuer's registered office at Via Carlo Bo, 11, Milan, Italy.

Below is a brief *curriculum vitae* of each of the members of the Board of Directors appointed by the Shareholders' Meeting of the Issuer as at 4 April 2019, giving details of their skills and experience gained in business management.

**Alberto Dell'Acqua (Chairman)**.

Born in Milan in 1976, he graduated in Economics at the "Bocconi" University in Milan. Subsequently he took a PhD in Corporate Finance at the University of Trieste, carrying out a period of research as a visiting research fellow at the School of Finance and Economics of the University of Technology in Sydney. Since 2015 he has been the Director of the Master's course in Corporate Finance at the SDA Bocconi School of Management. From 2014 to 2016 he was co-director of the Executive Masters course in Corporate Finance & Banking at the same institution. He also teaches Financial Management & Corporate Banking at Bocconi University. In the academic field he is the author of numerous publications in peer-reviewed national and international scientific journals and monographs on corporate finance and corporate governance. He has carried out research projects commissioned by some of the most authoritative Italian economic associations and institutions. In 2015 he coordinated the official research project on the economic impact of Expo 2015 in Milan. In 2007 he co-founded Madison Corporate Finance, a financial advisory company, where he acquired a vast international and national experience as advisor in M&A transactions and stock exchange listings with a particular focus on multilateral trading facilities such as AIM and Euronext. He is also Vice Chairman of Madison Capital, an investment club specializing in small and medium sized, high-growth companies and is a member of the Advisory Board of Brightside Capital, a multi-family international office. He has held

non-executive directorships in commercial and service companies and high-tech start-ups. He is a member of the impartiality committee of Q-Aid, an independent Italian certification body.

**Paolo Gallo (CEO and General Manager**[20]).

Born in Turin, he has been the Chief Executive Officer and General Manager of Italgas since 2016 and is currently Chairman of GD4S. He has a degree in Aeronautical Engineering from the Polytechnic of Turin. He later gained an MBA from the *Scuola di Amministrazione Aziendale* (SAA - *Università degli Studi di Torino*). From 2014 to 2016 he was CEO of Grandi Stazioni S.p.A., where he finalised the privatisation. Previously (2011 – 2014) he was firstly General Manager and then CEO of Acea one of the leading Italian multi-utility companies, listed on the Milan stock exchange. From 2002 to 2011 he was part of the Edison Group, first as Director of Strategy and Innovation and later (2003 - 2011) as General Manager and then CEO of Edipower S.p.A..
He began his career at Fiat Avio S.p.A. in 1988 where he held various positions of responsibility for 13 years. In 1997 he began to get involved in the energy sector developing new initiatives in Italy, India and Brazil and later combined all the electricity generation activities for the Fiat Group at Fiat Energia S.p.A. (where he was CEO until 2002), the vehicle through which the Fiat Group acquired control of Montedison in July 2001.
Between 1992 and 1994 he was Director of the MBA course at the School of Business Management of the University of Turin, teaching "The economic-financial evaluation of industrial investments" until 2002, and he was the co-author of important publications in the industry. Since 2018 he has been Associate Professor of the Re-engineering Operational Processes (Master Digital Ecosystem) and Energy Management (Master Energy Industry) courses at the Luiss Business School.

**Giandomenico Magliano (Director)**.

Born in Naples on 12 February 1955. His diplomatic career began in May 1978 (he came first in the written tests, and second in the oral ones), and he was appointed *Ambasciatore di grado* (highest ranking Ambassador) in February 2010. Since October 2020 he has been non-executive deputy chairman/Independent Director of Impresa Pizzarotti & C. S.p.A. and since April 2020 Independent Board Member of *Banca Nazionale del Lavoro*. He was Italian ambassador to France from January 2013 to January 2018. His previous senior management appointments include: in 2011-2012, Director General for the Directorate General for Global Affairs (multilateral/transversal economic issues as well as bilateral relations with Asia, Sub-Saharan Africa and Latin America); from 2003 to 2010, Director General for Multilateral Economic and Financial Cooperation, with expertise in both relevant international organisations and forums and the internationalisation of the Italian system, in particular energy/environment, technology and support for Made in Italy (in this period he was a member of the Board of Directors and the Executive Committee of SACE, the Management Committee for SIMEST concessions, the ICE Advisory Committee and the Advisory Board of Sviluppo-Italia as well as, internationally, Italian representative to the Governing Board of the International Energy Agency, the Board of the OECD in the Special Session and a member of the Italian Delegation to the Annual and Spring Meetings of the Monetary Fund and of the World Bank); from 2000 to 2003, he headed the Italian Development Cooperation as Director General (he was also head of the Italian delegation to the EU Council of Ministers for Development, and in 2001 he was Chairman of the G-8 Task Force on Education for Development and Italian representative to the Board of Directors of the Global Fund to Fight AIDS, Tuberculosis and Malaria).

In terms of education, in June 1973 he obtained the Certificat d'Études Politiques at SciencesPo (Paris); in June 1976 he graduated with a Degree in Business and Economics from "La Sapienza" University in Rome (score of 110/110 with honours, thesis on foreign direct investments with Prof. Federico Caffè); in June 1977 he obtained a Master's in Business Administration at the INSEAD of Fontainebleau; in June 1981 he obtained a mid-career Master's in Public Administration at the Harvard Kennedy School

[20] On 26 September 2016, the Board of Directors appointed the CEO as General Manager.

of Government (Course Director Prof. Thomas Schelling, who received a Nobel Prize for economics in 2005). He is the author of articles and papers on international economics, theories and practises of globalisation and European/Euro zone issues, and is a lecturer and professor in Rome at the *Scuola Nazionale dell'Amministrazione* (National School of Administration) and at the Tor Vergata and Link Campus Universities; he was the Italian representative on the Board of Directors of the European University Institute of Florence (1998-2003) and of the European Public Law Organisation of Athens (2000-2003).

**Veronica Vecchi (Director)**.

Veronica Vecchi is Associate Professor of Practice of Government, Health and Not for Profit at SDA Bocconi School of Management. She is Adjunct Professor of Long Term Investment&PPP and Financial Management at Bocconi University.

At SDA Bocconi, since 2017 she has been Chair of the Advisory Board and researcher of the Masan Observatory on procurement in Healthcare; since 2015 she has been Director of the Specialization Course in Management of Procurement and Contracts in Healthcare, since 2014 Director of Executive Training at SDA Bocconi Asia Center and since 2015 of the International Executive Master in Business (IEMB), since 2013 she has been Director of the Impact Investing Lab and, since 2005, Professor responsible for courses (open market, custom, masters) on public private partnership, public procurement, public-private relations, local development, public finance, local public services. She has created executive training, research and consulting programmes for numerous public institutions and private companies.

Her research regards public management; public-private partnerships for infrastructure and economic development; project finance; public administration enterprise relations; impact investing and social innovation; public policies for the development of entrepreneurship and territorial competitiveness; financing strategies and evaluation of public investment and infrastructure.

She is the author of more than ninety publications, including three international edited volumes and scientific articles on the topics she has dealt with. She is an external faculty affiliate at Cornell University and member of the Academic Advisory Board of the Global Infrastructure Hub (a G20 initiative). She also works as reviewer for various international scientific journals. In 2016-2017 she was Chair of the Best Book Award of the Public and Non Profit Division of the Academy of Management. From 2015 to 2018 she was a member of the Investment Evaluation Board of the Ministry of Health; she was a consultant to the African Development Bank, Asian Development Bank, World Bank, Interamerican Development Bank. In addition, since 2012 she has actively participated in institutional working groups at ANAC, Ministry of Economy, State General Accounting Department on public private partnership matters. Since 2005, she has worked with local authorities, healthcare companies and regional administrations to structure and evaluate PPP infrastructure projects.

Veronica has a degree in Public Administration Economics and International Relations from Bocconi University and a Doctorate in Public Administration Economics from the University of Parma.

**Maurizio Dainelli (Director)**.

Born in Rome in 1977, he gained a degree in Law from the University of Rome and is qualified to practice professional law. He works at Legal Services in CDP S.p.A., where he is currently head of the Finance and Equity Investments Legal Division. Before that, he practised professional law at BonelliErede, and was seconded for a period to the London office of the investment bank J.P. Morgan, as Visiting Foreign Lawyer. He began his career in 2000 at Andersen Legal.

**Yunpeng He (Director)**.

Born in Baotou (Nei Mongol, China) in 1965. He has a Master's Degree in Electrical Systems and Automation from Tianjin University. He also gained a Master's Degree in Technology Management from the Rensselaer Polytechnic Institute (RPI). He is currently on the Board of Directors of CDP Reti, SNAM, Terna S.p.A. and IPTO S.A. (network operator for the transmission of electricity in Greece). He held the office of Deputy Director General of the European Representative Office of the State Grid Corporation of China from January 2013 until December 2014. He has held the following offices at the State Grid Tianjin Electric Power Company: Vice Chief Technical Officer from December 2008 to September 2012, Director of the Economic and Legal Department from June 2011 to September 2012, Director of the Planning and Development Department from October 2005 to December 2008, Director of the Planning and Design Department from January 2002 to October 2005. Lastly, he was Head of the Tianjin Binhai Power Company from December 2008 to March 2010 and Chairman of the Tianjin Electric Power Design Institute from June 2000 to January 2002.

**Andrea Mascetti (Director)**.

Born in Varese (Italy) on 10 August 1971, he graduated in Law from the University of Milan.
He passed the bar exam at the Milan Court of Appeal; he is a member of the Milan Bar Association and is qualified to act as lawyer before the Court of Cassation.
After work experience at SALT (*Studio Associato Legale Tributario*), a law firm associated with Ernst&Young, in 2004 he founded a professional firm dealing with criminal, administrative and civil matters, with offices in Milan and Varese.
His professional work mainly focuses on civil and administrative law, in addition to the applications of Italian Legislative Decree 231/2001. He has acquired many years of experience in civil matters, and in particular in commercial and corporate law and in matters pertaining to real rights, both as a consultant and as a procedural law expert.
In administrative law matters, he acts as a counsel for the defence at Regional Administrative Courts and at the Council of State, and provides out-of-court advice for public bodies and commercial companies with regard to procurement and public contracts, concessions, and public-private partnerships.
In relation to Italian Legislative Decree 231/2001, he has provided and provides legal consultancy on the preparation, drafting and implementation of Organisation, Management and Control Models for leading Italian companies.
He is the Chairman and a member of supervisory bodies (Italian Legislative Decree 231/2001) and boards of statutory auditors; he is also the Chairman and a member of the board of directors of Italian companies and foreign banking institutes. He is a member of the Central Charity Commission of the Fondazione Cariplo, where he acts as coordinator of the Culture Commission.

**Silvia Stefini (Director)**.

Born in Varese in 1964, she graduated in Political Economy from Bocconi University in Milan and took an MBA in Finance at City University Business School in London, specializing in Corporate Governance. She then obtained certifications in risk management and corporate governance at national and international institutions (MIT Sloan School, FT-Ned, AIDC-Nedcommunity, Assogestioni).
She is an Independent Director and advisor on matters of risk management, the internal control system and corporate governance. Since May 2020 she has been a member of the Board of Directors of Falck Renewables S.p.A. and a member of the Control and Risk Committee. Since April 2019, she has been a member of the Board of Directors of Italgas and a member of the Control, Risk and Related Party Transactions Committee and the Appointments and Compensation Committee. She is a member of the Steering Committee of Chapter Zero-Italia (an international association that deals with Climate Change) and of the Reflection Group "Governance in the area of risks and controls" of Nedcommunity.
Up to 2018, she had an international career working in Europe (London, Amsterdam, Zurich, Florence, Milan) and the United States (New York and Atlanta) for 28 years for American multinationals: General Electric Group (21 years); McKinsey (5 years) and Standard & Poor's Group (2 years). Her managerial

activities have included regional and global roles in the areas of: commercial management (tenders and commercial proposals in the Energy Services and Infrastructure sectors in the EMEA region); risk management (risk underwriting to support growth and innovation; Enterprise Risk Management; integrated corporate governance processes; internal control systems); product development for the energy transition (focusing on flexibility, efficiency, systems integration and digital solutions for the electricity generation market); structured finance (mergers, acquisitions, joint ventures, export and trade finance, project financing in the Middle East, Africa, South America, Russia and Eastern Europe); leadership of complex organisations (international teams, integration and opening of new offices and organisations).
She has written articles, contributions to publications and conferences on the topics of business valuation, shareholders value, risk management and board management.

**Paola Annamaria Petrone (Director)**.

Born in Milan in 1967. Manager with over twenty-five year's experience in national and multinational companies in Italy and abroad. She has a degree in Modern Languages and Literature from the IULM university in Milan and a Master's in Business Administration from the SDA Bocconi in Milan.
From 2019 she was Lead Independent Director and later CEO in Biancamano S.p.A. up to July 2020.
From 2016 to 2019 she was Director and General Manager of AAMPS S.p.A..
From 2012 to 2015 she was General Manager of AMSA S.p.A. (A2A group) and member of the Bioase Board of Directors.
She previously worked for the Fiat Chrysler Automobiles Group, first as Global Director Outbound Logistics and CEO of I-Fast Automotive Logistics and later on, as Global Senior Vice President Supply Chain Management and Chairman of I-Fast Container Logistics, assuring the integration of the operations with Chrysler.
Between 2003 and 2008 she worked at Trenitalia S.p.A., holding various posts, including being involved in the start-up of the High Speed train service and most recently as Director of Regional Transport for Lombardy. From 2000 to 2002 she worked as a Manager at Roland Berger Strategy Consultants. She started out her career in Operations at the Siemens AG Group, firstly in Italy and then in the German HQ. A member of Nedcommunity, she has achieved certifications in corporate governance and risk management (Nedcommunity and Assogestioni).
She has been a member of the Board of Directors and Chairman of the Control, Risk and Related Party Transactions Committee of Italgas since 2016.

**Principal Activities of the Directors outside the Issuer's Group**

Excluding the roles held at Italgas as at the date of this Base Prospectus, the table below lists all the companies with share capital or partnerships in which members of the Board of Directors of the Issuer are members of management, control or supervisory bodies, or holders of "qualified" equity investment (more than 3% in listed companies and 10% in unlisted companies), with details of the status of the office and/or the stake held at the date of this Base Prospectus:

| Name | Company | Office/Stake held | Status of the office / stakeholding as at the date of this Base Prospectus |
|---|---|---|---|
| Alberto Dell'Acqua | Auramala | Quotaholder and Sole Director | 95% |
| | Madison S.r.l. | Vice Chairman of the BoD | In office |
| | Eligo S.r.l. | Director | In office |
| | Madison Capital S.r.l. | Vice Chairman of the BoD | In office |

| | | | |
|---|---|---|---|
| | ASM Vendita e Servizi S.r.l. | Chairman of the BoD | In office |
| | Clean Bnb S.r.l. | Director | In office |
| | Fondazione Comunitaria della Provincia di Pavia Onlus | Vice Chairman of the BoD | In office |
| Paolo Gallo | none | none | none |
| Giandomenico Magliano | BNL – Banca Nazionale del Lavoro | Director | In office |
| | Pizzarotti Costruzioni S.p.A. | Non-executive Vice Chairman of the BoD | In office |
| Veronica Vecchi | Engie EPS S.A. | Director | In office |
| | Banca Intesa Innovation Center | Director | In office |
| Maurizio Dainelli | none | none | none |
| Andrea Mascetti | Global Risk Profile Italia S.r.l. | Director | In office |
| | Compagnia Italiana Finanziaria S.r.l. | Chairman of The BoD | In office |
| | Fondazione Sangregorio Giancarlo | Director | In office |
| | Nord Energia S.p.A. | Chairman of The BoD | In office |
| | HAIER Europe Trading | Standing Auditor | In office |
| | Proger S.p.A. | Auditor | In office |
| | Banca Intesa Russia | Director | In office |
| | Intesa Sanpaolo Private Bank (Suisse) Morval SA - CH | Director | In office |
| | CMC Mesta SA - CH | Director | In office |
| Yunpeng He | CDP Reti S.p.A. | Director | In office |
| | Snam S.p.A. | Director | In office |
| | Terna S.p.A. | Director | In office |
| | IPTO S.A. | Director | In office |
| Silvia Stefini | Falck Renewables S.p.A. | Director | In office |
| | Equor Capital Partners sgr S.p.A.(awaiting authorization from the Bank of Italy) | Director | In office |
| Paola Annamaria Petrone | PFE S.p.A. | Director | In office |

**Board of Directors – Committees**

Pursuant to Article 13.8 of the by-laws of Italgas, the Board of Directors can set up internal committees to assign consultation and proactive powers on specific subjects. Specifically the Board of Directors (i) on 4 August 2016, set up a control and risks and related-party transactions committee (the **Control and Risk and Related-Party Transactions Committee**) and a sustainability committee (the **Sustainability Committee**), and (ii) on 23 October 2017 set up an Appointments and Compensation Committee (the **Appointments and Compensation Committee**), combining the pre-existing Appointments Committee and the Remuneration Committee (collectively the **Committees**). The Board of Directors defined tasks, operating methods and composition criteria of the Committees.

The tasks assigned and operating rules adopted by the above-mentioned committees is summarised below.

**Control and Risk and Related-Party Transactions Committee**

The Control and Risk and Related-Party Transactions Committee, whose current members have been appointed on 13 May 2019 in conformity with the applicable regulations and recommendations of the Code of Corporate Governance, is composed of three independent, non-executive directors.

It provides recommendations and advice to the Board of Directors by making suitable enquiries to support the Board of Director decisions and assessments concerning the internal control and risk management system, as well as those relating to the approval of financial and non-financial reports. In particular:

- it evaluates, together with the Officer responsible for the preparation of financial reports and having consulted the Independent Auditors and the Board of Statutory Auditors, the proper use of accounting standards and their consistency for the purpose of preparing the consolidated financial statements;

- it expresses opinions on specific aspects involving the identification of the main risks to the Company;

- it carries out further tasks assigned to it pursuant to the Italgas related-party transactions procedure;

- it examines the periodic reports relating to the evaluation of the Internal Control and Risk Management System, as well as those of particular importance prepared by the Internal Audit Manager;

- it monitors the independence, suitability, effectiveness and efficiency of the Internal Audit Department;

- it may ask the Internal Audit Manager to carry out inspections of specific operational areas, giving notice thereof to the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the Director in Charge;

- it expresses a binding opinion on the proposals made by the Director in Charge, in agreement with the Chairman, to the Board of Directors regarding the appointment, dismissal and remuneration of the Internal Audit Manager, aimed at ensuring that this individual has the appropriate resources;

- it supports, making suitable enquiries, the assessments and decisions of the Board of Directors regarding the management of risks resulting from prejudicial events that have come to the knowledge of the Board of Directors or which the Committee has brought to the attention of the Board of Directors.

The Control, Risk and Related Party Transactions Committee expresses its opinion to the Board of Directors for the purpose of:

- defining the guidelines of the Internal Control and Risk Management System;

- periodically evaluating, at least annually, the adequacy and effectiveness of the Internal Control and Risk Management System with respect to the characteristics of the Company and the risk profile it has adopted;

- periodically approving, at least once a year, the audit schedule prepared by the Internal Audit Manager;

- describing, in the Report the main features of the Internal Control and Risk Management System as well as evaluating the adequacy of the system;

- evaluating the conclusions presented by the Independent Auditors in any suggestion letters and in the report on key matters arising from the external audit.

Lastly, the Control and Risk and Related-Party Transactions Committee, performs the functions assigned to it by the Board of Directors under the scope of the Italgas OPC Procedure.

The Board of Statutory Auditors and the Control and Risk and Related-Party Transactions Committee receive and collect information, at least quarterly, from the control functions (*Internal Audit, Risk Management, Compliance*) and from the Independent Auditors about checks carried out and any weaknesses or critical areas or anomalies discovered.

The Control and Risk and Related-Party Transactions Committee is composed of the following members:

| **Name** | **Role** |
|---|---|
| Paola Annamaria Petrone | Non-executive director – Chairman(1) |
| Giandomenico Magliano | Non-executive director(1) |
| Silvia Stefini | Non-executive director (1) |

(1) Director fulfilling the independence requirements set out in article 148, paragraph 3 of the TUF, in the Code of Corporate Governance and in the new Cororate Governance Code lastly approved by the Corporate Governance Committee.

At the time of appointment, the Board of Directors has verified that at least one member of the Control and Risk and Related-Party Transactions Committee possesses adequate experience in accounting and financial matters or risk management.

Meetings of the Control and Risk and Related-Party Transactions Committee are deemed to be valid if at least two members in office are present; the committee makes decisions based on a vote in favour by an absolute majority of the members in attendance. If there is a tie, the Chairman of the Control and Risk and Related-Party Transactions Committee has the casting vote.

The Chairman of the Board of Statutory Auditors (or another Statutory Auditor designated thereby) shall attend the Committee meetings; the other members of the Board of Statutory Auditors may also attend the Committee meetings. At the invitation of the Control and Risk and Related-Party Transactions Committee, the Chairman of the Board of Directors and the Chief Executive Officer can attend the meetings. The Chairman of the Committee may also invite the other directors, as well as the representatives of the relevant corporate departments – providing notice thereof to the CEO – and parties outside the Company, to attend individual Committee meetings in order to provide information and express an opinion on relevant agenda items.

**Appointments and Compensation Committee**

The Appointments and Compensation Committee, whose current members have been appointed on 13 May 2019 in conformity with the applicable regulations and recommendations of the Code of Corporate Governance, is composed of three non-executive directors, all of whom are independent, or, alternatively the majority of whom are independent. In the latter case, the Chairman is chosen from the independent directors.

The Appointments and Compensation Committee has proposal-making and advisory functions with regard to the Board of Directors, in general on the functions specified by the Corporate Governance Code, and in particular:

Functions of the Appointments and Compensation Committee concerning the appointment of directors:

a. it proposes candidates to the Board of Directors for the position of director to co-opt if one or more directors during the year cease to hold office (Article 2386(1) of the Italian Civil Code), ensuring compliance with the minimum number of independent directors and quotas for the less represented gender;

b. on the CEO's proposal, made in agreement with the Chairman of the Board of Directors, it submits to the Board of Directors the candidates to serve as members of the company bodies: (i) of the direct subsidiaries; (ii) and of the indirect subsidiaries included in the consolidation scope, with an individual turnover equal to or above 30 million euros (hereinafter the "**Subsidiaries**"). The proposal made by the Committee is necessary;

c. it draws up and provides opinions for the Board of Directors on the maximum number of director and statutory auditor positions that may be held in other companies listed on regulated markets, including foreign markets, or in large companies based on the criteria defined by the Board of Directors, which may be considered compatible with the effective performance of the role of director of the Company or Subsidiaries, taking account of the commitment required for the position in the Company or Subsidiaries;

d. it develops criteria for assessing the requirements of professionalism and independence of the directors of the Company and Subsidiaries; with particular regard to the assessment of the Company directors' independence pursuant to the Corporate Governance Code, it proposes to the Board of Directors the quantitative and qualitative criteria to be considered when assessing the significance of (i) any relevant commercial, financial or professional relations pursuant to Recommendation 7(c) of the Corporate Governance Code that may be entered into by the directors; and (ii) any relevant remuneration pursuant to Recommendation 7(d) of the Corporate Governance Code received by the directors from the Company, one of its Subsidiaries or the parent company if any, additional to fixed remuneration for the position and any remuneration received for attending the board committees as recommended by the Corporate Governance Code or established in the applicable regulations;

e. it expresses its own opinion to support the assessment of the Board of Directors of specific circumstances or issues in the presence of a general and preventive authorisation for exemption from the prohibition on competition envisaged in Article 2390 of the Italian Civil Code;

f. it supports the Board of Directors in drawing up, updating and implementing the succession plan for the CEO and any other executive director, which – as a minimum – shall set out the procedures to follow in the event of early termination of office, providing its opinion thereon; it examines and assesses the procedures adopted for the succession of top management as defined by the Corporate Governance Code (hereinafter also referred to as "Top Management" or "Executives with strategic responsibilities") and provides its opinion as to their suitability to the Board of Directors;

g. it draws up and proposes procedures for the annual self-assessment of the Board and its board committees, supporting the Chairman in ensuring the suitability and transparency of the process itself;

h. it provides its opinion to the Board of Directors – at each renewal of the administrative body, considering the results of the self-assessment referred to in point g) above – regarding the

optimal quantitative and qualitative composition of the Board of Directors and board committees, and draws up recommendations on the professional and managerial roles deemed appropriate for the Board;

i. it expresses its opinion with regard to establishing, updating and supplementing the Diversity of Company Bodies Policy, in compliance with the provisions therein.

Functions of the Committee regarding the remuneration of the directors General Managers, statutory auditors and executives with strategic responsibilities:

- it submits for approval by the Board of Directors the report on remuneration policy and compensation paid pursuant to Article 123-*ter* of the TUF and, in particular, the Policy for the remuneration of the administrative body members, General Managers, and Executives with Strategic Responsibilities, as well as – in accordance with the provisions of Article 2402 of the Italian Civil Code – the members of the control body (hereinafter the "Policy"), to be presented at the Shareholders' Meeting called to approve the financial statements for the year, within the timeframe established by law;

- it assesses the vote cast by the Shareholders' Meeting on the two sections of the report referred to in the point above, in the previous financial year, and provides an opinion thereon to the Board of Directors;

- it prepares proposals regarding the remuneration of the Chairman and the Chief Executive Officer, with regard to the various forms of compensation and economic treatment;

- it makes proposals or expresses opinions relating to the remuneration of the board committee members;

- it examines opinions, also on the basis of instructions received from the Chief Executive Officer regarding:

- general criteria for the remuneration of Top Management;

- general guidelines for the remuneration of other managers of the Company and its Subsidiaries;

- annual and long-term incentive plans, including share-based plans;

- it expresses opinions – including on the CEO's proposals – on setting performance targets and calculating the company results tied to the implementation of the incentive plans and defining the variable remuneration of Directors with powers; and proposes stipulating claw-back clauses;

- it expresses its opinion to the Control, Risk and Related-Party Transactions Committee regarding the remuneration of the Internal Audit Manager;

- it proposes the definition, in relation to Directors with powers: i) of the indemnification to be paid in the event of termination of their employment; ii) of the non-competition agreements;

- it monitors the implementation of the decisions made by the Board; it periodically assesses the adequacy, overall consistency and practical application of the Policy adopted, using, in this regard, the information provided by the CEO, submitting proposals to the Board on the subject;

- it performs any duties that may be required by the procedure concerning related-party transactions carried out by the Company;

- it reports on the exercising of its functions to the Shareholders' Meeting called for the approval of the annual financial statements, through the Chairman of the Committee or another member delegated by the same.

The Appointments and Compensation Committee reports to the Board of Directors on the activities carried out, at least every six months and before the deadline for approval of the financial statements and the half-yearly report, at the Board of Directors meeting indicated by the Chairman of the Board of Directors; also subsequent to each meeting, it updates the Board of Directors with a communication, at the first possible meeting, regarding any comments, recommendations, or opinions they have formulated.

The composition of the Appointments and Compensation Committee is as follows:

| **Name** | **Role** |
|---|---|
| Andrea Mascetti | Non-executive director – Chairman(1) |
| Maurizio Dainelli | Non-executive director |
| Silvia Stefini | Non-executive director(1) |

(1) Director fulfilling the independence requirements set out in article 148, paragraph 3 of the TUF, in the Code of Corporate Governance and in the New Code lastly approved by the Corporate Governance Committee.

At the time of the appointment, the Board of Directors has verified that at least one member of the Appointments and Compensation Committee has sufficient knowledge and experience of financial matters or remuneration policies.

Meetings of the Appointments and Compensation Committee are deemed to be valid if at least two members in office are present; the committee makes decisions based on a vote in favour by an absolute majority of the members in attendance. In the event of a tie, the Chairman of the Appointments and Compensation Committee has the casting vote.

The Chairman of the Board of Statutory Auditors or a Standing Auditor designated by the latter can attend meetings of the Compensation Committee; the other members of the Board of Statutory Auditors may also attend the Committee meetings; the Chairman of the Committee may also invite the Chairman of the Board of Directors, the Chief Executive Officer (hereinafter also referred to as the "***CEO***"), the other directors, as well as the representatives of the relevant corporate departments – providing notice thereof to the CEO – and parties outside the Company, to attend individual Committee meetings in order to provide information and assessments on relevant agenda items.

**Sustainability Committee**

The Sustainability Committee, whose current members have been appointed on 13 May 2019 pursuant to the applicable regulations and recommendations of the Code of Corporate Governance, is composed by three non-executive directors, two of whom are independent.

The Sustainability Committee carries out investigation, proposal and consultation functions with regard to the Board of Directors on matters of sustainability as the guidelines, processes, initiatives and activities (a) intended to oversee Italgas' commitment to sustainable development along the value chain, and (b) aimed at pursuing sustainable success, with the support of the Head of the relevant department (Head of the Sustainability department) who liaises with the various corporate departments.

Specifically, the Sustainability Committee:

- examines and evaluates:
  (i) the sustainability policies aimed at ensuring the creation of value over time for shareholders and for all other stakeholders in the medium/long-term with regard to the principles of sustainable development;
  (ii) the guidelines, objectives and consequent processes, of sustainability and the sustainability reporting submitted annually to the Board of Directors;

- examines and submits to the Board of Directors the document containing the non-financial statement ("**NFS**") in compliance with article 4 of Legislative Decree no. 254/2016 prepared by the relevant departments;

- monitors the positioning and guidelines of Italgas with regard to financial markets involving sustainability, with reference also to the placement of Italgas on the ethical sustainability indices;

- monitors national and international initiatives with regard to sustainability and the participation of the Company in such initiatives, aimed at consolidating corporate reputation internationally;

- examines any sustainability initiatives in the various agreements submitted to the Board of Directors, also with regard to the subject of climate change;

- examines the profit and non profit strategy, as well as gas advocacy of the Company; and

- expresses, at the request of the Board of Directors, opinions on other matters regarding sustainability.

The Sustainability Committee reports to the Board of Directors:

- at the first meeting of the Board of Director after each of its own meetings, the observations, recommendations and opinions formulated with regard to the matters discussed; and

- at least every six months and before the deadline for approval of the annual and half-year financial report, at the meeting indicated by the Chairman of the Board of Directors.

It should be noted that, on 18 December 2020, the Board of Directors approved the new regulations of the Sustainability Committee, which apply as of 1 January 2021. Specifically, the new regulations, in addition to specifying certain aspects concerning the functioning of the committee, assign the tasks and functions updated according to the principles and recommendations of the New Code, including responsibilities for non-financial reporting. Specifically, pursuant to the new regulations, the Sustainability Committee:

- assesses the suitability (at least verifying that the preparation process is correct) of the periodic financial and non-financial information, so that it correctly represents the company's business model, strategies, impact of its activities, and performance achieved, while coordinating with the Sustainability Committee;

- examines the content of periodic non-financial reporting relevant to the internal control and risk management system;

- expresses its opinion, at least once a year and, at least, when the annual financial statements are approved, on the adequacy of the internal control and risk management system, considering the Company's characteristics and assumed risk profile, as well as the effectiveness of the system.

The composition of the Sustainability Committee is as follows:

| Name | Role |
|---|---|
| Giandomenico Magliano | Independent non-executive director – Chairman[(1)] |
| Yunpeng He | Non-executive director |
| Veronica Vecchi | Independent non-executive director[(1)] |

[(1)] Independent pursuant to the CLF and the Corporate Governance Code. It should be noted that the directors proved independent: (i) pursuant both to the CLF and to the Corporate Governance Code as at 31 December 2020; (ii) pursuant both to the CLF and to the New Code, as at 10 March 2021.

Written minutes of the meeting are taken by the Head of the Corporate Affairs and Governance Department, who acts as secretary and assists the Chairman in carrying out his duties.

The Chairman of the Board of Directors, the Chief Executive Officer, the Chairman of the Board of Statutory Auditors and the Heads of the relevant departments areinvited to attend the meetings of the Sustainability Committee; other members of the Board of Statutory Auditors may also attend the meetings; the Chairman of the Committee may also invite other directors to attend individual meetings, as well as other members of the relevant company departments - informing the Chief Executive Officer - or individuals from outside the Company to provide information and express their assessments with reference to the individual items on the agenda.

**Board of Statutory Auditors**

Under Italian law, the role of the Board of Statutory Auditors is to oversee compliance with the law and with the By-laws, ensure the principles of correct administration are observed, monitor the adequacy of the Issuer's organisational structure for matters within the scope of its authority, the adequacy of its internal control system and of its administrative and accounting system and the reliability of the administrative and accounting system in correctly representing Italgas transactions, check the methods for specific implementation of the rules of corporate governance provided for by the codes of conduct drafted by regulated market management companies or by industry associations, which the Issuer publically discloses that it upholds, and to review the adequacy of Issuer's instructions to subsidiaries pursuant to applicable law.

Legislative Decree No. 39/2010 provides that the Board of Statutory Auditors also performs supervisory functions in its capacity as "Internal Control and Audit Committee", overseeing in particular:

- the financial reporting process;
- the effectiveness of internal control, internal audit and, if applicable, risk management systems;
- the independent audit of annual financial statements and consolidated financial statements; and
- the independence of the independent auditors or audit company, specifically insofar as the provision of services other than auditing to the entity being audited is concerned.

**Current Members of the Board of Statutory Auditors**

Pursuant to Article 20 of the existing by-laws of the Issuer, the Board of Directors of Italgas is composed of three standing auditors and two alternate auditors.

The Board of Statutory Auditors appointed by the ordinary shareholders' meeting of 4 April 2019 will remain in office for three financial years, until the date of the ordinary shareholders' meeting called for the approval of the 2021 financial statements.

Statutory auditors are chosen from among those who meet the professionalism and integrity requirements indicated in Decree of the Ministry of Justice No. 162 of 30 March 2000. For the purposes of this decree, the issues strictly related to the Issuer's activity are: commercial law, business administration and corporate finance. Likewise, the sector pertaining strictly to the Issuer's business is the engineering and geology sector.

At the date of this Base Prospectus, the Board of Statutory Auditors is composed of the following members:

| **Name** | **Role** |
|---|---|
| Pierluigi Pace | Standing Auditor, Chairman |
| Maurizio Di Marcotullio | Standing Auditor |
| Marilena Cederna | Standing Auditor |
| Stefano Fiorini | Alternate Auditor |
| Giuseppina Manzo | Alternate Auditor |

For the purposes of the above-mentioned positions, each member of the Board of Statutory Auditors is domiciled at the Issuer's registered office at Via Carlo Bo, 11, Milan, Italy.

Below is a brief *curriculum vitae* of each of the members of the Board of Statutory Auditors appointed by the above-mentioned Shareholders' Meeting of 4 April 2019, giving details of their skills and experience gained in business management.

**Pierluigi Pace (Chairman of the Board of Statutory Auditors)**. Born in Rome in 1962, he graduated in Business and Economics in 1986 from "Luiss" University in Rome. In 1987 he obtained a Master's in Business Tax Law from Luiss Business School. He has worked as a chartered accountant and auditor since 1988. He is a consultant for companies and entities including Luiss, the Chamber of Commerce of Rome, the Prefecture of Rome, Debis Spa (Daimler Benz Group), the Farmaceutico Serono Group, and Ireos Spa (Telecom).
Chairman of the Board of Statutory Auditors, Legal Auditor and member of the Board of Directors of companies including Italgas, Campari S.p.A., Mercitalia Logistics S.p.A. (Ferrovie Group) and LVenture Group S.p.A.

**Maurizio Di Marcotullio (Standing Auditor)**. Chartered Accountant, member of the Association of Chartered Accountants of Rome and enrolled on the Register of External Auditors. He has gained significant experience working with leading tax consulting firms. He practises as a Chartered Accountant in the following areas: national and international tax planning, taxation of extraordinary transactions, business appraisals and valuations, wealth management, taxation of renewable energy, real estate tax. He is an expert in contract negotiations for M&A transactions and company law. He assists private equity funds in investment transactions. He is a statutory auditor and on the board of directors of joint stock companies, including listed companies.

**Marilena Cederna (Standing Auditor)**. Born in Sondrio in 1957, she graduated with honours in Business and Economics from Bocconi University in Milan. She is a member of the Association of Chartered and Qualified Accountants and enrolled in the Register of External Auditors.
She has worked as a Chartered Accountant since 2018.
From 1981 to 2017 she worked at PricewaterhouseCoopers in Milan, where she attained the status of partner. For a period she was seconded to PricewaterhouseCoopers in London.
She has acquired many years of experience working in various industrial and services sectors, including the Energy & Utilities sector, performing audit for Groups listed in regulated markets in Italy and abroad, financial due diligence and accounting consultancy to support extraordinary transactions, corporate crises and disputes.

**Stefano Fiorini (Alternate Auditor)**. Born in Genoa in 1969. He graduated in Economics and Business. He is a certified public auditor. Advisor to both civil and criminal Courts of Rome and is admitted to the Register of Judicial Administrators - ordinary section. He gained significant experience in main business sectors (industrial, services, banking and insurance). He worked as Auditor with KPMG S.p.A. and Arthur Andersen S.p.A. and in debt restructuring, with Gallo & C. S.p.A. He was Investment Director of PM & PARTNERS e di ABN Amro Capital Investments NV. He works as advisor to private companies and institutional investors in relation to corporate finance and transaction services and to both Civil and Criminal Courts in legal disputes regarding financial and banking matters. He has, and had in the past, roles in the corporate governance of listed and private companies. Currently he is Chairman of the Statutory Auditor Board of CY4GATE S.p.A., IGI S.G.R. S.p.A., Phoenix Asset Management S.p.A., CY4GATE S.r.l., Nuovaplast S.r.l and Vimec S.r.l., statutory auditor of Assing S.p.A., C.I.P.A. S.p.A., Elemaster S.p.A., GIA S.p.A. and Gold Plast S.p.A., sole auditor of Alberto Gozzi S.r.l. and Clio S.r.l., alternate auditor of Rai Com S.p.A., and liquidator of Europrogetti & Finanza S.r.l. Member of NED Community, the Italian association of non-executive and independent directors.

**Giuseppina Manzo (Alternate Auditor)**. Manager at Partners S.p.A., where she works as a consultant with significant experience in professional advisory services on accounting and corporate finance for companies and groups, including listed companies, operating mainly in the following sectors: banking, energy and luxury.

**Principal Activities of the Statutory Auditors outside the Issuer's Group**

Excluding the roles held at Italgas at the date of this Base Prospectus, the table below lists all the companies with share capital or partnerships in which members of the Board of Statutory Auditors of the Issuer are members of management, control or supervisory bodies, or holders of "qualified" equity investment (more than 3% in listed companies and 10% in unlisted companies), with details of the status of the office and/or the stake held at the date of this Base Prospectus.

| Name | Company | Office/Stake held | Status of the office / stakeholding as at the date of this Base Prospectus |
|---|---|---|---|
| Pierluigi Pace | Remarhotels S.r.l. | Statutory Auditor | In office |
| | Associazione Sportiva LUISS a r.l. | Alternate Auditor | In office |
| | Collemassari S.p.A. società agricola | Alternate Auditor | In office |
| | Davide Campari – Milano S.p.A. | Alternate Auditor | In office |
| | Fiera Roma S.r.l. | Statutory Auditor | In office |
| | Gruppo Immobiliare Roma 05 S.p.A. | Statutory Auditor | In office |
| | | Chairman of the Board of Statutory Auditors | In office |
| | Investimenti S.p.A. | Standing Auditor | In office |
| | L. Campus S.r.l. | Standing Auditor | In office |
| | Maga Immobiliare S.p.A. | Statutory Auditor | In office |

| | | | |
|---|---|---|---|
| | Risorse per Roma S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Roscini Veicoli Industriali S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Simetel – Società Impianti Elettrici e di Telecomunicazioni S.p.A. | Alternate Auditor | In office |
| | Società per il Polo Tecnologico Industriale Romano S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Systra – Sotecni S.p.A. | Alternate Auditor | In office |
| | Mercitalia Logistics S.p.A. | Statutory Auditor | In office |
| | Alta Roma S.C.p.A. | Statutory Auditor | In office |
| Maurizio Di Marcotullio | Sorgenia S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Retelit S.p.A. | Standing Auditor | In office |
| | Retelit Digital Service S.p.A. | Standing Auditor | In office |
| | Lega Calcio Professionistica – Lega Pro | Standing Auditor | In office |
| | Fiber 4.0 S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Marbles S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | DMG & Partners S.r.l. | Quotaholder | 48% |
| Marilena Cederna | Wood Italiana S.r.l | Standing Auditor | In office |
| | Ingram Micro S.r.l. | Standing Auditor | In office |
| Stefano Fiorini | Europrogetti & Finanza S.r.l. in liquidazione | Liquidator | In office |
| | Assing S.p.A. | Standing Auditor | In office |
| | Elemaster S.p.A. Tecnologie Elettroniche | Standing Auditor | In office |
| | Gia S.p.A. | Standing Auditor | In office |
| | Gold Plast S.p.A. | Standing Auditor | In office |
| | Alberto Gozzi S.r.l. | Sole Auditor | In office |
| | CY4GATE S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | IGI S.G.R. S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Phoenix Asset Management S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Nuova Plast S.r.l. | Chairman of the Board of Statutory Auditors | In office |
| | Rai Com S.p.A. | Alternate Auditer | In office |
| | Metrotermica S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | E-Way Finance S.p.A. | Standing Auditor | In office |
| | Free Genera Ingegneria S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Fruilair S.r.l. | Standing Auditor | In office |
| Giuseppina Manzo | Dialybrid S.r.l. | Sole Auditor | In office |
| | Poste Assicura S.p.A. | Alternate Auditor | In office |
| | MLK Deliveries S.p.A. | Alternate Auditor | In office |
| | Sennder Italia S.p.A. | Standing Auditor | In office |
| | Banca Ifis S.p.A. | Alternate Auditor | In office |
| | Bionengineering Laboratories S.r.l. | Sole Auditor | In office |
| | Inalca S.p.A. | Alternate Auditor | In office |

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|---|---|---|---|
| | Unieuro S.p.A. | Chairman of the Board of Statutory Auditors | In office |
| | Financit S.p.A. | Alternate Auditor | In office |

**Conflicts of Interest**

Except for what is stated below, there are no potential conflicts of interest between any duties towards Italgas of the members of the Board of Directors, members of the Board of Statutory Auditors and Managers with Strategic Responsibilities of Italgas and their private interests and/or other duties.

Paolo Gallo, CEO and General Manager of Italgas, starting from 14 January 2020, is no longer Chairman of the Board of Directors of Italgas Reti.

Maurizio Dainelli, member of the Board of Directors of Italgas, is also a manager at CDP.

Yunpeng He, member of the Board of Directors of Italgas, is also a member of the Board of Directors of CDP Reti and Snam.

Gianfranco Amoroso, Chief Financial Officer, is a member of the Board of Directors of Seaside, Isgastrentatre and Toscana Energia and Chairman of Medea.

Pier Lorenzo Dell'Orco, on 18 December 2020 became CEO of Italgas Reti and is also Sole Director of Italgas Newco.

Nunziangelo Ferrulli, Head of Institutional Relations and Regulatory Affairs, is also a member of the Board of Directors of Italgas Acqua and Toscana Energia and Chairman of Italgas Reti.

Raffaella Marcuccio, Head of Procurement and Material Management, is also a member of the Board of Directors of Toscana Energia and Reti Distribuzione.

Alessio Minutoli, Head of Legal, Corporate and Compliance Affairs, is also Chairman of the Board of Directors Gaxa.

Chiara Ganz, Head of External Relations and Sustainability, is also member of the Board of Directors of Gaxa and Gesam Reti.

Bruno Burigana is CEO of Toscana Energia.

Lorenzo Romeo, Head of Corporate Strategy, is a member of the Board of Directors of Bludigit and Enerpaper S.p.A..

Pietro Durante, Head of Human Resources, is a member of the Board of Directors of Italgas Reti and Seaside.

**Managers with Strategic Responsibilities**

At the date of this Base Prospectus, Managers with Strategic Responsibilities of Italgas are listed below:

| **Name** | **Role** |
|---|---|
| Gianfranco Amoroso | Chief Financial Officer[(1)] |
| Alessio Minutoli | Head of Legal, Corporate and Compliance Affairs |
| Pier Lorenzo Dell'Orco | Chief Executive Officer of Italgas Reti |
| Nunziangelo Ferrulli | Head of Institutional Relations and Regulatory Affairs |

| | |
|---|---|
| Chiara Ganz | Head of External Relations and Sustainability |
| Raffaella Marcuccio | Head of Procurement and Material Management |
| Bruno Burigana | Chief Executive Officer of Toscana Energia |
| Pietro Durante | Chief Human Resources Officer |
| Lorenzo Romeo | Head of Corporate Strategy |

(1)Mr. Antonio Paccioretti, former General Manager Finance and Services, reached an agreement for the consensual resolution of his employment relationship with effect from 1 June 2021; moreover, Mr. Paccioretti resigned from all the other positions held in the companies of the Group. The agreement was approved on 31 May 2021 by the Board of Directors of Italgas, following the positive opinion of the Appointment and Remuneration Committee and in accordance with Italgas' regulations on related party transactions, as the agreement concerns an executive with strategic responsibilities. Following such resignation, Mr. Gianfranco Amoroso, former Head of Finance Planning and Control and Head of M&A, assumed the position of Chief Financial Officer of the Company as of 1 June 2021.

For the purposes of the above-mentioned positions, all Managers with Strategic Responsibilities are domiciled at the Issuer's registered office at Via Carlo Bo, 11, Milan, Italy.

Below is a brief *curriculum vitae* of each of the Managers with Strategic Responsibilities, giving details of their skills and experience gained in business management.

**Gianfranco Amoroso (Chief Financial Officer).**
Born in Milan in 1968. Gianfranco Amoroso graduated in 1992 from Bocconi University, is a Chartered Accountant (Register of Milan) and Auditor.
He started working at Mediobanca S.p.A. in 1994 and held various roles, up to taking on the position of Managing Director, with responsibility for the Energy and Utilities sector, maintaining the supervision and responsibility of the execution of the main merger and acquisition operations in the Energy sector in Italy.
In July 2013 he began his professional career at Snam and held the position of Finance Director with full responsibility covering areas of finance banks, debt capital market, group treasury, M&A and Insurance. He supported the Group's international strategy with the start-up of the M&A Finance unit, with direct responsibility for the acquisition of the stake in TAG sold by CDP, and with a direct involvement in all the group's major M&A projects (most recently the acquisition of the stake in Austria's GAS CONNECT GmbH).
From November 2016 he joined Italgas after following the latter's split from Snam and the simultaneous listing on the Stock Exchange and from May 2018 he took over the position of Head of Finance, Planning and Control and M&A, following the execution of the refinancing on the debt capital market of the entire debt to the former parent company Snam, as well as taking care of more than ten M&A operations carried out during the first 24 months.
He has been CFO at Italgas since June 2021.

**Alessio Minutoli (Head of Legal, Corporate and Compliance Affairs)**.
Born in Messina in 1973, he graduated in Law from the University of Messina and qualified as a lawyer in 2000. In 2002 he gained a Master in Tax Law. In 2003, after working at the legal practice of Gianni, Origoni, Grippo & Partners, he started working within the legal department of the Exploration & Production Division of Eni S.p.A. In 2010 he joined Snam Rete Gas as Head of Legal Distribution and in July 2011 he became Head of the Legal Division for Gas Transportation. In December 2011 he was appointed Head of the Legal Division of Snam Rete Gas. Between April 2013 and October 2016 he was Head of Legal, Business and Commercial Affairs of Snam. Between May 2014 and May 2018 he was a member of the Board of Directors of Acam, between December 2016 and September 2017 he was a member of the Board of Directors of Napoletanagas S.p.A. and between November 2018 and July 2019 he was a member of the Board of Directors of EGN S.r.l.. Since 2015 he has been on the board of management of the Associazione Nazionale Industriali Gas (Anigas). On December 2019, he was appointed as Chairman of the Board of Directors of Gaxa and on January 2021 he was formally appointed secretary of Italgas Board of Directors.

**Pier Lorenzo Dell'Orco (Manager of Italgas and Chief Executive Officer of Italgas Reti)**.
He took his degree in Mechanical Engineer in Rome, Università La Sapienza in 1994. Since the following year, he has been working in the energy sector where over the years he has gained technical and commercial experience with roles of growing responsibility. He obtained solid technical skills in the early years of his professional career at several of the top Italian utilities, as Project Manager at Edison S.p.A. from 1995 to 2004 and afterwards, until 2007, as Engineering Department Manager at Edipower S.p.A. In 2008, he joined Sorgenia S.p.A., first as Business Development Manager, experience that then led him inside the company's business department, where over the span of six years he took over the responsibilities of Head of Customer Management, then Head of Sales & Marketing and, lastly, Head of Commercial Operations & ICT. He joined Italgas in December 2016 with the role of Partnership Development Manager and contributed toward starting up a pipeline of corporate acquisitions in the gas distribution sector and promoting development of new businesses, in line with the corporate diversification goals such as, for example, the group's entry into the energy efficiency sector. He has been a member of the Board of Directors of the Italgas group-controlled company Seaside. Starting from the beginning of 2018 until December 2019 he was a member of the Board of Directors of Medea and between May 2019 and November 2019 he was sole director of Medea Newco. Starting in May 2018 he has taken over the responsibility of Head of Commercial Development, reporting directly to the CEO of Italgas. On 18 December 2020, he became CEO of Italgas Reti.

**Nunziangelo Ferrulli (Head of Institutional Relations and Regulatory Affairs)**.
Born in Altamura (BA) in 1976, Nunzio Ferrulli has been Executive Vice President of Institutional and Regulatory Affairs at Italgas since November 2016. Law graduated from the University La Sapienza in Rome, he is now enrolled on the Executive Master in Management at the London School of Economics. He's also member of the Faculty of the LUISS Business School for the Executive Course "Public and Institutional Affairs". He started his professional career at Edison S.p.A., in the Institutional and Regulatory Affairs Department, dealing with the relationship with the Parliament, until 2011. During his time in Edison, he looked after the relationship with the European Parliament in Bruxelles. From 2012, he worked for Acea, as CEO's Executive Assistant and Head of International Regulatory Affairs. In this position he also joined various international organizations, such as EurEau (European Association of Europe's Drinking Water and Waste Water Service Operators) and Ceep (European Centre of Employers and Enterprises providing Public Services). In 2014 he started working at Philip Morris Italy as Manager Corporate Affairs, dealing with the institutional and regulatory aspects of the tobacco industry. He also took care of the relationship with the stakeholders in the industries where the Company was involved. After that he went to Grandi Stazioni S.p.A., where he was Head of Public and Regulatory Affairs, managing the relationship with the national institutions and with the Authority of Transport. He supported the board of directors, helping them throughout the process of privatization of the Company. Since 2017 he has been part of the Italgas Acqua Board of Directors, and since January 2020 also of Italgas Reti. On June 2021 he became chairman of the Board of Directors of Italgas Reti. In addition he is a member of the Presidential Committee of ANIGAS and Confindustria Energia.

**Chiara Ganz (Head of External Relations and Sustainability)**.
She gained her Economics degree from University of Bologna. She began her career at the communication and consulting firm Sircana&Partners. In 2001, she joined the Global Relationship Banking Department of Banca IntesaBCI S.p.A., where she collaborated to support the development and advisory team of large projects funded in the finance project. She continued her experience at Poste Italiane S.p.A., working in the Enterprises and Bodies Division - Sales and Marketing Network. In 2003, she joined the External Relations and Communication Department of Finmeccanica S.p.A. (**Finmeccanica**) – as of the date of this Base Prospectus Leonardo S.p.A. - where she handled External Communication and Image and particularly followed the project to design the new Finmeccanica trademark and restyle the group's architecture brand and, in coordination with the different company functions, that of listing Ansaldo STS. In 2009, she was named manager of External Relations and Communication of Thales Alenia Space Italia, a Thales/Leonardo-Finmeccanica joint venture. She was

Communication Manager of Telespazio S.p.A. - a Leonardo Finmeccanica/Thales joint venture - from 2013 until 2016, and here she consolidated her experience by supervising all Communication areas and coordinating the activities of the Italian and international group subsidiaries.

**Raffaella Marcuccio (Head of Procurement and Material Management)**.
She took her degree in Material Engineering from University of Lecce in 1997 after writing an experimental thesis on applications of thermography and ultrasound at the University of Nottingham. Following a brief experience at CNR (Italian National Research Council), she started her career in the Fiat group in 1998 as a young engineer in an inter-functional path that led her to hold several roles from Production in the Assembly Line to Services, at the Fiat Auto Contact Centre, arriving at purchasing with the role of Program Manager on a localisation project in Nanjing, China. This was where she began her professional growth in the Fiat Group Purchasing function, and where she grew as Commodity Manager in the Auto and Powertrain area, afterwards Manager of Purchasing Product Development on Segment B (following the development of the Grande Punto and the Alfa Mito), up to taking over the role of Commodity & Logistic Director at the Fiat Global Purchasing Office of Shanghai for 5 years starting in 2007, seizing purchasing opportunities from Best Cost Countries for the entire Fiat group. In 2012, she moved to Indesit, a leading Italian company in the household appliance sector, again in the Procurement area as Raw Material and Plastic & Metals Components Director. Following Indesit's acquisition in January 2015 by the US company Whirlpool, she was assigned the role of Global Steel and Resins Directors, with the responsibility of purchasing steel and plastic raw materials on a global scale. Joining Italgas in March 2017, she leads Procurement and Material Management team, for the entire Group; by June 2018 she has been also leading Vendor Qualification team. She sits on the Board of Toscana Energia and Reti Distribuzione.

**Bruno Burigana (Manager of Italgas and Chief Executive Officer of Toscana Energia)**.
After receiving his degree in Economics and Business from Università Cattolica del Sacro Cuore in Milan, he started his professional career as a managerial and professional training expert at IRI and then, starting from 1992, at ENI. Over the following years, he held positions of increasing responsibility in the human resources department in the group's chemical sector until taking over personnel Management and Development responsibility at Syndial, where he handled problems such as closing plants, mobility and sale of business units. He also held the position of Manager during this period. Personnel, Organisation, Environment Company Quality Systems. At Snam since 2007 in the position of Resources Planning, Managerial Development and Compensation Manager, in 2009 he also oversaw the corporate reorganisation resulting from the integration of Italgas and Stogit. In 2010, he took over the role of Personnel Manager of the Snam group. He was appointed Head of Human Resources & Security of the Snam group in February 2012 where, among other things, he managed the group's reorganisation after leaving ENI. In July 2015, he joined Italgas as Head of Business Services and he held the position of Head of Human Resources & Organization starting from the demerger from SNAM until July 2020. He is currently CEO of Toscana Energia.

**Pietro Durante (Chief Human Resources Officer)**.
Born in Gioia del Colle (BA) in 1973, he graduated in Law at the University of Bari. He gained professional experience in major companies of various business sectors, taking on roles of increasing responsibility in Human Resources Management, including internationally. He joined the Rinascente department store in 1997, becoming its Director of Human Resources for the Group, as well as Director of the Department Store Division, in 2003. In the period from 2000 – 2002, he worked at Pirelli Cavi e Sistemi as HR Corporate Manager, helping to reorganise the HQ in Milan and the associated companies in Germany, the UK and Spain. He was HR Manager of the sales force and of the Spare Parts and Services sector at Fiat Auto in 2005. Then, from 2006 to 2011, at Pirelli Tyre, he was HR Manager of the Operations and R&D departments and HR Manager of the Car and Motorsport BU. He worked at Prysmian Group from 2011 to 2019: as VP Organizational Development, he completed the integration with the Dutch competitor Draka. He worked in the U.S.A. for around three years as SVP HR Prysmian North America, before working in Berlin as SVP HR Prysmian Group in Central Eastern Europe. In the 2017-2018 two-year period, he also supervised the acquisition and merger of General Cable for

Prysmian in the United States. He became CHRO of the Atlantia Group in 2019. He has been Chief Human Resources Officer at Italgas since September 2020.

**Lorenzo Romeo (Head of Corporate Strategy)**.
Born in Lucca (Tuscany) in 1987, Lorenzo Romeo graduated in Physics from Scuola Normale in Pisa, in 2011.
At the National Enterprise for nanoScience and nanoTechnology (NEST) Lab of Scuola Normale, he obtained a doctorate in Condensed Matter Physics, with a research activity about nanotechnological applications for optoelectronics, collaborating with the University of Montpellier.
In 2015, he began his professional career in McKinsey & Company, leading management consulting firm, where he focused on strategy and large company transformations in multiple sectors (Banking, Transport, Advanced Industries, Infrastructure, Energy). Since 2018 he was Manager, then Associate Partner, in the McKinsey "Global Energy & Materials" Practice.
He has been Chief Corporate Strategy Officer at Italgas since April 2021.

Excluding the roles held at Italgas at the date of this Base Prospectus, the table below lists all the companies with share capital or partnerships in which Managers with Strategic Responsibilities are members of management, control or supervisory bodies, or holders of "qualified" equity investment (more than 3% in listed companies and 10% in unlisted companies), with details of the status of the office and/or the stake held at the date of this Base Prospectus.

| **Name** | **Company** | **Office/Stake held** | **Status of the office / stakeholding as at the date of this Base Prospectus** |
|---|---|---|---|
| Gianfranco Amoroso | Medea | Chairman | In office |
| | Seaside | Director | In office |
| | Toscana Energia | Director | In office |
| | Isgastrentatre | Director | In office |
| Pier Lorenzo Dell'Orco | Italgas Reti | Chief Executive Officer | In office |
| | Italgas Newco | Sole Director | |
| Nunziangelo Ferrulli | Italgas Acqua | Director | In office |
| | Italgas Reti | Chairman | In office |
| | Toscana Energia | Director | |
| Raffaella Marcuccio | Toscana Energia | Director | In office |
| | Reti Distribuzione | Director | |
| Chiara Ganz | Gesam Reti | Director | In office |
| | Gaxa | Director | In office |
| | Toscana Energia | Director | In office |
| Alessio Minutoli | Gaxa | Chairman of the BoD | In office |
| Bruno Burigana | Toscana Energia | Chief Executive Officer | In office |
| Pietro Durante | Italgas Reti | Director | In office |
| | Seaside | Director | In office |
| Lorenzo Romeo | Bludigit | Director | In office |
| | Enerpaper | Director | In office |

**Independent Auditors**

On 28 April 2017, the Shareholders' Meeting of the Issuer appointed PricewaterhouseCoopers S.p.A. (**PricewaterhouseCoopers**) as as independent auditors of the Issuer for the nine-year period 2017-2025.

PricewaterhouseCoopers is a member of ASSIREVI, the Italian association of auditing firms, is authorised and regulated by the Italian Ministry of Economy and Finance (**MEF**) and registered on the

special register of auditing firms held by the MEF.The registered office of PricewaterhouseCoopers is at Viale Monte Rosa 91, Milan, 20149, Italy

On 12 May 2020, the Shareholders' Meeting of the Issuer *inter alia*: (a) approved the consensual resolution of the statutory audit assignment granted to PricewaterhouseCoopers; and (b) appointed Deloitte & Touche S.p.A. (**Deloitte & Touche**) as independent auditors of the Issuer for the nine-year period from 2020 to 2028.

Deloitte & Touche is a member of ASSIREVI, the Italian association of auditing firms.

Deloitte & Touche is authorised and regulated by the Italian Ministry of Economy and Finance (MEF) and registered on the special register of auditing firms held by the MEF.

The registered office of Deloitte & Touche is at Via Tortona 25, Milan, 20144, Italy.

## GLOSSARY OF TERMS AND LEGISLATION RELATING TO THE ISSUER

**ARERA** means the Italian Regulatory Authority for Energy, Networks and Enviroment (*Autorità di Regolazione, Energia, Reti e Ambiente*), formerly known as *Autorità per l'Energia Elettrica, il Gas e il Sistema Idrico* (**AEEGSI**).

**ARERA 2020 Report** means the ARERA's 2020 Annual Report on Services and Activities (*Relazione annuale sullo stato dei servizi e sull'attività svolta*) dated 7 July 2021. **ATEMs** means the minimum geographical areas (*ambiti territoriali minimi*) for conducting tenders and assigning the gas distribution service calculated as 177 pursuant to the definition of Article 1 of the Ministerial Decree of 19 January 2011. The Municipalities belonging to each area are listed in the Ministerial Decree of 18 October 2011.

**CDP** means Cassa Depositi e Prestiti S.p.A.

**CDP RETI** means CDP RETI S.p.A.

**Centralised RAB** means the centralised net invested capital made up of tangible fixed assets other than those included under local tangible fixed assets and intangible fixed assets (in other words non-industrial buildings and property, other tangible fixed assets and intangible fixed assets, such as, for example, remote management and remote control systems, equipment, vehicles, IT systems, furniture and furnishings, software licenses).

**Code of Corporate Governance** (*Codice di Autodisciplina*) means the Code of Corporate Governance of listed companies approved by the Committee for Corporate Governance established by, among others, Borsa Italiana S.p.A.

**Decree 273/2005** means the Law Decree No. 273 dated 30 December 2005, converted into Law No. 51 dated 23 February 2006 (*Proroga di termini relativi all'esercizio di deleghe legislative*).

**Decree 93/2011** means the Legislative Decree No. 93 dated 1 June 2011 (*Mercato interno dell'energia elettrica, del gas naturale*).

**Decree 164/2000** means the Legislative Decree No. 164 dated 23 May 2000 (*Attuazione della direttiva n. 98/30/CE recante norme comuni per il mercato interno del gas naturale).*

**Decree for Determining Municipalities for each Area** means the ministerial decree dated 18 October 2011 (*Determinazione dei Comuni appartenenti a ciascun ambito territoriale del settore della distribuzione del gas naturale*).

**Decree protecting employment levels** means the ministerial decree dated 21 April 2011 (Disposizioni per governare gli effetti sociali connessi ai nuovi affidamenti delle concessioni di distribuzione del gas).

**Equity RAB** means RAB net of Net financial debt.

**First Gas Directive** means the Directive 98/30/EC of the European Parliament and of the Council of 22 June 1998, concerning common rules for the transportation, distribution, supply and storage of natural gas.

**Guidelines** means the guidelines on criteria and operating procedures for evaluating the reimbursement provided for by the Ministry of Economic Development in connection with a document dated 7 April 2014 and approved with the Ministerial Decree of 22 May 2014.

**Italgas Group** means, collectively, Italgas and the companies directly or indirectly controlled by it, pursuant to Article 2359 of the Civil Code and Article 93 of Legislative Decree No. 58 of 24 February 1998, as later amended and supplemented (the **TUF**).

**Law 481/95** means the Law No. 481 dated 14 November 1995 (Norme per la concorrenza e la regolazione dei servizi di pubblica utilità. Istituzione delle Autorità di regolazione dei servizi di pubblica utilità).

**Letta Decree** means the Legislative Decree No. 164 dated 23 May 2000 (*Norme comuni per il mercato interno del gas naturale*).

**Local Net Invested Capital** for the distribution service includes the following types of tangible fixed assets: land on which there are industrial facilities, industrial facilities, primary and secondary equipment, street conduits and branch-off equipment (junctions). Local Net Invested Capital relating to the metering service includes the following types of tangible fixed assets: traditional metering units and electronic metering units.

**Local RAB** means the Local Net Invested Capital relating to the distribution service made up of the following types of tangible fixed assets: land on which there are industrial facilities, industrial facilities, primary and secondary equipment, street conduits and branch-off equipment (junctions). Local Net Invested Capital relating to the metering service is made up of the following types of tangible fixed assets: traditional metering units and electronic metering units.

**Local Tender Process** means each tender process for the provision of gas distribution services held in each of the 177 minimum geographical areas (ATEM) identified pursuant to Articles 1 and 2 of the Decree of the Ministry of Economic Development of 19 January 2011; and **Local Tender Processes** means all of them.

**Marzano Law** means the Law No. 239 dated 23 August 2004 (Riordino del settore energetico, nonché delega al Governo per il riassetto delle disposizioni vigenti in materia di energia).

**MD 226** or **Tender Criteria Decree** means the Ministerial Decree on bid evaluation and auction criteria No. 226 dated 12 November 2011 (Regolamento per i criteri di gara e per la valutazione dell'offerta per l'affidamento del servizio della distribuzione del gas naturale).

**MISE** means Ministry of Economic Development.

**MITE** means Ministry for the Energy Transition, resulting from a merger between the former Ministry od Environment and two energy departments formerly belonging to the MISE.

**Multi-municipality Areas Decree** means the ministerial decree dated 19 January 2011 (Determinazione degli ambiti territoriali nel settore della distribuzione del gas naturale).

**Network Codes** means documents that set out, for each type of service, the rules governing the rights and obligations of the parties involved in the process of providing those services, and that establish contractual clauses to reduce the risk of non-compliance by customers, approved through the ARERA at the proposal of the service provider.

**NRA** means the National Regulatory Authority.

**OGMP** means UNEP's Oil & Gas Methane Partnership Initiative.

**RAB** means the value of net invested capital for regulatory purposes, calculated based on the rules defined by the ARERA in order to determine the benchmark revenues for the regulated businesses

(ARERA Resolution 114/2019/R/GAS for the gas transportation business, ARERA Resolution 474/2019/R/GAS for the gas regasification business, ARERA Resolution 419/19/R/GAS for the gas storage business, ARERA Resolution 570/2019/R/GAS for the gas distribution business).

**Reimbursement Value** means the amount owed to outgoing operators on the termination of the service pursuant to Article 5 of MD 226 in the absence of specific different calculation method forecasts contained in the documents of the individual concessions stipulated before 11 February 2012 (the date when MD 226 came into force).

**Second Gas Directive** means the Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning the internal market of natural gas.

**Shipper** or **User** means, for the gas transportation business, pursuant to ARERA Resolution 514/2013/R/gas, the Shipper or User is the user of the gas system that acquires the transportation capacity for their own use or to sell it to others.

**Third Energy Package** means the set of European Regulations and Directives concerning the internal energy market and providing measures aimed at redefining the structure of the industry and promoting the integration of individual national energy markets.

**Third Gas Directive** means the Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas.

**Trader**: pursuant to the "*Conditions for the sale and exchange of natural gas at the Point of Virtual Exchange*" approved with the ARERA Decision no. 436/2015/R/Gas, a Trader is a subject different from: (i) a holder of a transport contract, (ii) the Manager of Energy Markets, and (iii) a manager of a regulatory market (stock exchange) in which derivative financial instruments are traded that provide for the physical delivery and whose compensation and guarantee activities are regulated through a clearing house that - for the purpose of operating on the point of virtual exchange - signs the access contract and commits itself under the conditions and provisions contained in the Network Code, including the relevant provision on financial guarantees.

**Unbundling Regulation** means the rules set out by the Second Gas Directive on unbundling and transparency of accounts and the corporate, functional and organisational unbundling of operators of gas transmission and distribution systems in vertically integrated groups.

**UNEP** means United Nations Environment Program.

**VIR** means "*Valore Industriale Residuo*", *i.e.* the residual industrial value of the part of the plant owned by the outgoing operator, which is equal to the cost that should be incurred for its reconstruction as new reduced by the value of the physical degradation and also including non-current assets under construction from the accounting records (Article 5, paragraph 5 of MD 226).

## REGULATORY AND LEGISLATIVE FRAMEWORK

The liberalisation process of the energy market launched in Europe has been phased in over a decade with the adoption of different legislative packages which have gradually been incorporated into the legislation of the EU Member States. The natural gas industry has been – and still is – subject to significant regulation both at European Union and national levels.

### *Historical Background*

#### *The First Gas Directive*

Directive 98/30/EC (**First Gas Directive**) defined common rules for the transportation, distribution, supply and storage of natural gas.

The First Gas Directive was implemented in Italy in May 2000 through the Legislative Decree No. 164/2000 (known as the **Letta Decree**) which identifies and defines the sectors making up the natural gas market (import, production, transportation, dispatching, storage, liquefied natural gas (**LNG**) regasification, distribution and sales) and sets out the regulatory principles with regard to liberalisation, unbundling, network access and transparency.

The Letta Decree assigns certain roles and responsibilities to the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) (**MED**) and the ARERA.

The MED is responsible for defining strategic guidelines for the gas sector and ensuring its safety and economic development. The ARERA, an independent regulatory body, is responsible for the regulation of the national electricity and natural gas markets. Its responsibilities include the definition of criteria for determining and updating tariffs and for governing access to infrastructure, as well as the provision of services related to the distribution of LNG.

In 2003, Directive 2003/55/EC (**Second Gas Directive**) – the second directive on the internal market for natural gas – was issued repealing the First Gas Directive. In Italy, Law No. 239/2004 ("*Reform of the energy sector and delegation to the Government for the reorganisation of the existing provisions relating to energy*", known as the **Marzano Law**) implemented some of the provisions of the Second Gas Directive.

#### *Third Energy Package*

In July 2009, the "Third Energy Package" was approved in the European Union with a view to completing the internal energy market and providing a series of measures aimed at redefining the structure of the industry and promoting the integration of individual national energy markets.

Among other items, with specific regard to unbundling, Directive 2009/73/EC (**Third Gas Directive**), comprised in the Third Energy Package, provides that EU Member States shall implement measures to ensure the "effective separation" of energy networks from the production and supply activities.

The Third Gas Directive was implemented in Italy with Legislative Decree No. 93/2011 on the "*National natural gas and electricity market*" (*Mercato interno dell'energia elettrica e del gas naturale*) (the **Decree 93/2011**), which impacts on all business sectors of the Issuer and, in terms of unbundling, envisages, among other things, that the main Italian gas transportation company shall (i) comply with the ITO (*Independent Transport Operator*) model as well as (ii) be certified by the NRA and, consequently, approved and designated as a Transmission System Operator (**TSO**) by the MED.

***Expected evolution of the European legislative framework***

The European Commission announced by the end of 2021 two legislative proposals on revising the Gas Directive and Gas Regulation. The proposals will be prepared in the context of the European Green Deal ambition to decarbonise the EU gas sector and, more broadly, achieve climate neutrality by 2050. The proposals were anticipated by a consultation process ended on June 18th. The feedback of such consultation will feed into the Commission's preparations of the legislative proposals. Expectation are for the proposals to pave the way for a cost-efficient decarbonisation of the existing gas sector, including how to enable and foster a market for renewable and low carbon hydrogen, allowing it to become a key component of the energy sector. They will also address how to facilitate the injection, transmission, distribution and trading of renewable and low carbon gases in the existing gas grid in the context of the wider energy system integration. In general, the uptake of renewable gas and hydrogen is expected to rely on the use of existing natural gas infrastructures, including gas distribution grids, which with limited retrofit investments – mainly on network digitalisation - are able to manage variable blends of natural gas, biomethane and hydrogen. A complete evaluation of the role of gas distribution network in the decarbonization process and the related costs for adapting gas grids to renewable and low carbon gases will be possible only after the proposals will be published by the Commission.

Also, the European Commission announced by the end of 2021 a legislative proposal for dealing with the reduction of methane emissions along the whole gas value chain, including the gas distribution activities. Again, the forthcoming legislation has been anticipated by a formal consultation process with the Commission's stakeholders. The results of this consultation and the conclusions of the European Commission are not known at present, but considering the consultation questionnaire prepared by the Commission, indications about specific Measure, Reporting and Verification (MRV) and Leaks Detection And Reduction (LDAR) procedures and obligations are expected. While Italgas thinks have adopted Best Available Technologies (BAT) for tackling methane emissions, the economic implications of the forthcoming legislation will be fully understood only after its publication.

Finally, the European Commission presented on July 14th, 2021 a package of 13 legislative proposals under the name of "Fit for 55", aimed at favouring the reduction of CO2 emissions by 55% at 2030, compared to 1990 values. The Package includes among other things, the amendment of the Renewable Energy Directive and the Energy Efficiency Directive, the revision of the Emission Trading Scheme and the Energy Taxation Directive and modifications to the deployment of alternative fuel infrastructures and to the Regulation setting emission performances on cars and vans. The consultation process opened by the Commission on this documents is still ongoing and the new package will eventually enter into force after the completion of a legislative process, involving also the European Parliament and the Council. No final evaluation fo the content of this legislative proposals can me made at his stage.

***Principal Legislation regarding regulation of the Issuer***

The gas market in Italy is controlled and monitored by the ARERA which was established by Law No. 481/1995 (**Law 481/95**). The main tasks of the ARERA, as set out in Law 481/95, are to guarantee the promotion of competition and efficiency while ensuring adequate service quality standards in the electricity and gas sectors. These goals are achieved by ensuring a uniform availability and distribution of services throughout the country, by establishing a transparent and reliable tariff system based on pre-defined criteria and by promoting the interests of users and consumers, taking into account specific European legislation in such sector and general political guidelines of the Italian government. The tariff system is required to reconcile the economic and financial goals of electricity and gas operators with general social goals, and with environmental protection and the efficient use of resources.

***Legislation regarding distribution of natural gas***

The Letta Decree – as subsequently amended and modified – redefined the concept of distribution, by unbundling it from sales, transportation and dispatching, storage and LNG regasification activities and qualifying it as a public service. As a result, distribution means the transportation of natural gas from injection points connected to the transportation network through local pipelines for delivery to users. Until the entry into force of the new applicable legislative framework as of 2011 (as better explained below) distribution was carried out under a concessionary regime, whereby natural gas distribution licences were granted by local authorities (such as municipalities (*Comuni*), joint municipalities (*Unioni di Comuni*) and mountain municipalities (*Comunità Montane*)) through tender procedures for terms of up to 12 years. Limited liabilities companies, including publicly-held companies and limited liability co-operative companies, did submit bids in accordance with Article 14 of the Letta Decree, while adjudication was conditional upon the "best economic conditions and service levels, quality and safety levels, investment plans for the development and upgrade of networks and facilities, for their renewal and maintenance, and technological and managerial innovation, submitted by competing companies". Once distribution concessions were granted, relations between the local authority and the operator were governed by service agreements, based on a master agreement to be approved by the ARERA, which include the duration of, and procedures for, the performance of the service.

The relevant local authority had to initiate a new tender procedure at least one year prior to expiry of the applicable concession period. Upon the expiry of such period, networks, facilities, and any transferable equipment were returned to the local authority in consideration for an indemnity payment. The amount of such indemnity payment will be calculated on the basis of what has been established in the agreements and in the call for tender or, if this cannot be done, based on the criteria in Italian Royal Decree No. 2578/1925 (industrial value criterion). In several cases, there was a dispute between the parties regarding the quantification of the indemnity and the related assessment were assigned to an arbitrators panel.

According to Letta Decree (as subsequently amended), all distribution concessions which were active as of 21 June 2000 awarded without a public tender, shall terminate at the end of the so-called Transitory Period (except if their natural expiry date occurs before such date). The duration of the Transitory Period was originally equal to five years (i.e. until 31 December, 2005) (the **Transitory Period**). According to Article 1, paragraph 69, of Marzano Law, the Transitory Period was postponed to 31 December 2007. However, the Transitory Period may be further extended if certain conditions are met (i.e. (i) for public interest reasons and (ii) in case of fulfilment of the conditions set out under Article 15, paragraph 7, of the Letta Decree). See "*Gas Distribution Concessions*".

The concessions active as of 21 June 2000, awarded by means of a tender procedure, shall terminate at their natural expiry date but, in any case, not later than 31 December 2012.

With respect to the automatic extension granted under Article 23, paragraph 1, of Decree No. 273/2005, the European Union Court of Justice (17 July 2008, C-347/06) ruled that the same is in compliance with the European Union Treaty *provided that* the extension is necessary in order to allow the parties to terminate the concession under acceptable conditions considering both the public services needs and the economic consequences of the termination on the parties.

The transitional rules introduced by the Letta Decree allowed local authorities to adopt resolutions necessary to adapt to the new concession regime, through a call for tenders for the grant of the service and transformation of current management companies into limited liability companies or limited liability co-operative companies.

In 2011, the applicable legislative framework in the field of gas distribution was redefined as follows:

***Ministerial Decree to determine the geographical areas in the natural gas distribution sector (Multi-municipality Areas Decree)***

The first of four ministerial decrees on natural gas distribution reforms was published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 31 March 2011.

More specifically, the Multi-municipality Areas Decree, which were issued by the MED in collaboration with the Ministry for Regional Relations and National Cohesion (*Ministro per i Rapporti con le Regioni e per la Coesione Territoriale*) on 19 January 2011, establishes multi-municipality minimum geographical areas (known as ATEMs) for which new gas distribution concessions must be assigned.

The Multi-municipality Areas Decree identifies 177 ATEMs relating to provinces, or divided provinces in the case of the most populous ones or large towns and cities. Several neighbouring ATEMs may combine if they wish to do so. In particular, the Italian territory was subdivided into 177 ATEMs and each of them includes the territory of a maximum of 50 municipalities, *provided that* it will serve at least 50,000 users (up to a maximum of 300,000 users). In general, an ATEM represent the territory of a Province.

The subsequent Decree 93/2011 established that:

- local authorities which, on the date Decree 93/2011 came into force, in the case of an open tender, published notices of invitations to tender, or, in case of restricted tender processes, also asked for letters of invitation, in both cases including the definition of the bid evaluation criteria and the redemption value to the outgoing operator and had not awarded the winning firm, can proceed with entrusting the natural gas distribution service in accordance with the procedures applicable on the date of the call to tender; and

- otherwise, starting from that date, the tenders for entrusting the service will be carried out exclusively for the provinces identified by the Multi-municipality Areas Decree.

***Ministerial Decree to protect jobs in case of change of gas distribution operator (Decree protecting employment levels)***

The Decree protecting employment levels, adopted by the MED in conjunction with the Ministry of Work and Social Policy (*Ministero del Lavoro e delle Politiche Sociali*) on 21 April 2011 and published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 4 May 2011, regulates the social effects associated with the granting of new gas distribution concessions.

The provisions include the obligation, for the incoming operator, to hire the personnel of the outgoing operator for the running of gas distribution plants and a quota of the personnel in charge with territorial and central functions.

However, in order to avoid opportunistic behaviour by the outgoing operator and obstacles put in the way of operating efficiency, the obligation to hire the staff is limited to a number of employees that is less than a reference value.

***Ministerial Decree for identifying Municipalities which are part of each of the 177 multi-municipality minimum geographical areas (Decree for Determining Municipalities for each Area)***

The Decree for Determining Municipalities for each Area, adopted by the MED in conjunction with the Ministry for Regional Relations and National Cohesion (*Ministro per i Rapporti con le Regioni e per la Coesione Territoriale*) on 18 October 2011 and published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 28 October 2011, defines the list of Municipalities belonging to each geographical area of the natural gas distribution sector.

Moreover, when supplying the list of Municipalities, in addition to the name of the Area, indicated in Annex 1 of the Multi-municipality Area Decree, the Decree for Determining Municipalities for each Area also adds a geographic characterisation, if absent, to facilitate identification.

***Ministerial Decree for identifying criteria through which area tenders will be held and awarded (Tender Criteria Decree)***

The Tender Criteria Decree, adopted by the MED in conjunction with the Ministry for Regional Relations and National Cohesion (*Ministro per i Rapporti con le Regioni e per la Coesione Territoriale*) on 12 November 2011 and published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 27 January 2012, contains provisions regarding the requirements for participation, bid evaluation criteria, the compensation figure to pay to the outgoing operator, as well as the "type of call to tender".

The amount of payment to holders of concessions and licences, when the applicable transition period expires, will be calculated on the basis of what has been established in the agreements or, if this cannot be done, based on the criteria in Royal Decree No. 2578/1925 (industrial value criterion). In case of a dispute, the outgoing operator will be paid the higher value between the value of net fixed assets of locality ("*immobilizzazioni nette di località*") of the distribution service, including construction in progress, net of public or private contributions, calculated using the methodology of the current tariff adjustment and on the basis of the consistency of the plants at the time of their transfer and the value estimated by the local authority, with possible adjustments after the dispute has been resolved. The incoming operator will acquire ownership of the system by paying the outgoing operator the redemption value, with the exception of any assets owned by the local municipality.

Tenders will be awarded based on the most economically advantageous offer with regard to the following criteria:

- economic conditions;
- security of the service;
- quality of service; and
- development of the distribution system.

As a consequence of the above mentioned law provisions, the tender procedures for the awarding of new gas distribution concessions should commence once certain conditions provided by the Tender Criteria Decree have been met and within the time period (which differ from region to region) set out in Annex 1 of the Tender Criteria Decree.

By a Ministerial Decree dated 5 February 2013 a master service agreement for the distribution of natural gas was approved in compliance with the provisions of Article 14 of Legislative Decree No. 164 of 23 May 2000.

In particular, such master service agreement covers in detail all aspects of the concessionary regime, the mutual obligations of the parties, the duration of the agreement – determined in twelve years, the termination provisions, and provides that the outgoing operator transfers the ownership of its plants to the incoming operator upon payment by this latter of the compensation figure provided for under Article 14, paragraph 8 of the Letta Decree.

***Legislative Decree No. 69 of 21 June 2013 (Decreto del Fare)***

Article 4 of Legislative Decree No. 69 of 21 June 2013, known as the "*Decreto del fare*" contains, among other things, provisions regarding concessions for gas distribution. It provides that the time

limits introduced by Article 3 of the Tender Criteria Decree regarding selection of a body tasked with overseeing the tender process and the issue of tender bids are definitive and, if they are not met, the relevant region (*Regione*) must launch the tender bid by nominating a *commissario ad acta*. If the region fails to act, the Ministry of Economic Development shall do so and shall nominate a *commissario ad acta*. In addition, the local body in breach of the relevant regulations can be given a fine and other sanctions described in the decree.

The *Decreto del fare* also contains provisions regarding valuation of the compensation figure for gas distribution network and plant and provides that the Ministry of Economic Development may issue specific guidelines regarding the methods and criteria of such valuation.

***Law Decree No. 145/2013***

Law Decree No.145/2013 has been converted into law with amendments by Law No. 9/2014. In particular, Law Decree No. 145/2013 as converted provides that:

(a) the redemption value recognised for outgoing gas distribution operators during the transitional period, if not possible to ascertain from the intention of the parties (and therefore from the contractual provisions of the concessions), must be determined in accordance with the guidelines concerning the metrics and modalities for the recognition of the redemption value that the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) may issue pursuant to Article 4, paragraph 6, of Law Decree 69/2013 as converted, with amendments, by Law No. 98/2013;

(b) from the redemption amount will be deducted private contributions related to local assets, evaluated according to the methodology of current tariff regulation; and

(c) if the redemption value exceeds by more than 10% of the value of local fixed assets computed on the basis of the applicable tariff regulations (net of public contribution for capital account and private contributions related to local assets), a certain procedure (involving also the ARERA) must be followed.

On 6 June 2014 the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) published in the Official Gazette No. 129 the guidelines concerning the metrics and modalities for the recognition of the redemption value of gas distribution networks.

***Law Decree No. 91/2014***

Law Decree No. 91/2014 (*Decreto competitività*) has been converted into law with amendments by Law No. 116/2014. By modifying Article 15, paragraph 5, of the "Letta Decree" (Legislative Decree No. 164/2000), such Law Decree states that, during the transitional period, in order to calculate the reimbursement amount due to the outgoing distributor reference shall be made to the existing contracts between municipalities and gas distribution companies, *provided that* such contracts have been entered into on or before 11 February 2012 (date of the entry into force of the Tender Criteria Decree, see paragraph "*Ministerial decree for identifying criteria through which area tenders will be held and awarded (Tender Criteria Decree)*" above). As for the contracts between a gas distribution company and the relevant municipality entered into after 12 February 2012, the reimbursement shall be calculated according the guidelines set out by a Ministerial Decree of 22 May 2014.

***Law Decree No. 192/2014***

On 28 February 2015, the Italian Official Gazette, General Series No. 49, published Law 11/2015 converting into law the Law Decree 192 of 31 December 2014 (the so-called "*Mille Proroghe Decree*")

which, among other things, introduces an additional amendment to deadlines already set out and extended several times for calls for tenders for gas distribution concessions, stipulating, *inter alia*, that:

- the deadline for publication of the call for tenders by the contracting entity and for alternative measures by the region will be extended until 11 July 2015 for the area pertaining to the first group listed under annex 1 to MD 226; and

- the deadline beyond which a penalty applies to local authorities pursuant to Article 4, paragraph 5 of Decree Law 69/2013 in the event of failure to comply with the deadline for issuing calls for tenders shall be extended to 31 December 2015 for the first two groups of areas listed under annex 1 of MD 226.

***Ministerial decree No. 106/2015 modifying the Tender Criteria Decree***

The decree adopted by the MED in conjunction with the Ministry for Regional Affairs and Local Governments (*Ministro per gli Affari Regionali e Autonomie*) on 20 May 2015 and published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 14 July 2015, introduces amendments to the Tender Criteria Decree (i.e. MD 226).

In particular, the amendments consist in: adjusting the text of the original decree in order to reflect the legislative changes occured so far and the fourth regulatory period's tariff framework; defining operational procedures to be followed regarding tender criteria on energy efficiency investments in each multi-municipality geographical area; clarifying the rules to be followed in order to calculate the redemption value due to the outgoing distributor operator, previously set out by the Ministerial Decree adopted on 22 May 2014 and published in the Official Gazette No. 129 on 6 June 2014.

***Law Decree No. 210/2015***

On 26 February 2016, the Italian Official Gazette, General Series No. 47 published Law No. 21/2016 converting into law the Law Decree n. 210/2015. According to Article 3, paragraph 2-bis, of Law Decree No. 210/2015, the deadline for publication of the call for tenders for gas distribution concessions is postponed. The term of the postponement (12, 14, 13, 9 or 5 months) diverges with regard to each group listed under annex 1 to MD 226.

Article 3, paragraph 2-ter, of Law Decree No. 210/2015 amends Article 4 of the Legislative Decree No. 69 of 21 June 2013. The paragraph prescribes that the region has to attend a further period of six months before proceeding with the launch of the tender by nominating a *commissario ad acta*. In case the region does not proceed within the aforementioned period of six months, the Ministry of Economic Development, after a period of two months, shall launch the tender by nominating a *commissario ad acta*. In addition, the fine and other penalties for the local body in case of delay in launching the tenders, previously provided by the same Legislative Decree No. 69 of 21 June 2013, are deleted.

***Law Decree No. 244/2016***

On 28 February 2017, the Italian Official Gazette, General Series No. 49, published Law No. 19/2017 converting into Law Decree n. 244/2016. According to Article 6, paragraph 5, of Law Decree No. 244/2016, the deadline for publication of the call for tenders for gas distribution concessions is postponed for 24 months in 9 ATEMs of Marche, Umbria, Abruzzo e Lazio, where there are municipalities affected by the earthquakes of August and October 2016.

***Law No. 124/2017 (Legge annuale per il mercato e la concorrenza)***

On 14 August 2017, Law No. 124/2017 was published on the Italian Official Gazette. In such Law, Article 1 paragraphs 93, 94 and 95 introduce some minor amendments and clarifications to the

legislation concerning the procedures for tenders for the awarding of gas distribution concessions. Such modifications may be summarized as follows.

- Article 1, paragraph 93 establishes that the awarding authority is no longer obliged to send to ARERA the detailed evaluation of the difference in value between VIR and RAB prior to the tender, provided that the awarding authority is able to certify, even through a competent third party, that the termination value has been calculated by applying the guidelines set out under Ministerial Decree 22/5/2014 and that the overall difference between VIR and RAB within the minimum geographical area is not greater than 8%, provided that such difference in each single municipality does not exceed 20%.
- According to Article 1, paragraph 94, ARERA shall define a simplified procedure for the evaluation of the future calls for tender (*bandi di gara*), which shall be applicable whenever a single call for tender (*bando di gara*) is consistent with the standard Call for Tenders (*bando di gara tipo*), the standard Bidding Rules (*disciplinare di gara tipo*) and the standard Service Contract (contratto di servizio tipo).
- Article 1, paragraph 95 clarifies that, in case of participation to a tender through a temporary association of companies or consortia, some of the technical capacity requirements defined by the Tender Criteria Decree must be possessed cumulatively by all of the members of a temporary association of companies (*raggruppamento temporaneo di imprese*) or a consortium (*consorzio ordinario*) whilst others may be possessed even by just one of such members.

With Resolution 905/2017/R/gas, published on 28 December 2017, the ARERA has implemented the provisions of Law No. 124/2017, with the aim to simplify the procedures for the calculation of the Reimbursement Value and for the evaluation of tender documents for the awarding of gas distribution concessions.

The Resolution:

- approved two consolidated acts (annexed to the Resolution as Annex A and Annex B) which contain provisions concerning the calculation and verification of the Reimbursement Value of the gas networks and the evaluation of Calls for Tenders (bandi di gara);
- repealed the previous ARERA Resolutions 113/2013/R/gas, 155/2014/R/ gas and 310/2014/R/gas, having the consolidated acts fully incorporated the provisions therein contained without making significant innovations.

With reference to the calculation of the Reimbursement Value, the relevant consolidated act (Annex A) specifies, inter alia, that the evaluation of the difference between VIR and RAB is carried out by the ARERA according to three regimes:

- individual ordinary regime for the Municipality;
- individual simplified regime for the Municipality, pursuant to the ARERA Resolution 344/2017/R/gas, published on 19 May 2017;
- simplified framework regime for the ATEM (ambito), pursuant to Law No. 124/17.

The consolidated act (Annex A) also specifies that, in case of disagreement between the awarding authority and the outgoing operator on the amount of the Reimbursement Value, for the purpose of calculating the difference between VIR and RAB within the minimum geographical area (ATEM), the greater of the two values is assumed.

With reference to the evaluation of Calls for Tenders (bandi di gara), the specific consolidated act (Annex B) states that the evaluation is carried out by the ARERA by applying two different methods which are detailed in such act: the ordinary procedure and the simplified regime. The simplified regime shall apply to those awarding authorities that have used the standard tender documents approved by the

ARERA, without substantial amendments whilst, in all other cases, the more complex ordinary evaluation procedure shall apply.

***Law Decree No. 34/2020***

On 18 July 2020 the coordinated text of the conversion law of Decree No. 34/2020 was published in the Italian Official Gazette. In art. 114 ter of this law, the exclusion of the investment ceiling for delivery point established by ARERA with Resolution No. 704/2016 was introduced, limited to network extensions and expansions made in municipalities located in mountain areas and in those that were granted contributions with CIPE Resolution No. 5/2015 of 28 January 2015. Such provisions entitle Italgas to fully recover capex through tariffs in a number of municipalities, among whom those located in the Ischia island and Favara (Sicily).

## REGULATORY - TARIFFS

As described above, the distribution of natural gas in Italy is regulated by the ARERA, which has been operative since 1997, and is responsible for the regulation of the national electricity and natural gas markets. Among its functions are the calculation and updating of the tariffs, and the provision of rules for access to infrastructures and for the delivery of the relative services. According to the Letta Decree, rules for the access and delivery of the services are defined in the codes (Distribution Code) set by the relevant Company and approved by ARERA. Tariff regulation is set by the ARERA before the start of each regulatory period. It identifies the criteria for the determination of the "allowed revenues" and their revision during the regulatory period as well as the methodology for calculating tariffs. This general methodology applies to all businesses areas and is designed to cover capital and operational costs directly related to the business activities of the relevant company.

The methodology envisages the calculation of a reference revenue at the beginning of the regulatory period being the sum of:

- remuneration on net invested capital which is determined multiplying the Regulatory Asset Base (**RAB**), by the allowed rate of return (**WACC**);

- depreciation allowance calculated on the basis of the economical/technical lives set by the ARERA for different asset types; and

- allowed operating costs (as reported in the companies financial statements) which may include the retention of profit sharing on the extra-efficiency performed during the previous regulatory periods.

The revenues related to remuneration and depreciation allowance are updated on an annual basis according to RAB evolution during the period, while the revenues related to operating costs are updated according to the price cap methodology RPI – X formula, where RPI represents the inflation index and X is the efficiency target set by the ARERA.

The allowed revenues are guaranteed during the period through an equalisation mechanism, managed by the ARERA through the Cassa Conguaglio Settore Elettrico (Electricity Equalisation fund – now Cassa per i servizi energetici e ambientali – Energy and Environment Equalisation fund), to guarantee equivalence between the revenue obtained by each company by application of the mandatory tariff, which, naturally, does not reflect the specific costs of each company, and the costs recognised for such company, using the reference tariff.

The following are the primary tariff components for the business of the Issuer, based on the regulatory framework in force.

| | |
|---|---|
| End of TARIFF regulatory period | End of the first half-period: 31 December 2022<br>End of the second half-period: 31 December 2025 |
| Calculation of net invested capital recognised for regulatory purposes (RAB) | Reevaluated historical cost<br>Parametric method for centralised assets |
| Return on net invested capital recognised for regulatory purposes<br>(real pre-tax WACC) | Distribution:<br>6.3% (year 2020-2021)<br>Metering:<br>6.3% (year 2020-2021) |

| | |
|---|---|
| Incentives on new investments | Remuneration of investment year t-1 for time lag recognition |
| Efficiency factor (X FACTOR) | 3.53% on distribution operating costs<br>1.57% on commercialization operating costs<br>0% on metering operating costs |

**Gas Distribution Tariffs for the fifth regulatory period: general provisions**

With Resolution no. 570/2019/R/gas, published on 27 December 2019 ARERA defined the tariff criteria for the distribution and metering services on the local distribution networks for the fifth regulatory period (1 January 2020 to 31 December 2025) divided into two half-period of three years each. In summary, the Resolution provides for:

- recognition of the net invested capital in site by the re-evaluated historical cost methodology and of the net invested capital with respect to centralised operations (non-industrial buildings, ICT assets, vehicles and other fixed assets) by the parametric methodology;
- the base return rate (WACC) of net invested capital (RAB) is set at 6.3% in real terms before taxes both for the distribution service and metering service;
- recognition of the operating costs of distribution operations on a parametric basis and differentiated for each operating company depending on company size and density of the customers connected to the network;
- recognition of the operating costs of metering and sales operations using equal parametric components for all companies;
- recognition of investments in smarts meter is obtained by using a weighted average of the standard cost (30%) and the actual cost (70%);
- the revenues associated with new investments are paid starting from the first year following that in which the costs were incurred ("spending") and are guaranteed regardless of the volumes trans-ported;
- the price cap method for updating the tariffs is applied to revenue relating to operating costs, which are indexed to inflation and reduced by a fixed annual productivity return coefficient set at 3.53% for operating costs of large companies relating to distribution, 0% for operating costs relating to metering and 1.57% for operating costs relating to commercialization. The productivity factors might be updated in the second half period by the ARERA, if deemed necessary;
- the revenue components which are related to returns and depreciation are determined on the basis of the annual update of net capital invested (RAB). As in the fourth regulatory period, the depreciation is not subject to the price-cap mechanism and calculated on the basis of the useful economic and technical life of the distribution infrastructure which is 50 years;
- in relation to the recognition of the residual costs of traditional meters lower than or equal to G6 re-placed with smart meters, an amount is recognized for the recovery of non-depreciation (IRMA), to be paid to the distribution companies over five years, equal to the difference between the residual non-depreciated value, calculated by applying the pro-tempore regulatory useful life in force and the residual value, calculated by applying a useful life of 15 years; there is also provision for the recovery of non-depreciation for traditional meters installed in the period 2012-2014 replaced with smart meters;
- confirmation of an equalisation mechanism, managed by the ARERA through the Cassa Conguaglio Settore Elettrico (Electricity Equalisation fund– now *Cassa per i servizi energetici*

*e ambientali* – Energy and Environment Equalisation fund), to guarantee equivalence between the revenue obtained by each company by application of the mandatory tariff, which, naturally, does not reflect the specific costs of each company, and the costs recognised for such company, using the reference tariff; and

- public and private contributions received from 2012 are deducted from the value of fixed assets, both for the purpose of calculating the remuneration of the invested capital and for the purpose of calculating the depreciation and are downgraded by the amount deducted from the depreciation. As for the fourth regulatory period, a portion of the existing stock is immediately released while the remaining portion is subject to a release over time (the so called "frozen portion"). The time horizon adopted for the full release of these subsidies is aligned with the time horizon for the re-lease of the subsidies subject to downgrade (about 34 years) in order to guarantee graduality and tariff stability;
- with regard to the methanization of Sardinia, the establishment of a Sardinian tariff area by providing, for a period of three years, an equalisation mechanism that makes it possible to equalise the distribution tariff for Sardinia with the ones applied in the South area;
- confirmation of a unitary cap on the amount of costs recognised to cover capital costs relating to the distribution service for new investments in municipalities with first supply from 2018 onwards, to the extent set out in Resolution no. 704/2016/R/gas, through the application of a methodolody that, though not yet fully developed by the ARERA, may give more flexibility to distributors in the development of new gas grids in localities not yet methanised.

**Gas Distribution Tariffs for distribution services on minimum geographical areas**

Resolution no. 570/2019/R/gas defines the tariff regulation of distribution and metering services for the regulatory period 2020-2025 also regarding the provisions related to the distribution services on minimum geographical areas.

The provisions related to the distribution services on minimum geographical areas shall be applied from the entrusting date, as resulting from the service contract stipulated by the contracting authority (stazione appaltante) and by the incoming operator. The main aspects of the document are described below:

- the initial value, recognised for tariff purposes, of the Local Net Invested Capital being transferred for consideration to the incoming operator should be determined based on:

  (a) the Reimbursement Value paid to the outgoing operator pursuant to Article 5 of MD 226, in the event that the outgoing operator is different to the incoming operator, determined as the reconstruction value carried forward, net of depreciation and contributions received; or

  (b) in all other cases, the value of the Local Net Invested Capital, calculated based on the criteria used by the ARERA to determine distribution tariffs;

- at the end of the first concession period (12 years), the value of the Local Net Invested Capital will be determined, in both cases (a and b), as the sum of two components:

  (a) the residual value of the existing stock of assets at the start of the concession period, valued based on the amount to be reimbursed pursuant to Article 5 of MD 226, taking into account amortisation and depreciation, as well as disposals recognised for tariff purposes during the concession period; and

(b) the residual value of new investments made during the concession period and in existence at the end of the period, calculated pursuant to the applicable tariffs regulation;

- for determining the annual depreciation allowed for tariffs purposes, the extension of the useful regulators lives shall apply, in accordance with the values adopted by MD 226 and starting from the awarding of concessions area by tender;

- the operating costs relating to the distribution service in case of distribution service on minimum geographical areas are set by Resolution 570/2019/R/Gas according to the size and density of the minimum geographical areas. The annual rate of reduction of the unit costs which shall cover the operating costs of the distribution service, to be applied for updates of the tariffs for the first two years following the year of entrusting of the service by tender shall be equal to 0%. For the subsequent years, the annual rate of reduction will be equal to that provided for the local distribution networks for distribution companies belonging to the size category more than 300,000 delivery points served;

- ARERA shall define and publish: i) no later than 15 December of each year the mandatory tariffs for distribution and metering services, to be applied to the following year; ii) no later than 31 March of the year "t", on a provisional basis, the relevant tariffs for the year "t", calculated on the basis of the pre-final financial data for the year "t-1"; iii) no later than 28 February of the year "t+1", on a definitive basis, the relevant tariffs for the year "t", calculated on the basis of the pre-final financial data for the year "t-1".

**Recent developments in Gas Distribution Tariffs**

With Resolution no. 583/2015/R/com, published on 2 December 2015, as amended by Resolution no. 570/2019/R/gas, ARERA issued the criteria to calculate and update the base return rate (WACC) for the gas and electricity regulated businesses for the period ranging from 1 January 2016 to 31 December 2021. For the years 2016, 2017 and 2018 the base return rate (WACC) is set at 6.1% for distribution business and 6.6% for metering business. For 2019 WACC is set at 6.3% for distribution business and 6.8% for metering business. For 2020 and 2021 WACC is set at 6.3% for distribution business and metering business, as ARERA deemed necessary to align the parameter reflecting the systemic risk of the metering and distribution activities.

With Resolution 380/2020, the Authority initiated the allowed WACC review for the regulatory period that starts as of January 1, 2022 (II PWACC).

With Resolution no. 106/2020/R/gas, published on 3 April 2020, the ARERA has redetermined the reference tariffs for gas distribution and metering services for the years 2009-2018, based on the data correction requests by some distribution companies. The Resolution also redetermined the reference tariffs for distribution and metering services for the year 2018 for municipalities with the year of first supply starting from 2017, based on the provisions of Resolution no. 570/2019/R/gas.

With Resolution no. 116/2020/R/com, published on 3 April 2020, the ARERA has set out temporary exceptions to the credit recovery discipline applicable to users of gas distribution network. Among all measures introduced, the most relevant one relates to the exclusion of the credit enforcement mechanism (e.g. surety enforcement, formal notice, contract termination) once the level of total invoiced in April is paid in due time and for the minimum threshold of 80%.

With Resolution no. 128/2020/R/gas, published on 15 April 2020, the ARERA has redetermined the tariff options for 2020 by distinguishing, with effect from 1 January 2020, the municipalities served with propane air from the municipalities served with LPG.

With Resolution no. 596/2020/R/gas, published on 29 December 2020, the ARERA has approved the mandatory tariffs for natural gas distribution and metering services for 2021.

With Resolution no. 117/2021/R/gas, published on 23 March 2021, the ARERA has approved the definitive reference tariffs for the distribution and metering services for 2020.

With Resolution no. 122/2021/R/gas, published on 29 March 2021, the ARERA has approved the provisional reference tariffs for natural gas distribution and metering services for 2021.

# TAXATION

## General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

## ITALIAN TAXATION

*The following is an overview of current Italian law and practice relating to the taxation of the Notes. The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.*

*Prospective purchasers should be aware that tax treatment depends on the individual circumstances of each Noteholder: as a consequence they should consult their tax advisers as to the consequences under Italian tax law and under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction 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.*

The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. This overview does not describe the tax consequences for an investor with respect to Notes that provide payout linked to the profits of the Issuer, profits of other company of the group or profits of the business in relation to which they are issued.

### *Interest and other proceeds from Notes that qualify as bonds or instruments similar to bonds*

Legislative Decree No. 239 of 1 April 1996 (**Decree No. 239**), as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes issued by, *inter alia*, companies with shares listed on an EU or EEA regulated market or multilateral trading facility, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*).

For these purposes, debentures similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant to the holder any direct or indirect right of participation to (or control of) the management of the issuer.

*Italian resident Noteholders*

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a *de facto* partnership not carrying out commercial activities or professional association; or (c) a private or public entity (other than companies), a trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income including the difference between the redemption amount and the issue price (other than capital

gains) (**Interest**) relating to the Notes, accrued during the relevant holding period, are subject to tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent.. All the above categories are qualified as "net recipients" (unless the Noteholders referred to under (a), (b) and (c) above 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 – see "*Capital Gains Tax*" below). In the event that the 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.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with 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 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 individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 of 11 December 2016 (**Law No. 232**) and to Article 1, paragraphs 211 – 215, of Law No. 145 of 30 December 2018 (**Law No. 145**), as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020 by Article 13-bis of Law Decree No. 124 of 26 October 2019, converted by Law No. 157 of 19 December 2019, as applicable from time to time (**Decree No. 124**). The long-term savings account discipline has been modified by Article 136 of Law Decree No. 34 of 19 May 2020 converted by Law No. 77 of 17 July 2020 (Decree No. 34), as amended by Article 68 of Law Decree No. 104 of 14 August 2020 converted by Law No. 126 of 13 October 2020 (**Decree No. 104**) and by Article 1, paragraphs 219-226 of Law No. 178 of 30 December 2020 (**Law No. 178**).

Where an Italian resident Noteholder is a company or similar commercial entity pursuant to Article 73 of Presidential Decree No. 917 of 22 December 1986 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 from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (**IRES**) and, in certain circumstances, subject to the "*status*" of the Noteholder, also to regional tax on productive activities (**IRAP**).

Italian resident investors who have opted for the "*risparmio gestito"* regime (as defined below) are subject to a 26 per cent. annual substitute tax (the **Asset Management Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into Law No. 410 of 23 November 2001 (**Decree 351**), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, Italian real estate investment funds created under 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 (the **Real Estate SICAFs**) 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 provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary. The income of the Italian real estate investment funds or of the Real Estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an Italian investment company with fixed share capital) or a SICAV (an investment company with variable capital) established in Italy (the **Fund**) and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary,

Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) (**Decree No. 252**) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period, to be subject to a 20% substitute tax (the **Pension Fund Tax**). Subject to certain limitations and requirements (including a minimum holding period), Interest in respect to the Notes may be excluded from the taxable base of the Pension Fund Tax pursuant to Article 1, paragraph 92, of Law No. 232, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 and to Article 1, paragraphs 210 – 215, of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124. The long-term savings account discipline has been modified by Article 136 of Decree No. 34, as amended by Article 68 of Decree No. 104 and by Article 1, paragraphs 219-226 of Law No. 178.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* (**SIMs**), fiduciary companies, *Società di gestione del risparmio* (**SGRs**), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an **Intermediary**) as subsequently amended and integrated.

An Intermediary to be entitled to apply the *imposta sostitutiva* must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) 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 in 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 or, absent that by the Issuer.

*Non–Italian resident Noteholders*

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy, as listed in the Italian Ministerial Decree of 4 September 1996, as amended from time to time (last amendment being made by Italian Ministerial Decree dated 23 March, 2017) and possibly further amended by future decree issued pursuant to Article 11(4)(c) of Decree No. 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the **White List**); or (b) certain institutional investors, not subject to tax, established in a country included in the White List; or, independently by the relevant country of tax residence, (c) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident investors must be the beneficial owners of the payments of interest, premium or other proceeds and (a) deposit, directly or indirectly, the Notes or the coupons with a resident bank or SIM or a permanent establishment in Italy of a non-Italian 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 No. 239 an Italian resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or a non-Italian resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to 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 nor in the case of foreign Central Banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set out by Ministerial Decree of 12 December 2001.

Failure of a non–resident holder of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non–resident holder of the Notes.

The *imposta sostitutiva* will be applicable at the rate of 26% to Interest accrued during the holding period, when the Noteholders are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy. The *imposta sostitutiva* may be reduced by applicable double tax treaty, if any.

***Fungible issues***

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest 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 original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

***Interest and other proceeds from Notes not having 100 per cent. capital protection guaranteed by the Issuer***

In case Notes representing debt instruments implying a "use of capital" do not incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for interim payments) and/or they give any right to directly or indirectly participate in the management of the relevant Issuer or of the business in relation to which they are issued and/or any type of control on the management, Interest in respect of such Notes may be subject to a withholding tax, levied at the rate of 26% under Law Decree No. 512 of 30 September 1983.

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 to which the Notes are connected, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax; in all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax.

In the case of non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, the withholding tax may be reduced by the applicable double tax treaty, if any.

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 not having 100 per cent. capital protection guaranteed by the Issuer if such Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 and to Article 1, paragraphs 211 – 215, of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124. The long-term savings account discipline has been modified by Article 136 of Decree No. 34, as amended by Article 68 of Decree No. 104 and by Article 1, paragraphs 219-226 of Law No. 178.

***Capital Gains Tax***

*Italian resident Noteholders*

Where an Italian resident Noteholder is (a) an individual not holding the Notes in connection with an entrepreneurial activity, (b) a partnership not carrying out commercial activities, (c) a private or public institution not carrying out mainly or exclusively commercial activities, 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 rate of 26 per cent.. Under some conditions and limitations, Noteholders may set off losses with gains. In respect of the application of the *imposta sostitutiva*, taxpayers 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 taxation of capital gains realised by Noteholders under (a) to (c) above, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the relevant Noteholder pursuant to all sales or redemptions of the Notes carried out during any given tax year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in their annual tax return and pay *imposta sostitutiva* on such gains together with any balance 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, Noteholders under (a) to (c) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the **Decree No. 461**). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express election for the *risparmio amministrato* regime being made timely 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 redemption of the Notes, 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 redemption of the 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 the annual tax return.

(c) Any capital gains realised or accrued by Noteholders under (a) to (c) above 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 (regime provided by Article 7 of Decree No. 461) 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% substitute tax, to be paid by the managing authorised intermediary. Under this *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 the annual tax return.

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 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 individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 and to Article 1, paragraphs 211 – 215, of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124. The long-term savings account discipline has been modified by Article 136 of Decree No. 34, as amended by Article 68 of Decree No. 104 and by Article 1, paragraphs 219-226 of Law No. 178.

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Any capital gains realised by a Noteholder who is an Italian real estate fund to which the provisions of Decree 351, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, apply or a Real Estate SICAF will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF. The income of the real estate fund or of the real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder which is a Fund will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Tax, will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of the Decree No. 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain limitations and requirements (including a minimum holding period), capital gains realised in respect to the Notes may be excluded from the taxable base of the Pension Fund Tax pursuant to Article 1, paragraph 92, of Law No. 232, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 and to Article 1, paragraphs 210 – 215, of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124. The long-term savings account discipline has been modified by Article 136 of Decree No. 34, as amended by Article 68 of Decree No. 104 and by Article 1, paragraphs 219-226 of Law No. 178.

*Non–Italian resident Noteholders*

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian

resident Issuer are not subject to Italian taxation, provided that the Notes are transferred on regulated markets and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non–residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not transferred on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country included in the White List; 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, not subject to tax, established in a country included in the White List. In order to benefit of the exemption from *imposta sostitutiva* as for the above, all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended have to be met. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the "*risparmio gestito"* regime or are subject to the "*risparmio amministrato*" regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer are subject to the *imposta sostitutiva* at the current rate of 26%.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, who may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale 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 or redemption of Notes.

***Inheritance and gift taxes***

Pursuant to Law Decree No. 262 of 3 October 2006, converted by Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) 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% on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law of a direct lineage or after relatives-in-law of a collated lineage up to the third degree are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

(c) any other transfer, in principle, is subject to an inheritance and gift tax applied at a rate of 8% 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, Euro 1,500,000.

The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano individuale di risparmio a lungo termine*) – that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232 and Article 1, paragraphs 211 – 215 of Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and in a long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124 are exempt from inheritance taxes. The long-term savings account discipline has been modified by Article 136 of Decree No. 34, as amended by Article 68 of Decree No. 104 and by Article 1, paragraphs 219-226 of Law No. 178.

***Transfer tax***

Contracts relating to the transfer of securities are subject to the registration tax as follows: (a) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (b) private deeds are subject to registration tax only in case of use (*caso d'uso*) or explicit reference (*enunciazione*) or voluntary registration.

***Stamp duty***

Pursuant to Article 13 par. 2/*ter* of the tariff Part I attached to Presidential Decree No. 642 of 26 October, 1972, 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 in Italy. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed €14,000, for taxpayers different from individuals; 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 29 July 2009, as amended, supplemented and restated from time to time (last amendment in connection with the definition of "client" being made by regulation issued by the Bank of Italy on 20 June 2012)) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory.

***Tax Monitoring Obligations***

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28 June 1990 converted into law by Law No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes, the amount of Notes held abroad during each tax year. 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 their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

***Wealth Tax on securities deposited abroad***

According to Article 19(18-23) of Law Decree No. 201 of 6 December 2011, converted by Law No. 214 of 22 December 2011, as subsequently amended, Italian resident individuals, non-commercial entities and partnerships and similar entities holding financial assets – including the Notes – outside of the Italian territory are required to report in their annual tax return and pay a wealth tax at the rate of

0.20 per cent. This tax is calculated on the market value at the end of the relevant year or, if no market value is available, on the nominal value or redemption value, or where the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad. The maximum wealth tax amount due is set at €14,000 per year for taxpayers other than individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad are excluded from the scope of the wealth tax if administered by Italian financial intermediaries pursuant to an administration agreement.

## LUXEMBOURG TAXATION

*The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.*

### *Withholding tax*

(a) **Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) **Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20%.

Luxembourg resident individual holders of Notes acting in the course of their private wealth can opt to self-declare and pay a self-assessed 20% tax levy on receipt of interest payments made by non-Luxembourg paying agents located in an EU Member State other than Luxembourg, or a State of the EEA. If such an option is exercised by an individual holder for a fiscal year, that option is irrevocable for that individual holder for that fiscal year, and makes that individual responsible for applying and paying the 20% tax levy in respect of interest they receive on Notes. For these purposes, the "paying agent" under the Relibi Law is the economic operator which pays interest or allocates the payment of the interest to the immediate benefit of

the beneficial owner – i.e. the last person in the payment chain before the Luxembourg resident individual.

**THE PROPOSED EUROPEAN UNION FINANCIAL TRANSACTION TAX (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal 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 the 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.

Joint statements issued by participating Member States indicate an intention to implement the FTT.

However, the FTT proposal remains subject to negotiation between participating Member States. 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 the Notes are advised to seek their own professional advice in relation to the EU FTT.

**U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments)** to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions including the Republic of Italy have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register. Further, Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date and/or characterised as equity for U.S. tax purposes. However, if additional Notes (as described under "Terms and Conditions of the Notes – Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including those Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to

FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 7 October 2021, agreed with the Issuer the basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### Selling Restrictions

#### *United States*

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States 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 under the Securities Act.

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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and U.S. Treasury regulations promulgated thereunder.

The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

If Category 1 is specified in the Final Terms the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S under the Securities Act.

If Category 2 is specified in the final Terms each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### Prohibition of Sales to EEA Retail Investors

If the Final Terms in respect of any Notes include a legend entitled “Prohibition of Sales to EEA Retail Investors”, 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, 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 in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(i) the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), and

(ii) 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.

***Public Offer Selling Restriction under the Prospectus Regulation***

If the Final Terms in respect of any Notes do not include a legend entitled "Prohibition of Sales to EEA Retail Investors", in relation to each Member State of the EEA, 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 made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State, except that it may make an offer of such Notes to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in any Member State means 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.

***United Kingdom***

**Prohibition of Sales to UK Retail Investors**

If the Final Terms in respect of any Notes include a legend entitled "Prohibition of Sales to UK Retail Investors" 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, 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 in relation thereto to any retail investor in the UK. 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 domestic law by virtue of the 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 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 domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, 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.

If the Final Terms in respect of any Notes do not include a legend entitled "Prohibition of Sales to UK Retail Investors", 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 made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the UK, except that it may make an offer of such Notes to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined Article 2 of the UK Prospectus Regulation) in the UK, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means 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 and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have 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 whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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) 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 UK.

***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**) and 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 any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or 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 of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

***Republic of Italy***

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in circumstances falling within Article 1(4) or 3(2) of the Prospectus Regulation and Article 34-ter of CONSOB Regulation No. 11971 of 14 May, 1999, as amended from time to time.

Any 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 the preceding paragraph must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

***France***

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of this Base Prospectus or any other offering material relating to the Notes.

***Singapore***

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. 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 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 (Chapter 289) 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 contract (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 of Singapore.

The Final Terms in respect of any Notes may include a legend entitled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore" that will state the product classification of the applicable Notes pursuant to Section 309B(1) of the SFA; however, unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included in the relevant Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

***Switzerland***

This Base Prospectus does not constitute an offer to the public or a solicitation to purchase or invest in any Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that no Notes have been offered or will be offered to the public in Switzerland, except that offers of Notes may be made to the public in Switzerland at any time under the following exemptions under the Swiss Financial Services Act ("**FinSA**"):

(a) to any person which is a professional client as defined under the FinSA; or

(b) in any circumstances falling within Article 36 FinSA in connection with Article 44 of the Swiss Financial Services Ordinance,

provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 35 FinSA.

The Notes have not been and will not be listed or admitted to trading on a trading venue in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to the FinSA and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

***General***

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 15 September 2021 .

### Legal entity identifier (LEI)

The Legal entity identifier (LEI) of the Issuer is 815600F25FF44EF1FA76.

### Admission to Trading and Listing of Notes

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the professional segment of the Luxembourg Stock Exchange's regulated market 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 purposes of MiFID II.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection in hard copy from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

(a) the By-laws (*statuto*) (with an English translation thereof) of the Issuer;

(b) the 2019 Financial Report: the audited consolidated annual financial statements of Italgas Group as of and for the financial year ended 31 December 2019 (with an English translation thereof), audited by PricewaterhouseCoopers and containing the auditors' report therein;

(c) the 2020 Half-Year Financial Report: the condensed consolidated half-year financial statements of Italgas Group as at and for the six months period ended 30 June 2020 (with an English translation thereof), reviewed by Deloitte & Touche and containing the auditors' report therein;

(d) the 2020 Financial Report: the audited consolidated annual financial statements of Italgas Group as of and for the financial year ended 31 December 2020 (with an English translation thereof), audited by Deloitte & Touche and containing the auditors' report therein;

(e) the 2021 Half-Year Financial Report: the condensed consolidated half-year financial statements of Italgas Group as at and for the six months period ended 30 June 2021 (with an English translation thereof), reviewed by Deloitte & Touche and containing the auditors' report therein;

(f) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(g) a copy of the 2020 Conditions;

(h) a copy of this Base Prospectus; and

(i) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

The documents listed above in paragraphs (a) to (i) are available on the following dedicated section of the Issuer's website from https://www.italgas.it/en/investors/debt-rating/emtn-program.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the professional segment of the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at *www.bourse.lu*.

**Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code, ISIN and, if applicable, CFI and FISN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

**Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

**Significant or Material Adverse Change**

There has been no significant change in the financial performance or position of the Italgas Group since 30 June 2021 and no material adverse change in the financial position or financial prospects of the Italgas Group since 31 December 2020.

**Litigation**

Save as disclosed in the section entitled "*Material Litigation*" at pages 141 to 148 of this Base Prospectus, neither the Issuer nor any other member of the Italgas Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Italgas Group.

**Independent Auditors**

On 28 April 2017, the Shareholders' Meeting of the Issuer appointed PricewaterhouseCoopers as independent auditors of the Issuer for the nine-year period 2017-2025.

PricewaterhouseCoopers is a member of ASSIREVI, the Italian association of auditing firms, is authorised and regulated by the Italian Ministry of Economy and Finance (**MEF**) and registered on the special register of auditing firms held by the MEF.

The registered office of PricewaterhouseCoopers is at Viale Monte Rosa 91, Milan, 20149, Italy

On 12 May 2020, the Shareholders' Meeting of the Issuer *inter alia*: (a) approved the consensual resolution of the statutory audit assignment granted to PricewaterhouseCoopers; and (b) appointed Deloitte & Touche as independent auditors of the Issuer for the nine-year period from 2020 to 2028.

Deloitte & Touche is a member of ASSIREVI, the Italian association of auditing firms.

Deloitte & Touche is authorised and regulated by the Italian Ministry of Economy and Finance (MEF) and registered on the special register of auditing firms held by the MEF.

The registered office of Deloitte & Touche is at Via Tortona 25, Milan, 20144, Italy.

**Post-issuance information**

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

**Website**

The dedicated section of the Issuer's website is https://www.italgas.it/en/investors/debt-rating/emtn-program. The information on such website 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 Italgas website has not been scrutinised or approved by the competent authority.

Any information contained in any other website specified in this Base Prospectus does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus

**Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, lending activities, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. Moreover, part of the proceeds derived from issuances of Notes under the Programme might be used to repay previous loans granted to the Issuer by some of the Dealers and their affiliates. 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 Issuer's affiliates. Certain of the Dealers or 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 securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. 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. For the purposes of this paragraph the term "affiliates" includes parent companies.

**BNP Paribas Securities Services, Luxembourg Branch Information**

BNP Paribas Securities Services 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 Securities Services, Luxembourg Branch may be provided upon request.

## ANNEX 1 - FURTHER INFORMATION RELATED TO INFLATION LINKED NOTES

The Issuer can issue Notes which are linked to an index pursuant to the Programme, where the underlying index is the CPI or the Eurozone Harmonised Index of Consumer Prices excluding Tobacco as defined below.

**CPI** or **ITL – Inflation for Blue Collar Workers and Employees - Excluding Tobacco Consumer Price Index Unrevised** means, subject to the Conditions, the "*Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI), senza tabacchi*" as calculated on a monthly basis by the *ISTAT - Istituto Nazionale di Statistica* (the Italian National Institute of Statistics) (the **Index Sponsor**) which appears on Bloomberg Page ITCPIUNR (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying the level of such index) (the **Reference Source**), provided that for the purposes of the calculation of the Rate of Interest and the Final Redemption Amount, the first publication or announcement of a level of the inflation Index (excluding estimates) by the Index Sponsor for a given month shall be final and conclusive and later revisions of the level for such month will not be used in any calculations.

**Eurostat Eurozone Harmonised Indices of Consumer Prices excluding Tobacco Unrevised Series Non Seasonal Adjusted**

The Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP), as calculated and published by EUROSTAT and the national statistical institutes in accordance with harmonised statistical methods (the **HICP**) is an economic indicator constructed to measure the changes over time in the prices of consumer goods and services acquired by households in the Eurozone. Following the Maastricht Treaty, the HICPs have been used as convergence criteria and the main measure for monitoring price stability by the European Central Bank in the Euro area, as well as for use on international comparison.

HICP is the aggregate of the EU Member States' individual harmonised index of consumer prices excluding tobacco (**Individual HICP**). Each country first publishes its Individual HICP in conjunction with its consumer price index. Thereafter, Eurostat aggregates the Individual HICPs and publishes an HICP for the Eurozone, as well as a breakdown by item and by country. In any specific year, each country's weight in the HICP for the Eurozone equals the share that such country's final household consumption constitutes within that of the Eurozone as a whole for the year that is prior to that specified year. These weights are re-estimated every year in the January publication of the HICP.

HICP is said to be harmonised because the methodology and nomenclatures for the index of prices are the same for all of the countries in the Eurozone and the European Union. This makes it possible to compare inflation among different EU Member States of the European Union. Emphasis is placed on the quality and comparability of the various countries' indices.

HICP is calculated as an annual chain-index, which makes it possible to change the weights every year. This also makes it possible to integrate new entrants, as in the case of Greece in January 2001. If a new entrant is integrated in a specific year, it is included in the Eurozone HICP starting from January of that year. The new EU Member State's weight is included in the annual revaluation of the HICP.

HICP is published every month on Eurostat's internet site, according to a pre-determined official timetable. Publication generally occurs around the 14th – 16th day of the following month. If a revision is made, it is published with the HICP of the following month.

***Base Year Change***

In Europe, the national statistics institutes change the base year of their price indices every 5 to 10 years. This procedure is necessary to ensure that the index follows changes in the consumption pattern through

a new consumer spending nomenclature. The resetting of the base generally accompanies changes in the definition of household consumption that occur when the national accounting system is modified. Since 2006, the index reference period has been set to 2005 = 100. In order to obtain a common price reference period, too, the weights for each year are "price updated" to December of the previous year.

More information on the HICP, including past and current levels, can be found at: *http://ec.europa.eu/eurostat/web/hicp/overview*.

**ISSUER**

**Italgas S.p.A.**

Via Carlo Bo, 11
20143 Milan
Italy

**ISSUING AND PRINCIPAL PAYING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**
60, avenue J.F. Kennedy
L-1855 Luxembourg
Postal address: L-2085 Luxembourg
Grand Duchy of Luxembourg

**LUXEMBOURG PAYING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**
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Postal address: L-2085 Luxembourg
Grand Duchy of Luxembourg

**LEGAL ADVISERS**

*To the Issuer as to English and Italian law*
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*To the Dealers as to English law and Italian law*
**Simmons & Simmons LLP**

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CityPoint
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United Kingdom

**INDEPENDENT AUDITORS**

*To the Issuer*

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Via Tortona 25
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