



2i RETE GAS S.p.A.

(incorporated in the Republic of Italy as a joint stock company)

**€4,500,000,000**

## **Euro Medium Term Note Programme**

Under this €4,500,000,000 Euro Medium Term Note Programme (the “**Programme**”), 2i Rete Gas S.p.A. (the “**Issuer**” or “**2iRG**”) 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 €4,500,000,000 (or its equivalent in other currencies calculated as described in the Dealer 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 “*Overview 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 has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under Regulation (EU) 2017/1129 (as amended, the “**EU Prospectus Regulation**”). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU 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, such approval relates only to Notes which are to be admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) or other regulated markets for the purposes of Directive 2014/65/EU, as amended (“**EU MiFID II**”) and/or which are to be offered to the public in any Member State of the European Economic Area (“**EEA**”).

Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin’s regulated market and to be listed on its Official List. References in this Base Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on Euronext Dublin’s regulated market and admitted to its Official List. Euronext Dublin’s regulated market is a regulated market for the purposes of EU MiFID II.

The requirement to publish a prospectus under the EU Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in 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 EU Prospectus Regulation.

**This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA. 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.**

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 Central Bank. Copies of Final Terms in relation to Notes to be listed on Euronext Dublin’s Official List will also be published on Euronext Dublin’s website ([www.euronext.com/en/markets/Dublin](http://www.euronext.com/en/markets/Dublin)).

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 Notes are subject to U.S. tax law requirements.

The Issuer may agree with any Dealer and the Trustee (as defined herein) 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.

Tranches or Series of Notes to be issued under the Programme will be rated or unrated. Where a Tranche or Series of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Issuer or to Notes already issued. Where a Tranche or Series of Notes is rated, the applicable rating(s) may be specified in the relevant 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 “**EU 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/credit-rating-agencies/cra-authorisation>) in accordance with the EU CRA Regulation, or by a credit rating agency established in the United Kingdom (“**UK**”) and registered under Regulation (EC) No.1060/2009 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 applicable 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 or CMS Rate, as specified in the applicable Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) is included in the ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011, as amended (the “**Benchmarks Regulation**”). As at the date of this Base Prospectus, the ICE Benchmark Administration (as administrator of CMS Rate) is not included in register of administrators maintained by the ESMA under Article 36 of the Benchmarks Regulation. As far the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that the ICE Benchmark Administration is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

***Arrangers***

BNP PARIBAS	UniCredit
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***Dealers***

Barclays	BNP PARIBAS
BofA Securities	BPER Corporate & Investment Banking
Crédit Agricole CIB	Goldman Sachs International
IMI – Intesa Sanpaolo	J.P. Morgan
Mediobanca	Morgan Stanley
Société Générale Corporate & Investment Banking	UniCredit

The date of this Base Prospectus is 28 June 2024.

## IMPORTANT NOTICES TO INVESTORS

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

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche (as defined under “*Terms and Conditions of the Notes*”) 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 as at the date of this Base Prospectus and does not omit anything likely to affect the import of such information.

Each Tranche of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Terms and Conditions**” or the “**Conditions**”), together with a document specific to such Tranche called final terms (the “**Final Terms**”). 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 under “*Terms and Conditions of the Notes*”).

This Base Prospectus must be read in conjunction with any supplements hereto and all documents which are 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 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 Central Bank.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or their respective affiliates or Deutsche Trustee Company Limited (the “**Trustee**”) or Deutsche Bank AG, London Branch as issuing and principal paying agent (the “**Agent**”), 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. None of the Dealers, the Trustee nor the Agent 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.

No person is or has been authorised by the Issuer, any of the Dealer, the Trustee or the Agent 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, the Trustee or the Agent.

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, any of the Dealers, the Trustee or the Agent 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 recipient of this Base Prospectus or any Final Terms and each investor contemplating purchasing any Notes should make its own independent investigation of the business, condition (financial or otherwise), results of operations, prospects and general affairs, and its own appraisal of the creditworthiness, of the Issuer and its Group (as defined in “*Description of the Issuer*”), and its own investigation and appraisal of the rights attaching to the relevant Notes. Each such person, prior to making any investment decision, shall be taken to have made its own appraisal of the creditworthiness of the Issuer and to have reached its own view, based upon its own judgement and upon advice from such financial, legal, tax and other professional advisers as it has deemed necessary.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY**

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 or the Trustee 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, the Trustee and the Agent expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

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, the Dealers, the Trustee and the Agent 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, the Dealers, the Trustee or the Agent 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.

For information on certain restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (the “EEA”, including the Italy and France), the United Kingdom (the “UK”), Switzerland, Japan and Singapore, see “*Subscription and Sale*”. In particular, 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 has been prepared on the basis that any offer of Notes in any Member State of the EEA (each, an “EEA Member State”) or the UK will be made pursuant to an exemption from the requirement to publish a prospectus for offers of Notes, as applicable, under the EU Prospectus Regulation or, in the UK, under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (as amended, the “UK Prospectus Regulation”) or the Financial Services and Markets Act 2000 (as amended, the “FSMA”). Accordingly, any person making or intending to make an offer in an EEA 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 a prospectus or supplement a prospectus pursuant to the EU 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.

**Important – 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”, 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 EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Article 2 of the EU Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU 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 EU PRIIPs Regulation.

**Important – 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”, 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 of the UK 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 of the UK 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 Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**EU MIFID II Product Governance / Target Market** – The Final Terms in respect of any Notes may include a legend entitled “*EU MIFID II product governance / Professional investors 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 manufacturers’ target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (as amended, the “**EU 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 EU 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 (as amended, the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)** – Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) (the “**CMP**”).

**Regulations 2018”)) 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).**

### **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 should consider, either on its own or with the help of its financial and other professional advisers as they have deemed necessary prior to making any investment decision, 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;
- (v) consider 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; and
- (vi) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial, tax or legal adviser) to evaluate how the Notes will perform under the changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal 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.

### **NOTICE TO CANADIAN INVESTORS**

In Canada, this document constitutes an offering of the securities only in those Canadian jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. The offering of the securities in Canada is being made on a private placement basis in reliance on exemptions from the prospectus requirements under the securities laws of each applicable Canadian province and territory where the securities may be offered and sold, and therein may only be made with investors that are purchasing as principal and that qualify as both an “accredited investor” as such term is defined in National Instrument 45-106 *Prospectus Exemptions* or, if resident in Ontario, subsection 73.3(1) of the *Securities Act* (Ontario), and as a “permitted client” as such term is defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any offer and sale of the securities in any province or territory of Canada may only be made through a dealer that is properly registered under the securities

legislation of the applicable province or territory wherein the securities are offered and/or sold or, alternatively, by a dealer that qualifies under and is relying upon an exemption from the registration requirements therein. Any resale of the securities must be made in accordance with applicable securities laws, which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with exemptions from registration and prospectus requirements. Canadian purchasers are advised to seek legal advice prior to any resale of the securities.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

## **PRESENTATION OF FINANCIAL AND OTHER DATA**

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.

The consolidated financial statements of the Issuer have been prepared in euro and in accordance with applicable International Financial Reporting Standards, as adopted by the European Commission pursuant to Regulation (EC) No. 1606/2002 (“IFRS”).

Certain numerical figures set out in this Base Prospectus, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in columns or rows of tables in this Base Prospectus may vary slightly from the actual arithmetic totals of such figures.

## **FORWARD-LOOKING STATEMENTS**

This Base Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “future”, “help”, “intend”, “may”, “plan”, “project”, “shall”, “should”, “will”, “would” or the negative or other variations thereof as well as other statements regarding matters that are not historical fact. In addition, this Base Prospectus includes forward-looking statements relating to the Group's potential exposure to various types of market risks. 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. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. In addition, all subsequent written or oral forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Base Prospectus including any document incorporated by reference herein. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. As a result of the risks, uncertainties and assumptions set out above, investors are cautioned not to place undue reliance on forward-looking statements, whether as a prediction of actual results or otherwise.

## ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus, including the information incorporated by reference in this Base Prospectus, contains certain alternative performance measures (“APMs”), including EBITDA, Net fixed assets, Net working capital, Gross invested capital, Net invested capital, Capex, Cash flow from operating activities, ESMA Net financial position and Adjusted Net financial position which are different from the IFRS financial indicators obtained directly from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2023 and 2022 and which are useful to present the results and the financial performance of the Group.

In line with the Guidelines issued on 5 October 2015 by ESMA concerning the presentation of APMs disclosed in regulated information and prospectuses, the criteria used to construct the APMs are as follows:

**EBITDA** is defined as net income/(loss) for the year/period adjusted for (i) Net financial expenses, (ii) Income tax expense/ (benefit), (iii) Amortisation, depreciation and impairment losses.

**EBITDA (without IFRIC 12)** is defined as (i) EBITDA less (ii) amortisation costs capitalized for intangible assets.

**Net fixed assets** is defined as the sum of (i) Property, plant and equipment, (ii) IFRS 16 right-of-use assets, (iii) Intangible assets, (iv) Equity investments, (v) Other non-current assets net of Other non-current liabilities and (vi) Fair value of derivatives.

**Net working capital** is defined as the sum of (i) Inventories, (ii) Trade receivables, (iii) Other current assets, (iv) Trade payables, (v) Other current liabilities and (vi) Net income tax receivables/(payables).

**Gross invested capital** is defined as the sum of (i) Net fixed assets and (ii) Net working capital.

**Net invested capital** is defined as (i) Gross invested capital less (ii) Other provisions.

**Capex** is defined as investments in properties, plants and equipment, and intangible assets.

**Cash flow from operating activities** is defined as the sum of net income for the year, adjustments for amortisation, write downs/write ups, capital gains / losses, allocations to provisions, financial income / expenses, total change in net working capital.

**ESMA Net financial position** is defined as the sum of (i) Medium-/long-term bank loans and current portion of medium-/long term bank loans, (ii) Medium-/long term debenture loans, (iii) Short-term debenture loans, (iv) Short-term payables due to banks, (v) Current financial liabilities, (vi) IFRS 16 non-current and current financial liabilities, net of (a) Cash and cash equivalents with third parties, (b) Short-term financial receivables and (c) Other current financial assets.

**Adjusted Net financial position** is defined as ESMA Net financial position net of Non-current financial assets.

**Net financial position** is defined as Adjusted Net financial position net of (i) Non-current financial assets (costs on loan) and (ii) adjustment to payables due to costs on MLT loan (IAS 39).

Although these measure are not defined or specified under generally accepted accounting principles (“GAAP”), the Issuer believes that they are useful and commonly used measures of financial performance in addition to profit for the period and other profitability measures, cash flow provided by operating activities and other cash flow measures under applicable GAAP because they facilitate operating performance and cash flow comparisons from period to period, time to time and company to company. By eliminating potential differences between periods or companies caused by factors such as depreciation and amortisation methods, financing and capital structures, taxation positions or regimes, the Issuer believes these non-GAAP measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Issuer believes these non-GAAP measures and similar measures are regularly used by the investment community as a means of comparison of companies in our industry.

These non-GAAP financial measures are not recognised as a measure of performance or liquidity under IFRS (as defined under “*Documents Incorporated by Reference*”) and should not be recognised as an alternative to operating income or net income or any other performance measures recognised as being in accordance with IFRS or any other generally accepted accounting principles. Although these non-GAAP financial measures are used by management to monitor the underlying performance of the business and operations of the Group (as defined under “*Description of the Issuer*”), they are not indicative of the Group’s historical operating results nor are they meant to be predictive of future results. Since not all companies calculate these measures in an identical manner, the Group’s presentation may not be consistent with similar measures used by other companies. Investors are therefore cautioned not to place undue reliance on such measures.

#### USE OF WEBSITES

In this Base Prospectus, references to websites are included for information purposes only. The contents of any websites (except for the documents (or portions thereof) incorporated by reference into this Base Prospectus to the extent set out on any such website) referenced in this Base Prospectus do not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus.

#### INDUSTRY AND MARKET DATA AND THIRD PARTY INFORMATION

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Issuer and the Group’s business contained in this Base Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Issuer’s knowledge of its sales and markets. Furthermore, any statements in this Base Prospectus regarding 2iRG’s position in the gas distribution market are based on information contained in the ARERA 2023 Annual Report on Services and Activities (*Relazione annuale sullo stato dei servizi e sull’attività svolta*) dated 11 July 2023 (the “**ARERA 2023 Report**”). The Issuer confirms that such information has been accurately extracted and reproduced and, as far as the Issuer is aware, no facts have been omitted which would render such reproduced information inaccurate or misleading.

While the Issuer believes such information to be reliable and believes any estimates contained in such information to be reasonable, there can be no assurance that such information or any of the assumptions underlying such estimates are accurate or correct, and none of the internal surveys or information on which the Issuer has relied have been verified by any independent sources. Accordingly, undue reliance should not be placed on such information. In addition, information regarding the sectors and markets in which the Issuer operates is normally not available for certain periods and, accordingly, such information may not be current as of the date of this Base Prospectus.

#### STABILISATION

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

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## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer 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 Overview 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 overview.*

<b>Issuer:</b>	2i Rete Gas S.p.A.
<b>Legal Entity Identifier (LEI) of the Issuer:</b>	549300RV0WBR05UTDI91
<b>Risk Factors:</b>	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 “ <i>Risk Factors</i> ” below and include, among others, risks relating to changes in regulation and legislation, business activities and industry-related risks and financial risks. 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 “ <i>Risk Factors</i> ” and include, among others, certain risks relating to the structure of a particular Series of Notes and certain market risks.
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arrangers:</b>	BNP Paribas UniCredit Bank GmbH
<b>Dealers:</b>	Barclays Bank Ireland PLC BNP Paribas BofA Securities Europe SA BPER Banca S.p.A. Crédit Agricole Corporate and Investment Bank Goldman Sachs International Intesa Sanpaolo S.p.A. J.P. Morgan SE Mediobanca – Banca di Credito Finanziario S.p.A. Morgan Stanley & Co. International plc Société Générale UniCredit Bank GmbH and any other Dealers appointed in accordance with the Dealer Agreement.

<b>Certain Restrictions:</b>	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 “ <i>Subscription and Sale</i> ”).
<b>Trustee:</b>	Deutsche Trustee Company Limited.
<b>Issuing and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch.
<b>Programme Size:</b>	The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €4,500,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement). The Issuer may increase the amount of the Programme, from time to time, in accordance with the terms of the Dealer Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	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.
<b>Maturities:</b>	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 and save that no Notes having a maturity of less than one year will be issued under the Programme.
<b>Issue Price:</b>	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.
<b>Form of Notes:</b>	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
<b>Fixed Rate Notes:</b>	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.
<b>Floating Rate Notes:</b>	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"> <li>(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</li> </ul>

- (b) on the basis of a reference rate set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

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.

**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.

**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 in any of the following circumstances:

- (a) at the option of the Issuer at any time, either at a price to be specified in the applicable Final Terms or at a “Make Whole Amount”; and/or
- (b) at the option of the Noteholders upon the occurrence of a Relevant Event, at the principal amount thereof; and/or
- (c) at the option of the Noteholders at any time, at a price to be specified in the applicable Final Terms.

The applicable Final Terms will also indicate whether the Issuer has a Clean-up Call Option.

**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 4.5 (*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, save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA or in the United Kingdom in circumstances which require the publication of a prospectus under the EU Prospectus Regulation or the UK Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

**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 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:**

Tranches or Series of Notes to be issued under the Programme will be rated or unrated. Where a Tranche or Series of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Issuer or to Notes already issued. Where a Tranche or Series of Notes is rated, the applicable rating(s) may be specified in the relevant 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 the Regulation (EC) No. 1060/2009 (as amended) (the “**EU CRA Regulation**”) or by a credit rating agency established in the United Kingdom and registered under Regulation (EC) No. 1060/2009, 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.

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.

**Listing and admission to trading:**

This Base Prospectus has been approved by the Central Bank, as competent authority under the EU Prospectus Regulation. Application has also been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin’s regulated market and to be listed on the Official List of Euronext Dublin.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. Condition 14.1 (*Meetings of Noteholders, Modification, Waiver and Substitution - Meetings of Noteholders*), Condition 14.2 (*Meetings of Noteholders, Modification, Waiver and Substitution – Quorums and Majorities*) and Condition 14.3 (*Meetings of Noteholders, Modification, Waiver and Substitution – Noteholders’ Representative*) and the provisions of the Trust Deed concerning the meetings of Noteholders and the appointment of a Noteholders’ Representative (*rappresentante comune*) in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including, without limitation, the Republic of Italy and France), the UK, Switzerland, Japan, Singapore and such other restrictions as may be required or applied in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale*”.

**United States Selling Restrictions:**

Regulation S, Category 2. TEFRA C or D

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. 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.*

*The Issuer has identified and described in this section a number of factors which could materially adversely affect the business of the Group and the Issuer's ability to make payments due under the Notes. All of these factors are possibilities which may or may not occur. However, the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons that may not be considered significant risks by the Issuer or which it may not currently be able to anticipate based on information currently available to it. 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.*

*The risks that are specific to the Issuer are presented in three categories, with the most material risk factor presented first in each category and the remaining risk factors presented in an order which is not intended to be indicative either of the likelihood that each risk will materialise or of the magnitude of its potential impact on the business, financial condition and results of operations of the Issuer and the Group.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus including any document incorporated by reference hereto and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.*

### **MATERIAL RISKS THAT ARE SPECIFIC TO THE ISSUER AND THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### **1. Regulatory risks**

##### ***Risk relating to regulation and legislation***

The Group operates in the natural gas distribution business in Italy, which is a highly regulated environment subject to laws and regulations of the European Union (the "EU"), the Republic of Italy and the resolutions of the Italian Regulatory Authority for Energy, Networks and the Environment (*Autorità di regolazione per Energia, Reti e Ambiente* or "ARERA"). As a result, the regulatory framework, including any uncertainty over its interpretation and/or its practical application, is capable of having an impact on the Group, as are any future changes to the framework.

Changes to the regulatory framework which may negatively affect the Issuer include:

- (i) change relating to regulation of the tenders of gas distribution and their calendar, which may affect the possibility or timing of entering into new concessions and/or renewing existing concessions;
- (ii) the calculation method for the payment due to the outgoing operator as compensation pursuant to the Tender Criteria Decree (as defined below) for transferring the ownership of its assets to the incoming operator;
- (iii) the relevant tariff system; and
- (iv) the ability of the Issuer to maintain required authorisations, permits, approvals and consents.

Any changes in the regulatory framework could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Issuer and the Group.

For further information on the applicable regulatory framework, see “*Regulatory and Legislative Framework*” below.

***Risks relating to revision of tariffs and the consequent potential negative impacts on return on investments***

The Issuer carries out activities in the natural gas distribution sector and is therefore exposed to the risk of significant tariff changes. The tariffs are determined and adjusted by the relevant authorities and may be subject to variation as a consequence of periodic revisions.

For a description of the current tariff system, see “*Regulatory and Legislative Framework*” below.

The uncertainty about the definition of the several elements of the updated tariffs for future regulatory periods and the modalities for return on investment, as well as the interpretation, definition and application by ARERA (and decisions by Courts) of the accountability/taking responsibility mechanisms most recently entered into force (or prefigured) for gas distribution companies give no assurance that the Group will maintain the same return on investments that it currently calculates and represents on its balance sheet and cash flow statement. This could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

***Risks relating to tenders for gas distribution concessions***

The Group’s ability to operate its business is dependent on gas distribution concessions granted by Italian local authorities. For further information on the gas distribution concessions, see “*Description of the Issuer – Business of the Group – Overview of the Gas Distribution Business – 2iRG Gas Distribution Concessions*” below. No assurances can be given that the Group will maintain or renew concessions for the areas in which it is currently operating or that it will enter into new concessions, nor can there be any assurance, even if new or renewed concessions are awarded, that the Group will be subject to comparable or more favourable conditions overall (fees and planned investments combined) with respect to those currently in force.

Furthermore, in order to maintain its gas distribution concessions or enter-into new concessions, the Group is required to meet certain requirements. Should the Group fail to meet such requirements in the future, it would not be entitled to participate in new tenders and such failure, depending on the circumstances, may also result in the Group ceasing to manage the concessions it currently operates. See the section “*Regulatory and Legislative Framework – Requirements for participation in the tenders*” for additional details on such requirements.

Due to the legal criteria to which each tender process must conform pursuant to the Ministerial Decree No. 226 of 12 November 2011, as amended and implemented from time to time, including, *inter alia*, by Ministerial Decree No. 106/2015 and by Law No. 124/2017 (the “**Tender Criteria Decree**”), there is still uncertainty in relation to (i) how certain aspects of the tender process will function and how the authorities granting the concessions and the Italian courts will interpret such legislation and (ii) the timing for calling and completing the tender procedures.

The few tender procedures that took place highlighted (i) the need to update the Tender Criteria Decree to the current regulatory, industrial and supranational context, which fosters and remunerates efficiency in the management of existing networks compared to a previous regulatory vision of general favour for the extension of the network and (ii) the need to clarify at a legislative level some interpretative doubts which have led to different interpretations by the contracting authorities and significant disputes, including the ones related to the (exact) value of the reimbursement to outgoing gas distribution operators (see, paragraph *Risks relating to payments of the reimbursement to outgoing gas distribution operators* below). Many tender procedures have, in fact, been challenged before the administrative courts or suspended by the contracting authorities in the past, resulting in the relevant award timing being suspended.

In this connection, Article 6, paragraph 4 of Law No. 118/2022 stated that the Ministry of Environment and Energy Security (*Ministero dell’Ambiente e della Sicurezza Energetica*, “**MASE**”), within six months, has to

update the Tender Criteria Decree. Such update was requested by the gas distribution sector, both at operators and associations level, in order to additionally foster the organisation of the tender process and to promote the effective and competitive participation in tenders, also in light of the current technological framework; in execution of such delegation of powers, the MASE on 23 February 2023 started a consultation procedure relating to the update of the tender criteria, following which Sector Associations provided their comments (for further information, see “*Regulatory and Legislative Framework*” below).

Still, as at the date of this Base Prospectus, there is uncertainty in relation to when the tenders for the award of such concessions will be held and whether the Group will be re-awarded such concessions. If re-awarded, there is uncertainty as to whether the Group will be subject to similar or more favourable economic terms and conditions with respect to those currently applicable, or be re-awarded the concessions it currently operates on more onerous terms. Subject to changes to the law, that may vary during the tender process, the overall framework should apply for all concessions across the country.

Given the complexity of the regulations governing the new tender process, the outcomes of future tenders could give rise to judicial disputes among concession holders, bidders and contracting authorities, including between the gas distribution companies of the Group and other parties such as outgoing operators and municipalities.

The occurrence of any such circumstances above could have a negative impact on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

***Risks relating to payments of the reimbursement to outgoing gas distribution operators***

Pursuant to the Tender Criteria Decree, where the holder of a gas distribution concession also owns the gas distribution networks, facilities and plants it operates – as operator of the gas distribution service – and fails to be awarded a new concession, the exiting operator is entitled to receive compensation in exchange for transferring legal ownership of its assets to the incoming operator. See also “*Description of the Issuer – Business of the Group – Overview of the Gas Distribution Business – 2iRG Gas Distribution Concessions*” and “*Regulatory and Legislative Framework*” below.

Uncertainties in the determination of compensation may result in litigation between the outgoing gas distribution operator, the municipalities and the incoming operator, which may lead to uncertainty in relation to the timing of the compensation payment and/or of a possible compensation adjustment. Continuous postponement of the tender procedures by contracting authorities requires the update of information on physical assets of plants and networks and, based on that, also the subsequent update of the calculation of the related value of the mentioned assets and networks to be sent to the contracting authorities for their incorporation into the tender notice. This process is aimed at providing certainty to such notice and avoiding litigation between the contracting authorities, the outgoing gas distribution operator and the incoming operator for such update after the concession is awarded (even if, due to the relevance of the matter, it is not possible to exclude subsequent disputes).

As of the date of this Base Prospectus, there is one dispute regarding the quantification of the compensation. In particular following the award to the Issuer of the tender for the ATEM Naples 1 concession, the exiting operator notified the Issuer and the Municipality of Naples an appeal for the redetermination of the compensation paid by the Issuer for the facilities and plants transferred. For further information, see “*Regulatory and Legislative Framework – Framework legislation of the regulated gas distribution market – 1. The Letta Decree, the Letta Transitional Period and termination of the existing concessions*” and “*Description of the Issuer – Business of the Group – 2iRG Gas Distribution Concessions – Naples 1 ATEM tender*”, below.

Any of the above circumstances could have a material adverse impact on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

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

In order to carry out and expand its business, the Group needs to maintain or obtain various permits and approvals from regulatory, legal, administrative, tax and other authorities and agencies, and satisfy various requirements imposed by them on an ongoing basis. The processes for obtaining and maintaining these permits and approvals, as well as for satisfying those requirements, are often lengthy, complex, unpredictable and costly. If the Group is unable to obtain or maintain the required permits and approvals or satisfy other requirements on an ongoing basis, including in the light of a new or amended regulatory framework, its ability to achieve its strategic objectives, including the obtaining of new gas distribution concessions and growth by capital expenditure and investment in the Group's infrastructure, could be impaired or may require greater investment or longer timeframes than originally planned. Any such circumstances could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

## **2. Business activities and industry related risks**

### ***Operational risks***

The Group may face risk of malfunction and unforeseeable service disruption due to factors which are beyond the Group's control, such as accidents, breakdowns or malfunctioning of equipment or control systems, underperformance of plants and extraordinary events such as explosions, fires, earthquakes, landslides or other natural disasters. These events could lead to interruption of service, significant damage to persons, property, the environment and/or economic and social disruption. Any service interruptions, poor performance or failure of any of the Group's assets and/or subsequent compensation obligations could lead to a decrease in revenues, an increase in costs and/or regulatory action against the Group. Although the Group has taken out specific insurance policies against certain operational risks (including damage to third parties and damage to its own assets due to, for example, explosions, fires, earthquakes, landslides or other natural disasters), the related insurance cover could be insufficient to meet all the losses incurred, the related compensation obligations or subsequent cost increases.

An additional risk also arises from any adverse publicity that such events may generate, resulting in damage to the Group's reputation and/or the public sentiment towards gas infrastructure.

The Group's assets are also vulnerable to acts of terrorism. The Group's insurance coverage may not cover, or may be insufficient to cover in full, any losses incurred as a result of terrorist attacks, sabotage or other intentional acts which could damage the Group's assets or otherwise significantly affect its corporate activities.

The materialisation of any such risks may have a material adverse impact on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

### ***Environmental, health and safety risks***

The operation and maintenance of gas distribution networks is considered a dangerous activity that is potentially harmful to members of the public and/or the Group's employees, mainly arising from the use of hazardous and potentially hazardous products and by-products in its operations. The Group and the sites on which it operates are therefore subject to EU and national laws and regulations (including planning laws) relating to pollution, protection of the environment, the use and disposal of hazardous substances and waste materials and, more generally, the protection of the public and employees. Key environmental legislation in Italy includes Law No. 68/2015, which introduced a number of new criminal offences related to environmental liabilities (so called "ecoreati").

Environmental, health and safety laws and regulations expose the Group to costs and liabilities associated with its operations and plants, including those for waste disposal. Compliance with those requirements could lead to the Group incurring significant costs in relation to environmental monitoring, installation of pollution control

equipment, emission fees, maintenance and upgrading of facilities, remediation and permits. Other aspects of the Group's operations which are not currently considered to have adverse effects may do so in the future and, overall, legal requirements may become increasingly onerous over time, diverting the Group's resources and weakening its financial performance. The costs for any future environmental restoration obligations involve uncertainty as to the extent of the possible contamination, the appropriate corrective actions and the Group's actual responsibility, all of which are often difficult to assess. Although the Group has not been subject to material environmental remediation costs in the past, there can be no assurance that such costs will not arise in the future.

Furthermore:

- failure to comply with environmental, health and safety requirements in the territories where the Group operates may lead to fines, litigation, loss of licences and temporary or permanent curtailment of operations;
- although the Group has taken out specific insurance policies covering the costs of containing a potential contamination, as well as clean-up costs and compensation for the damage caused, the insurance coverage could be insufficient to meet all the losses incurred; and
- any breach or alleged breach of environmental, health and safety laws and regulations could damage the Group's reputation, which could have a knock-on effect on its financial performance and/or prospects.

Overall, the costs of compliance with environmental, health and safety laws and regulations, as well as the consequences of any non-compliance, may have a material adversely effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

#### ***Risks related to energy transition***

Although the regulated income of the Group's operating companies does not directly depend on distribution volumes, and therefore the Group is not exposed to risks concerning natural gas demand volumes, a prolonged economic crisis or other external events that may cause a decrease in gas consumption could result in more government involvement and changes to the legal framework, which could negatively affect the Group. In relation to the climate change targets set in 2015 by the Paris Conference of the Parties to the United Nations Framework Convention (COP21) and the further targets set at EU level for the progressive decarbonisation of energy, the energy sector could evolve, in the medium/long term, towards new scenarios and arrangements in which the role of gas in end uses could be different from what it is today.

In this connection, as part of the Green Deal, aimed at achieving carbon neutrality by 2050, the European Commission published a set of legislative proposals called "Fit for 55" on 14 July 2021, with the aim of achieving a 55% reduction of CO<sub>2</sub> emissions by 2030, compared to 1990 values, most of which have been adopted. Moreover, in the "Fit for 55" package and with reference to the gas sector, the EU institutions are currently negotiating a new set of rules regarding the European gas markets in order to ensure that they can contribute to the achievement of climate objectives and the decarbonisation of the sector, also considering the role of the renewable and low-carbon gases and enhanced exploitation of the existing gas infrastructure. In this respect, on 11 April 2024, the EU Parliament approved updated Directive No. 2009/73/EC (the "**EU Gas Directive**") and Regulation No. 715/2009/EC (the "**EU Gas Regulation**") on the gas markets aim to decarbonise the EU's energy sector, enhancing the production and integration of renewable gases and hydrogen. The updated directive aims to decarbonise the energy sector and includes provisions on consumer rights, transmission and distribution system operators, third-party access and integrated network planning, and independent regulatory authorities. The updated regulation will push existing natural gas infrastructure to integrate a higher share of hydrogen and renewable gases, by means of high tariff discounts. It includes provisions to facilitate blending hydrogen with natural gas and renewable gases, and greater EU cooperation on gas quality and storage. Such legislative package is now awaiting Council's 1st reading position.

With regard to the prospects for decarbonisation of the energy system to counter climate change, it is possible that, over long time horizons, some components of the aggregate demand for natural gas may be gradually replaced in end uses in favour of other energy sources (including the so-called green gas) in pursuit of the decarbonisation objectives. Consequently, the long-term perspectives of contraction in the end uses of gas might lead to a reduction in the use of natural gas distribution infrastructures, with the risk of having so-called “stranded assets” (i.e., infrastructures financed by the system that will be exploited for a time not sufficient to repay the investment). In relation to the issues relating to the emergence of possible stranded assets in connection with the possible contraction in the use of natural gas for final uses fed through the distribution networks, ARERA has also indicated that it could be considered the hypothesis of envisaging shorter depreciation periods for potentially affected infrastructures.

In this respect, in view of the energy transition and the innovation in gas grid, in August 2022, ARERA with Resolution n° 404/2022/R/gas has established an incentivising mechanism aimed at supporting pilot projects in order to try innovative employments of the gas networks, in particular in the following scopes:

- methods and tools for an optimised management of the gas network (i.e., bidirectional use of the network to enable the reverse flow from the distribution network to the transmission network, development of the storage potential of the gas network);
- innovative employments of the gas networks (i.e., injection of green gases such as biomethane and hydrogen, production of green gases using the power-to-gas technology);
- technological and management innovation of gas networks (i.e., networks digitalisation).

Through such a mechanism, a contribution is given covering costs related to the pilot project’s innovative elements, while costs corresponding to non-innovative/“business as usual” activities are subject to ordinary recognition through infrastructural tariffs. In relation to this, by Resolution 590/2023/R/GAS, ARERA published the ranking list in December 2023 concerning the pilot projects admitted for the purposes of the incentivising mechanism. To date, four pilot projects submitted by the Issuer have been admitted.

Building on these changes, the Group is working on transforming its networks into digital infrastructures to allow, where possible, gases other than natural gas to be distributed, such as hydrogen and bio-methane, and contribute to the development of power-to-gas so as to produce gas that can be used in existing networks by relying on renewable energy transformation and storage systems and developing energy efficiency projects. For further details on the pilot projects endeavoured by the Issuer, see “*Description of the Issuer – Strategy – Sustainability Policy*” below.

However, any failure to achieve the transformation or to do so within the necessary timeframe may have an adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

#### ***Risks related to the plan for replacement of traditional meters with smart meters***

The installation of smart meters and the infrastructure for collecting consumption reading data pursuant to ARERA Resolution ARG/gas 155/2008, as supplemented and updated from time to time, is one of the most important projects of the Group due to its innovative and technological content as well as in terms of investment. The installation and use of smart meters ensures greater accuracy and promptness in metering and recording of actual consumption, while also improving the effectiveness of corporate processes. At the end of 2023, approximately 4,860,000 smart meters were installed, equal to about 95% of the Group’s total meters and in line with the annual target. For further information on the installation of smart meters and related technology, see “*Description of the Issuer – Business of the Group – Smart meters*” below).

The Issuer is remunerated through the tariffs established by the ARERA which provides that the smart meter is amortised (and therefore remunerated to the distributor through the tariffs) over a period of 15 years. However, as the technology of smart meters and their supply market are brand new and there is no verified historical data on the duration of smart meters or the technology (when it was operated by ARERA), there is risk that the Issuer may face early replacement or higher maintenance costs than those actually assumed in its strategic plans and remunerated with tariffs.

In this connection, with Resolution 737/2022/R/gas updating the tariff regulation of gas distribution and metering services, for the three-year period 2023-2025, ARERA stated the recognition to distribution operators of the residual value of the first generation electronic meters installed (produced up to 2016 and installed up to 2018), for which malfunctions have already occurred (or will occur in the future) such as to have required (or to require in the future) their replacement in advance of the foreseen tariff depreciation period. In this regard, ARERA, with Determination 1/2023, disclosed the specific operating procedures for the calculation of the residual value of the (replaced in advance) first generation electronic meters installed; therefore, the related tariff recognition will need to be evaluated accordingly, on the basis of a specific data collection that will be carried out to the operators and through which ARERA will determine the actual recognised amount.

Save for the above, completion of the smart meters plan and their management during life cycle, could result in an increase in management costs for the new smart meters, which in turn may raise technical and operational problems during their effective life cycle.

As evidenced in section “*Regulatory Risks*”, ARERA is defining new regulatory mechanisms in order to foster performance of gas distribution companies in reading installed smart meters and therefore metering consumptions, fixing performance levels which, if not achieved, could lead to a financial penalty.

All of the above factors may have a material adverse impact on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

#### ***Inflation/deflation risk***

Variations in the price of goods, equipment, materials and labour may have an impact on the Group’s financial results. Whilst variations resulting from inflation or deflation are factored into the tariff system of ARERA, the corresponding adjustments to the tariff are only implemented one year after the initial variation took place. During the intervening period, the Group may be exposed to higher operating costs whilst unable to benefit from any upturn in the tariff and in the terminal value of plants and network, which could have a material adverse effect on the business, financial results, cash flows and/or operations of the Issuer and the Group.

#### ***Risks related to the current geopolitical situation***

As a result of Russia’s full-scale invasion of Ukraine in February 2022, countries and multinational organisations such as the United States, the European Union, the United Kingdom, Switzerland, Canada, Japan, and Australia have announced and implemented sanctions of various types against Russia, such as the designation of a number of persons and entities, including major Russian banks, in “blocked person” lists, the removal of certain Russian banks from the SWIFT system that facilitates the transfer of money between banks, a prohibition on providing certain types of financing and financial services to certain companies or banks that are under public control or publicly owned, a prohibition on transactions with certain Russian counterparties, and the imposition of restrictions on the export to Russia of certain goods and technologies (such as goods and technologies that are dual-use or could contribute to the military, technological or industrial enhancement of Russia, goods and technologies suitable for oil refining and liquefaction of natural gas, and goods and technologies suitable for use in the aviation or aerospace industry).

As a result, in the first quarter of 2022, international tensions resulted in natural gas and electricity benchmark prices remaining extremely high. The United States has also imposed a ban on the importation into the United

States of oil, oil products, liquefied natural gas (“LNG”) and coal from Russia. Conversely, the European Union has sought to safeguard the importation and transportation of natural gas from or through Russia in order to secure critical energy supplies within the European Union, while imposing restrictions on the import of coal and solid fossil fuels, oil and oil products. The imposition or maintenance of sanctions could result in adverse reactions from Russia, such as disruption of natural gas supplies to the European Union and/or the increase of the gas sale price.

The tightening of international sanctions, together with the restrictive countermeasures adopted by the Russian government, has caused tensions in finance and energy markets. This in turn has had serious repercussions in relation to the prices of raw materials and derivatives and indirectly on the prices of consumer goods, creating an inflationary spiral which led to an increase in interest rates consequent to the changed monetary policy pursued by Central Banks. These factors are having and presumably will continue to have an effect on macroeconomic conditions and the economies of several countries and may alter the normal market trends and, more generally, business operating conditions.

Although so far the Group has not experienced any real difficulties in procuring the materials used in its operations, this situation may affect the Group’s supply chain, in ways that the Issuer cannot reasonably predict. By way of example, some vendors that use distribution services may already be seriously affected by rises in the cost of raw materials, and may suffer worsening financial conditions, finding it difficult to regularly fulfil contractual obligations. Although regulations regarding access to the gas market provides for financial guarantees to safeguard the distributor, the enforcement of such guarantees may not be successful or the amount recovered may be lower than the losses incurred.

In addition, during the energy crisis period, the Italian government and ARERA have intervened in order to contain the increase in consumer prices and support the financial stability of the energy operators. Among other measures, on the occasion of the periodic updates of the tariff components, in the light of the significant rises in energy prices with the consequent increases in energy bills and given the measures adopted in this regard by the Government to counter the effects of these increases, ARERA ordered the zeroing, for all end customers, of certain components relating to system charges, the introduction of supplementary social bonuses and the broadening of the access criteria compared to those already existing. As part of these measures, from the second quarter of 2022 to the early months of 2023, ARERA prescribed the introduction of a negative element in application of a distribution tariff component in order to partially and temporarily compensate the increase in the cost of gas and its impact on the end customers energy bills. The share of turnover equal to the zeroed through components, which is not invoiced to sales company, is reimbursed by the CSEA (*Cassa per i servizi energetici e ambientali*) actually within 30 days. As at the date of this Base Prospectus, the negative element is no longer in force and those zeroed ones have been restored to a positive value; so the above-mentioned measures are no longer being applied. In any case the mechanism had an impact only on net working capital of the Issuer and also results in an increase of the VAT credit amount, which impact had been fully mitigated by the Issuer successfully resorting to factoring transactions. On the other hand, if the natural gas price curve does not return and/or is not aligned to pre-conflict levels, the risk that some vendors that use distribution services are not able to regularly fulfil their contractual obligations will no longer be mitigated by this measure, unless similar measures are reintroduced by the Government and consequently applied by ARERA, as happened in 2022 and 2023.

All of the above factors could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

***Risks relating to the Group’s use of information technology to conduct its business***

The Group’s operations are increasingly reliant on information systems and information technology platforms (collectively, “IT”) to maintain and improve its operational efficiency. Notwithstanding the preventive measures adopted, the Group’s information systems may be affected by different operational and security challenges, such

as telecommunications or data centre failures, hardware malfunction, security breaches, cyber-attacks and other types of interference. Any interruptions, failures or breach 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 Group's ability to guarantee operations in compliance with the rules of ARERA and compete with competitors. In addition to the potential harm to the Group's reputation, any disruption of its business could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

#### ***Key personnel and risk management***

The Group's ability to operate its business effectively depends on the capabilities of its personnel, such as key employees working on commercial, technical and financial analyses aimed at participating in new tender procedures for the award of ATEM concessions. In case of loss of key personnel or an inability to attract, train or retain appropriately qualified personnel or if significant disputes arise with employees, the Group's ability to implement its long-term business strategy may be affected and this in turn may have a material adverse effect on its business, financial results, cash flows, operations and/or prospects.

Furthermore, there is a risk that an employee or an individual acting on behalf of the Group may breach applicable laws and regulations (for example, anti-bribery legislation) or the Group's internal controls or internal governance framework. The Issuer or other members of the Group could be found liable under Legislative Decree No. 231 of 8 June 2001 ("**Decree 231/2001**") for the unlawful acts of its officers or employees if procedures and protocols to prevent such acts are not put in place, or if the Organisation Management and Supervision Model prepared by the Issuer to ensure conditions of fairness and transparency in the conduct of its business and corporate activities in accordance with Decree 231/2001 is not sufficiently implemented or is deemed to be an inadequate compliance programme for the purposes of Decree 231/2001. In addition to the possible damage to the Group's reputation, any finding of liability under Decree 231/2000 could lead to the suspension or revocation of concessions held by the Group, disqualification from participating in future tenders and/or fines and other penalties. Any such finding and/or the consequent sanctions could therefore have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

#### ***Legal proceedings***

The Group is or may be involved in civil, employment, tax, administrative and criminal proceedings arising from its ordinary business activities. The Group reviews its ongoing litigation and provisions have been made in the Group's accounts in relation to those legal proceedings where the Group is able to make a reasonable estimate of the potential loss. Otherwise, in situations where the Issuer believes that litigation may not result in an adverse outcome or that such dispute may be resolved in a satisfactory manner and without any significant impact on it, no specific provisions have been made in the Group's consolidated financial statements. For further information on the provisions made in the consolidated financial statements as at 31 December 2023, see "*Description of the Issuer – Legal proceedings*" below.

Although the Issuer believes that litigation pending as at the date of this Base Prospectus is unlikely to have a material adverse effect on its results, litigation is inherently unpredictable and the outcome of existing and future litigations cannot be predicted with certainty due to: (i) uncertainty regarding the final outcome of such proceedings; (ii) the occurrence of new developments that were not known to management when evaluating the likely outcome of proceedings; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses. If proceedings are resolved unfavourably for the Group and losses arising from them exceed the provisions made, any such outcomes could damage the Group's reputation, as well as having a material adverse effect the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

### ***Risks related to the implementation of the Issuer's strategic objectives***

On 17 January 2023, the Issuer's Board of Directors approved a strategic plan, which updated the previous strategic plan and sets out the strategic policies and objectives of the Group for the five-year period from 2023 to 2027. The strategic plan contains, and was prepared on the basis of, a number of critical assumptions and estimates relating to future trends and events that may affect the sector in which the Group operates, such as estimates of demand for connection to the natural gas network in Italy over the medium to long term, growth of the Issuer through the tendering process and changes in the applicable regulatory framework. If the assumptions, events and circumstances projected or expected to occur by the Board of Directors when preparing the strategic plan do not occur as contemplated in the strategic plan or evolve differently (for example, due to events affecting the Group that at present are entirely or at least partly unforeseeable or unquantifiable), then future business, financial results, cash flows and/or operations of the Group could be different from those envisaged in the strategic plan. Furthermore, the Group's historical consolidated financial and operational performance may not be consistent with, or indicative of, its future operating and financial performance.

### ***Risks related to climate change***

In defining climate-related risks and opportunities, the Group began by identifying the time horizons on which to base its analyses regarding impacts from climate change, which were identified as "Short-term" (0 to 5 years), "Medium-term" (between 5 and 10 years) and "Long-term" (between 10 and 20 years).

With regard to the short/medium-term time horizon, the events that were identified refer mainly to the intensification and propagation, across new geographical areas, of hydrogeological instability (chronic risk) and an increase in acute meteorological events, such as rainfall of exceptional magnitude (so-called "water bombs"). On the other hand, taking into consideration longer, medium to long-term time frames, the major risks refer to rising average temperatures with a consequent impact on energy consumption (chronic risk) and changes to policies and regulations in relation to the transport and distribution of climate-changing energy carriers (transition risk).

All these factors could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

### ***Risks related to the supply chain***

The Group may be subject to risks arising from procurement difficulties in the supply chain that could make it difficult to continue operations on the distribution network as planned, or the risk of rising prices of the materials used in the conduct of its business.

In connection with these risks, the Group relies, where possible, on mechanisms for procurement and storage of materials considered essential to ensure business continuity so as to maintain sufficient stocks and prevent operations from being disrupted. In addition, tenders for the procurement of materials can also be called at a European level, allowing a whole range of operators to submit their bid (providing they prove eligible for inclusion in the Group's suppliers list).

However, the inability of the Issuer to deploy effective mechanisms for procurement and storage of materials or a significant unexpected rise in the prices of materials could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

### ***Risks related to acquisitions of new businesses and integration with the Group's existing operations***

When considering an acquisition or investments, the Group makes certain estimates and assumptions as to economic, market, operational and other conditions, including estimates relating to the value or potential value of the business to be acquired and the potential return on investment, as well as the potential capital expenditure and the ability of the Group to service the debt incurred to finance the acquisition or investment. If any such

estimates prove to be incorrect, it may have a negative effect on the Group's existing operations. Even when the estimates provide positive results in acquisition and integration of distribution businesses, it may restrict the number of the potential targets therefore limiting the Group's potential to carry out further acquisitions and/or integrations.

Furthermore, acquisitions require the integration and combination of different management, strategies, procedures, services, client bases and distribution plants and networks, with the aim of streamlining the business structure and operations of the newly enlarged group.

Any acquisition could expose the Issuer and the Group to risks connected with the integration of new businesses into the Group, for example, undisclosed events, circumstances or liabilities of the acquired businesses and distributions plants that could result in additional investment, operating costs or delays in integrating the targets as forecasted or failure to achieve the expected synergies. Failure to integrate investments successfully could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

### **3. Financial risks**

#### ***Counterparty risk***

When carrying out its commercial and financial activities, the Group is exposed to the risk of potential losses arising from counterparties failing to fulfil their payment obligations. Default or delayed payment of fees may have a negative impact on the financial and operating results of the Group. The Group's main customers are leading Italian companies in the gas market, with the most important customer being Enel Energia S.p.A., a subsidiary of Enel S.p.A. (representing approximately 38.8 per cent. of the Issuer's gas distribution turnover), followed by ENI (representing approximately 11.1 per cent. of the Issuer's gas distribution turnover), Edison (representing approximately 9.2 per cent. of the Issuer's gas distribution turnover) and Engie (representing approximately 8.2 per cent. of the Issuer's gas distribution turnover) and E.ON (representing approximately 5.8 per cent. of the Issuer's gas distribution turnover). The Group is therefore exposed to a concentrated counterparty risk with regard to such key customers, although such entities are believed to be creditworthy for the time being.

#### ***Liquidity risk***

The Group's ability to borrow from capital markets to meet its financial requirements is dependent on favourable market conditions. The Group may be unable to meet its payment commitment if new financial resources are not available (funding liquidity risk) or if the Group is unable to convert assets into cash on the market (asset liquidity risk). Liquidity risk may affect the profits or losses of the Group if it is obliged to incur extra costs to meet its commitments and, in a worst case scenario, could lead to insolvency and threaten the Group's future as a going concern. Any of these circumstances could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

#### ***Ratings risk***

As at the date of this Base Prospectus, the Issuer is rated "Baa2 (stable outlook)" by Moody's Italia S.r.l. ("**Moody's**") and "BBB (stable outlook)" by S&P Global Ratings Europe Limited ("**S&P**").

Since a credit rating assesses the creditworthiness of an entity and informs an investor about the probability of the entity being able to redeem invested capital, credit ratings play a critical role in determining the costs for the Issuer to access the capital market in order to borrow funds as well as the rate of interest it can achieve. Accordingly, a decrease in credit ratings by Moody's and S&P may increase borrowing costs or even jeopardise further issuance.

In addition, the Issuer's credit ratings are potentially exposed to the risk of downgrades in the sovereign credit rating of the Republic of Italy. Based on the methodologies used by Moody's and S&P, a downgrade of Italy's

credit rating could have a knock-on effect on the credit rating of Italian companies, including the Issuer, as well as the credit rating of Notes issued under the Programme. For the reasons set out above, any downgrade of credit ratings assigned to the Issuer and/or the Notes could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

#### ***Interest rate risk***

The Group is subject to interest rate risk arising from its financial indebtedness, which varies depending on whether such indebtedness is at a fixed or floating rate. In this regard, the Group uses external financial resources in the form of a loan from the European Investment Bank, at interest rates linked to the Eurozone Interbank Offered Rate (EURIBOR). The remaining financial indebtedness is represented by fixed rate notes, as well as two medium term bank loans and a loan from the European Investment Bank at a fixed rate (for further information on the composition of the Group's financing, see "*Description of the Issuer – Financing*" below). In particular, as at 31 December 2023, approximately 96 per cent. of the Group's borrowings was at a fixed rate.

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

There can be no guarantee that the hedging policy adopted by the Group will actually have the effect of reducing losses in connection with fluctuations in interest rates from floating rate indebtedness. This could have a material adverse effect on the business, financial condition, cash flows and/or results of operations of the Issuer and the Group.

### **FACTORS WHICH ARE SPECIFIC TO THE NOTES AND WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

#### **1. Risks related to the structure of a particular issue 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 the Clean-Up Call Option (Condition 6.4 (*Clean-Up Call Option*)), there is no obligation on 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 (including any Notes issued pursuant to Condition 16 (*Further Issues*)) remains outstanding, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call Option the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

#### ***Relevant Event Put Option***

The Notes may contain provision for a put option upon the occurrence of certain change of control events relating to the Issuer, which will entitle the Noteholders under certain circumstances to require the Issuer to redeem or

purchase their Notes at their principal amount then outstanding together with interest accrued to (but excluding) the Relevant Event Put Date. However, it is possible that the Issuer will not have sufficient funds at the time of the Relevant Event Put Date to make the required redemption or purchase of Notes. If there are not sufficient funds for the redemption or purchase, Noteholders may receive less than the principal amount and accrued interest of the Notes if they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer's financial position.

***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.

***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 EURIBOR, 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 of the UK 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 UK Financial Conduct Authority (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 "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".

Following the discontinuation of LIBOR, there are significant doubts about the continuing use in financial markets transaction of other forward-looking interbank offered rates, such as EURIBOR. Following concerns expressed by its administrator, the European Money Markets Institute ("**EMMI**"), as to whether it could guarantee compliance with the Benchmarks Regulation, a methodological reform was carried out in 2019 and, as a result, EMMI has since been authorised as a benchmark administrator and included on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. However, the long-term sustainability of EURIBOR depends on factors such as the continued willingness of its panel of contributing banks to support it, and whether or not there is sufficient activity in its underlying market. The absence of these factors may cause EURIBOR to perform differently compared to the past and may have other consequences which cannot be predicted.

Such factors may have (without limitation) the following effects on certain benchmarks (including EURIBOR): (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 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 any 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 and any related benchmark amendments. In these circumstances, where any 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.

In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the Independent Adviser determines that amendments to the Conditions are necessary to, *inter alia*, ensure the proper operation of any Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 4.5(D).

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.

***Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities***

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.

***If the terms of any Note contemplate that the interest rate converts 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 bear interest at a rate that convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the terms of the Notes contemplate such a conversion, this may adversely affect the secondary market in, and the market value of, such Notes since the conversion may produce a lower rate of return for Noteholders. If the rate converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable

Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the rate converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing market rates.

***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 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 (a) principal or interest determined by reference to an index in the case of Inflation Linked Notes, or (b) interest determined by reference to (x) the CMS Rate, in the case of CMS Linked Interest Notes or (y) 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:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) in the case of Inflation Linked Notes, payment of principal or interest may occur at a different time than expected;
- (iv) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices;
- (v) 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
- (vi) 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 4.3.2 (*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 Terms and 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 economic, financial and political events in one or more jurisdictions or areas.

***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.

***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.

## **2. Risks related to Notes generally**

### ***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 the 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, European regulated investors are restricted under the EU 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 EU 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 EU 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 EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Similarly, in general, investors regulated in the UK are subject to similar restrictions under 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 not established in the UK, such third country credit ratings can either be: (a) endorsed by a UK-registered credit rating agency and registered under the UK CRA Regulation; 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 EU 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 and if a Tranche of Notes is rated such rating will be disclosed in the applicable Final Terms.

***The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all Noteholders and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders***

The Terms and 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 Terms and 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 Terms and Conditions of the Notes may adversely impact Noteholders' rights and may adversely impact the market value of the Notes.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed or (ii) determine that any Event of Default or potential Event of Default shall not be treated as such, or (iii) agree to the substitution of certain other companies as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

#### ***Withholding or deduction of tax from payments to Noteholders***

The Issuer is not liable to pay any additional amounts in relation to any substitute tax or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as amended or supplemented) (“**Decree No. 239**”) where the Notes are held by a person resident in a country that does not allow for a satisfactory exchange of information with Italy (*i.e.* countries other than those included in the white list issued pursuant to Article 11(4) (c) of Decree No. 239, as amended by Article 10 of Legislative Decree No. 147 of 14 September 2015 (currently included in the list under Decree 4 September 1996)) and otherwise in the circumstances as set out in Condition 7 (*Taxation*) of the Terms and Conditions. Holders of the Notes who are resident in such countries or Noteholders that are resident in a country allowing for the satisfactory exchange of information with Italy, but who do not properly and/or promptly satisfy the conditions set forth by Decree No. 239, as well as certain categories of Noteholders who are resident in Italy, will only receive the net proceeds of their investment in the Notes. See “*Taxation – Italian Taxation*” and “*Terms and Conditions of the Notes – Condition 7 (Taxation)*”.

#### ***Procedural requirements to apply the Italian tax regime provided by Decree No. 239***

The substitute tax exemption regime provided by Decree No. 239 applies if certain procedural requirements are met (see “*Taxation – Italian Taxation*” for a description of the relevant requirements). There can be no assurance that all non-Italian resident investors will be entitled to claim the application of the withholding tax exemption. The availability of the withholding tax exemption will depend on the provision of certain information by such investors to the financial intermediary, as described under “*Taxation – Italian Taxation – Interest and other proceeds from Notes that qualify as bonds or instruments similar to bonds*”. Should the procedural requirements not be met, Italian withholding tax or substitutive tax may apply on the payments made on the Notes to foreign investors resident in a country allowing for the satisfactory exchange of information with Italy (as defined above). In such event, the Issuer will not be required to pay any additional amounts with respect to such withholding tax or substitutive tax. See “*Terms and Conditions of the Notes – Condition 7 (Taxation)*”.

***There can be no assurance that the Notes will satisfy the listing requirement of Decree No. 239***

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listings will satisfy the listing requirement under Decree No. 239 in order for the Notes to be eligible to benefit from the provisions of such legislation in order for the Notes to be eligible to benefit from the exemption from the requirement to apply withholding tax (see “*Taxation – Italian Taxation*”). The Italian tax authorities issued an interpretive circular relating to, among other things, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be traded upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. In the event that the Notes are not listed or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax, currently at a rate of 26% and Noteholders will only receive the net proceeds of their investment in the Notes. See “*Taxation – Italian Taxation*” and “*Terms and Conditions of the Notes – Condition 7 (Taxation)*”.

***Tax changes***

Italian Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 (“**Law 111**”), delegates power to the Italian Government to enact, within twenty-four months from its publication, one or more legislative decrees implementing the reform of the Italian tax system (the “**Tax Reform**”).

According to Law 111, the Tax Reform could significantly change the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage.

The information provided in this Base Prospectus may not reflect the future tax landscape accurately.

Investors should be aware that the amendments that may be introduced to the tax regime of financial incomes and capital gains could increase taxation on interest, similar income and/or capital gains accrued or realised under the Notes and could result in a lower return on their investment.

Prospective investors should consult their own tax advisors regarding the tax consequences of the Tax Reform.

***Risks related to a change in law or administrative practice applicable to the Notes***

The Terms and Conditions of the Notes are based on English law and, in relation to Condition 14.1 (*Meetings of Noteholders, Modification, Waiver and Substitution - Meetings of Noteholders*), Condition 14.2 (*Meetings of Noteholders, Modification, Waiver and Substitution – Quorums and Majorities*) and Condition 14.3 (*Meetings of Noteholders, Modification, Waiver and Substitution – Noteholders’ Representative*) Italian law, in each case in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law, Italian law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

***Noteholders’ meeting provisions may change by operation of law or because of changes in the Issuer’s circumstances***

The provisions relating to Noteholders’ meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders’ meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders’ meetings where the issuer is an Italian unlisted company. As at the date of this Base Prospectus, the Issuer is an unlisted company but, if its shares are listed on a securities market while the Notes are still outstanding, then the mandatory provisions of Italian law that apply to Noteholders’ meetings will be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders’ meeting provisions could change as a result of amendments to the Issuer’s By-laws. Accordingly, Noteholders

should not assume that the provisions relating to Noteholders' meetings contained in the Trust Deed and summarised in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes. Any of the above changes could reduce the ability of Noteholders to influence the outcome of any vote at a Noteholders' meeting and, as described in further detail in "*Modification and waiver under the Notes and substitution of the Issuer*" above, the outcome of any such vote will be binding on all Noteholders, including dissenting and abstaining Noteholders, and may have an adverse impact on Noteholders' rights and on the market value of the Notes.

***Investors who purchase Notes in denominations that are not an integral multiple of the 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 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 his 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 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.

***Reliance on Euroclear and Clearstream, Luxembourg procedures***

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depository or common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

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

The Terms and Conditions of 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 or an Agent as Calculation Agent in respect of an issuance of Notes under the Programme provided that the Calculation Agent of any issue of Inflation Linked Notes will always be a Dealer. 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 generally**

#### ***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 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.

#### ***Delisting of the Notes***

Application has been made for Notes issued under the Programme to be admitted to trading on Euronext Dublin's regulated market and to be listed on the Official List of Euronext Dublin and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a "**listing**"), as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

## DOCUMENTS INCORPORATED BY REFERENCE

The information contained in the sections of the documents set out in the table below is incorporated by reference in, and forms part of, this Base Prospectus:

- (a) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2023:

Results of the 2i Rete Gas Group	Pages 13-18
Profit and Loss Account .....	Page 94
Statement of Comprehensive Income .....	Page 95
Statement of Financial Position .....	Pages 96-97
Statement of Cash Flows .....	Page 98
Statement of Changes in Equity .....	Page 99
Notes to the Consolidated Financial Statements.....	Pages 100-164
Report of Independent Auditors .....	Pages 165-172

- (b) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2022:

Results of the 2i Rete Gas Group	Pages 13-19
Income Statement .....	Page 97
Statement of Comprehensive Income .....	Page 98
Statement of Financial Position .....	Pages 99-100
Statement of Cash Flows .....	Page 101
Statement of Changes in Equity .....	Page 102
Notes to the Consolidated Financial Statements.....	Pages 103-169
Report of Independent Auditors .....	Pages 170-177

- (c) Base Prospectus relating to the Programme dated 26 May 2023:

Terms and Conditions of the Notes	Pages 58-103
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Page references indicated above correspond to the page references of the e-document.

This Base Prospectus should be read and construed in conjunction with the information contained in the sections of the documents set out in the table above, which have previously been published and filed with Euronext Dublin and the Central Bank and can be accessed at the following addresses on the Issuer's website:

- (a) 2023 annual financial statements:

*[https://www.2iretegas.it/export/sites/newdueiretegas/uploads/2024/04/2i-Rete-Gas-SpA\\_Consolidated-Annual-Financial-Report-2023.pdf](https://www.2iretegas.it/export/sites/newdueiretegas/uploads/2024/04/2i-Rete-Gas-SpA_Consolidated-Annual-Financial-Report-2023.pdf)*

- (b) 2022 annual financial statements:

*[https://www.2iretegas.it/export/sites/newdueiretegas/uploads/2023/04/2i-Rete-Gas-SpA\\_Consolidated-Annual-Financial-Report-2022.pdf](https://www.2iretegas.it/export/sites/newdueiretegas/uploads/2023/04/2i-Rete-Gas-SpA_Consolidated-Annual-Financial-Report-2022.pdf)*

- (c) Base Prospectus dated 26 May 2023:

*<https://www.2iretegas.it/export/sites/newdueiretegas/uploads/2023/05/Base-Prospectus-26-May-2023.pdf>*

In addition, copies of documents containing information incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the EU Prospectus Regulation. Statements contained in any such supplement (or contained in any information incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in any information 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.

Any information which is itself incorporated by reference in the information incorporated by reference in this Base Prospectus does not form part of this Base Prospectus, and any non-incorporated parts of a document referred to above are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

## 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:

- (a) if the Global Notes are intended to be issued in new global note (“**NGN**”) form, as specified 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, together with Euroclear, the “**ICSDs**”); and
- (b) 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 depository (the “**Common Depository**”) 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 such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On 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 satisfactory to the Trustee 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) or the Trustee 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 exchange upon 60 days' written notice option, as described in paragraph (a) above, should not be expressed to be applicable if the Notes are issued in denominations comprising a minimum Specified Denomination (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)). Furthermore, such 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.

The following legend will appear on all 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.

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, which are different from the common code and ISIN 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.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

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.

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.

In respect of Notes represented by a Global Note issued in NGN form, the nominal amount of such Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg shall be conclusive evidence of the nominal amount of such Notes and a statement issued by Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the records of such parties at that time.

The Issuer has entered into an agreement with the ICSDs in respect of any Notes issued in NGN form that the Issuer may request be made eligible for settlement with the ICSDs (the “**Issuer-ICSDs Agreement**”). The Issuer-ICSDs Agreement sets out that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer’s request, produce a statement for the Issuer’s use showing the total nominal amount of its customer holding of such Notes as of a specified date.

## 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 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 (as amended, “**EU MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended[, the “**Insurance Distribution Directive**”]), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as amended. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU 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 EU PRIIPs Regulation.]<sup>5</sup>

**[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**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement [the Insurance Distribution Directive / Directive (EU) 2016/97 (as amended)], 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.]<sup>6</sup>

**[EU MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**EU MiFID II**”)] [EU 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 EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/’s’] target market assessment) and determining appropriate distribution channels.]

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<sup>5</sup> 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.

<sup>6</sup> 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.

[**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (as amended, “**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 / EUWA] (“**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/’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (as amended, 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/’] target market assessment) and determining appropriate distribution channels.]<sup>7</sup>

**[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).]<sup>8</sup>

[Date]

**2I RETE GAS S.p.A.**

*(incorporated in the Republic of Italy as a joint stock company)*

**Legal entity identifier (LEI): 549300RV0WBR05UTDI91**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €4,500,000,000  
Euro Medium Term Note Programme**

**PART A  
CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 28 June 2024 [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “**EU Prospectus Regulation**”) (the “**Base Prospectus**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the EU Prospectus Regulation and must be read in

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<sup>7</sup> 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 EU MiFID II product governance legend or the UK MiFIR product governance legend or both are included.

<sup>8</sup> 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.

conjunction with the Base Prospectus [as so supplemented]<sup>1</sup>. These Final Terms must be read in conjunction with the Base Prospectus [as so supplemented] 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 [address] [and copies may be obtained from [address]]. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”), the Final Terms will also be published on the website of Euronext Dublin ([www.euronext.com/en/markets/Dublin](http://www.euronext.com/en/markets/Dublin)).]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under the base prospectus dated 26 May 2023.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 26 May 2023, which are incorporated by reference in the Base Prospectus (as defined below). This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (as amended, the “**EU Prospectus Regulation**”) and must be read in conjunction with the Base Prospectus dated 28 June 2024 [as supplemented by the supplement[s] to it dated [date] [and [date]]] (the “**Base Prospectus**”), which [together] constitute[s] a base prospectus for the purposes of the EU Prospectus in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the base prospectus dated 26 May 2023. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions (as set out in the base prospectus dated 26 May 2023) and the Base Prospectus. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]]. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”), the Final Terms will also be published on the website of Euronext Dublin ([www.euronext.com/en/markets/Dublin](http://www.euronext.com/en/markets/Dublin)).]

*[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. Italics denote directions for completing the Final Terms.]*

- |   |  |  |
|---|--|--|
| 1 | Issuer:  | 2i Rete Gas S.p.A.   |
| 2 | (a) Series Number:   | [●]  |
|   | (b) Tranche Number:  | [●]  |
|   | (c) Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with <i>[identify earlier Tranches]</i> on [the Issue Date/the date on which exchange of the Temporary Global note for interests in the Permanent Global Note, as referred to in paragraph 25 below, is expected to occur, being on or about <i>[insert date that is 40 days after the Issue Date]</i> ] / [Not Applicable] |
| 3 | Specified Currency or Currencies:  | [●]  |
| 4 | Aggregate Nominal Amount:  | [●]  |
|   | (a) Series:  | [●]  |
|   | (b) Tranche:   | [●]  |

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<sup>1</sup> Delete where the Notes are not admitted to trading on a regulated market in the EEA for the purpose of the Prospectus Regulation.

5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
6	(a) Specified Denominations:	[●] [[€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].] <i>(N.B. Notes must have a minimum denomination of €100,000 (or equivalent) where they are admitted to trading on a regulated market within the EEA in circumstances which require the publication of a prospectus under the EU Prospectus Regulation)</i>
	(b) Calculation Amount:	[●] <i>(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.)</i>
7	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[[●]/Issue Date/Not Applicable] <i>(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)</i>
8	Maturity Date:	<i>[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]]</i>
9	Interest Basis:	[[●] per cent. Fixed Rate] [[●] month EURIBOR] +/- [●] per cent. Floating Rate] [Floating Rate: CMS Linked Interest] [Floating Rate: Constant Maturity BTP Linked Interest] [Zero Coupon] [Inflation Linked] <i>(further particulars specified below under item[s] [14/15/16/17])</i>
10	Change of Interest Basis:	<i>[For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [14/15] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [14/15] applies]/ [Not Applicable]</i>
11	Redemption Basis:	<i>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100 per cent.]/[●] per cent. of their nominal amount]/[Inflation Linked Redemption]</i>
12	Put/Call Options:	[Investor Put] [Relevant Event Put]

- [Issuer Call]  
 [Clean-Up Call Option]  
 [(further particulars specified below under item[s]  
 [18/19/20/21])]  
 [Not Applicable]
- 13 [Date [Board] approval for issuance of Notes obtained: [●] [Not Applicable]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)*

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

- 14 Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [●] [and [●]] in each year, commencing on [●], up to and including the Maturity Date  
 [There will be a [long/short] [first/last] coupon in respect of the period from and including [●] to but excluding [●]]
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] in respect of the period from and including [●] to but excluding [●]] [Not Applicable]  
*(Applicable to Notes in definitive form.)*
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[●] in each year] [Not Applicable]  
*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.  
 N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration  
 N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- 15 Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [●] / [[●] [and [●]]] in each year, commencing on [●], up to and including [●], subject in each case to adjustment in accordance with the Business Day Convention specified in paragraph 15(b) below]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

- (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:  [Not Applicable] (*indicate the Agent in case the Reference Rate is EURIBOR. In case the Reference Rates is not EURIBOR, specify which Dealer is responsible for calculating the Rate of Interest and indicate the Agent as party responsible for calculating the Interest Amount*)
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate and Relevant Financial Centre:  month [EURIBOR] / [CMS Reference Rate] / [Constant Maturity BTP Rate]  
 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] (*only relevant for CMS Reference Rate*)  
 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):   
*(In the case of EURIBOR):* [Second day on which the T2 is open for the settlement of payments in euro prior to the start of each Interest Period]  
*(in the case of a CMS Rate where the Reference Currency is euro or a Constant Maturity BTP Rate):* [Second day on which the T2 is open for the settlement of payments in euro 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 EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*  
*(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 and any applicable headings and captions)*

- (g) ISDA Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining items of this subparagraph)*
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (In the case of an 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]
- (i) Margin(s): [+/-] [●] per cent. per annum
- (j) Minimum Rate of Interest: [[●] per cent. per annum] [Not Applicable]
- (k) Maximum Rate of Interest: [[●] per cent. per annum] [Not Applicable]
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360] [360/360] [Bond Basis]  
 [30E/360] [Eurobond Basis]  
 [30E/360 (ISDA)]  
*(See Condition 4 (Interest) for alternatives)*
- 16 Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [●] per cent. per annum
  - (b) Reference Price: [●]
  - (c) Day Count Fraction in relation to Early Redemption Amounts and late payment: [30/360]  
 [Actual/360]  
 [Actual/365]
- 17 Inflation Linked Interest Note Provisions: [Applicable/Not Applicable]  
*(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]  
 The Related Bond is: [●] [Fallback Bond]  
 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]  
(*This is necessary whenever Fallback Bond is applicable*)
- (i) Additional Disruption Events: [Change of Law]  
[Increased Cost of Hedging]  
[Hedging Disruption]  
[None]
- (j) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [*name*] shall be the Calculation Agent (*specify which Dealer is to act as Calculation Agent*)
- (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]/[[•] per cent]
- (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]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]  
(*See Condition 4 (Interest) for alternatives*)

## PROVISIONS RELATING TO REDEMPTION

- 18 Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●] [Any date from and including [●] to but excluding [●]]
- (b) Optional Redemption Amount: [[●] per Calculation Amount] [Make-Whole Amount]
- (c) Redemption Margin: [[●] per cent.] [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: [●][Not Applicable]
- (ii) Maximum Redemption Amount: [●][Not Applicable]
- (g) Notice periods: Minimum period: [●] days  
Maximum period: [●] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
- 19 Relevant Event Put: [Applicable/Not Applicable]
- 20 Investor Put: [Applicable/Not Applicable]  
*(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  
Maximum period: [●] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which*

may apply, for example, as between the Issuer and the Agent or Trustee)

- 21 Clean-Up Call Option [Applicable/Not Applicable]
- 22 Inflation Linked Redemption Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Inflation Index: [●]
- (b) Inflation Index Sponsor(s): [●]
- (c) Related Bond: [Applicable]/[Not Applicable]  
The Related Bond is: [●] [Fallback Bond]  
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]  
(This is necessary whenever Fallback Bond is applicable)
- (h) Additional Disruption Events: [Change of Law]  
[Increased Cost of Hedging] [Hedging Disruption]  
[None]
- (i) Party responsible for calculating the Redemption Amounts: [name] shall be the Calculation Agent (specify which Dealer is to act as Calculation Agent)
- (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: [●] per cent
- 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)
- 24 Early Redemption Amount payable on redemption for taxation reasons or on event of default: [[●] per Calculation Amount / [As per Condition 6.7 (Early Redemption Amounts)]]

**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]]

*(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 6 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): [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 15(c) relates)*
- 27 Talons for future Coupons to be attached to Definitive 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]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of  
**2i Rete Gas S.p.A.**

By:

Duly authorised

**PART B**  
**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 Euronext Dublin’s regulated market and listing on the Official List of Euronext Dublin 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 Euronext Dublin’s regulated market and listing on the Official List of Euronext Dublin with effect from [ ].]
- (b) Estimate of total expenses related to admission to trading: [•]

**2 RATINGS**

- Ratings: [The Notes to be issued [[have been]/[have not 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)].*
- (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 “**EU 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 “**EU CRA Regulation**”).]
- [[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009 (the “**EU 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 “**EU 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 EU CRA Regulation] [has applied for registration under the EU 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 “**EU CRA Regulation**”) but is certified in accordance with the EU 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 EU 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 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)]<sup>10</sup>

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

[Save for any fees payable to the 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 Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

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

### 4 USE OF PROCEEDS AND ESTIMATED NET PROCEEDS

(a) Use of proceeds: [The net proceeds from the issuance of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit and/or to refinance existing indebtedness / Other] (*If “Other”, set out use of proceeds here*)

(b) Estimated net proceeds: [•]

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

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

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<sup>10</sup> Insert the relevant clause for Notes which are admitted to trading on the UK regulated market and which have been assigned a rating.

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

[[Details of historic [EURIBOR/CMS/Constant Maturity BTP] rates can be obtained, [but not] free of charge, from [Reuters]]/[Not Applicable]]

7 **BENCHMARKS** (*Floating Rate Notes only*)

Statement on benchmarks

Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [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 the Benchmarks Regulation (EU) 2016/1011) (the “**BMR**”).

[As far as the Issuer is aware, [[[●] does/do] not fall within the scope of the BMR by virtue of Article 2 of that regulation] / [the transitional provisions in Article 51 of the BMR apply], such that as at [●] [●] is not required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

8 **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 of Commission Delegated Regulation (EU) 2019/980 (the “Commission Delegated Regulation” applies)*

- (i) 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]]
- (ii) An indication where information about the past and the further performance of the underlying and its volatility can be obtained and whether or not it can be obtained free of charge: [Details can be obtained, [but not] free of charge, from [●] ]/[Not Applicable]]
- (iii) The name of the index: [[CPI - ITL / HICP] as defined in Annex 1 to the Base Prospectus]/[Not Applicable]]
- (iv) The place where information about the index can be obtained, and whether or not it can be obtained free of charge: [The information may be obtained [free of charge / at a charge] on [Bloomberg Page ITCPIUNR or its replacement / Eurostat’s internet site / [●] ]/[Not Applicable]]

*[(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 EU Prospectus Regulation)]*

9 **OPERATIONAL INFORMATION**

- (a) ISIN Code: [●]
- (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]  
*(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 Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (f) Delivery: Delivery [against/free of] payment
- (g) Names and addresses of additional Paying Agent(s) (if any): [●]
- (h) 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.
- (i) 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 satisfaction of the Eurosystem eligibility criteria.] [*include this text if “yes” selected in which case the Notes must be issued in NGN form*]  
  
[No: Note that 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.] *[include this text if “no” selected]*

10 **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 2; TEFRA [C / D / Not applicable]
- (g) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]
- (h) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be endorsed upon, or attached to, each Global Note (as defined below) and definitive Note. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes. 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 “Form 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 2i Rete Gas S.p.A. (the “**Issuer**”) constituted by an amended and restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 28 June 2024 made between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”, which expression shall include any successor as Trustee).

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 amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 28 June 2024 and made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent (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).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A 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 A 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.

The Trustee acts for the benefit of the holders for the time being of the Notes (the “**Noteholders**”, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the “**Couponholders**”, which expression shall, unless the context otherwise requires, include the holders of the Talons) in accordance with the provisions of the Trust Deed.

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 are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office of the Trustee and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin

(“**Euronext Dublin**”) the applicable Final Terms will be published on the website of Euronext Dublin ([www.euronext.com/en/markets/Dublin](http://www.euronext.com/en/markets/Dublin)) and copies thereof will be available for viewing at the registered office of the Issuer and at the specified office of each Paying Agent and copies may be obtained from those offices.

The Noteholders and the Couponholders are deemed to have notice, and are bound by all the provisions, of the Trust Deed, the Agency Agreement and the applicable Final Terms. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, 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 Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or 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, the Trustee 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, the Trustee 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, any Paying Agent and the Trustee 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. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or

information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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 B 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 assets or revenues (including any uncalled capital), present or future, 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, to the satisfaction of the Trustee in its absolute discretion, be extended equally and rateably to secure all amounts payable under the Notes, any related Coupons and the Trust Deed; or
- (b) such other Security or guarantee (or other arrangement) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

As used herein:

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

“**Indebtedness**” means any present or future indebtedness for borrowed money which is in the form of, or represented by, bonds, notes, debentures or other debt securities and which is or are 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 10 per cent. 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 certificate by two directors (*consigliere di amministrazione*) 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 and the Trustee shall be entitled to rely on such certificate without liability for so doing and without further enquiry;

**“Permitted Encumbrances”** means:

- (a) any Security arising pursuant to any mandatory provision of law other than as a result of any action taken by the Issuer or a Material Subsidiary; or
- (b) any Security in existence as at the date of issuance of the Notes, including any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security referred to in this paragraph, or of any Indebtedness secured thereby; provided that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement Security shall be limited to all or any part of the same property or shares of stock that secured the Indebtedness extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor; 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 amounts secured have 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 which is created in connection with, or pursuant to, a limited-recourse financing, factoring, securitisation, asset-backed commercial paper programme or other like arrangement where the payment obligations in respect of the Indebtedness secured by the relevant Security are to be discharged solely from the revenues generated by the assets over which such Security is created (including, without limitation, receivables); 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 5 per cent. of the Regulatory Asset Base of the Group as at the date of the creation of the Security;

**“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 or completion guarantees 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:

- (a) 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 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 per cent. in principal amount of whose Indebtedness is Project Finance Indebtedness;

“**Regulatory Asset Base**” means the regulated assets of the Group the value of which is determined by reference to the net capital invested in assets (*capitale investito netto*) as calculated by reference to applicable ARERA regulations and on the basis of which gas transportation, storage, regasification, distribution tariffs are determined by the ARERA;

“**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,

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:

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest, in accordance with this Condition 4.1 (*Interest on Fixed Rate Notes*):

- (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 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

“**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, “**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 the 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.

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 T2 is open for the settlement of payments in euro.

In these Conditions, “**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor or replacement system.

**(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 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 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 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 Agent shall promptly inform the Issuer of any such circumstances. The Issuer, or a third party/independent advisor appointed by the Issuer, shall then 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 Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) 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 Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), 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 these Conditions:

“**EURIBOR**” means the Euro-zone inter-bank offered rate.

“**Interest Determination Date**” has the meaning specified in the applicable Final Terms.

“**Reference Banks**” means, 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, and approved in writing by the Trustee.

“**Specified Time**” means 11.00 a.m. (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, 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 Issuer or, if appointed, the Financial Adviser, in good faith on such commercial basis as considered appropriate by the Issuer or, if appointed, the Financial Adviser 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 (following, where practicable, consultation with the Agent), or by a third party/independent advisor appointed by the Issuer, and approved in writing by the Trustee.

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

“**Financial Advisor**” means an independent financial adviser with appropriate expertise and international repute as selected by the Issuer.

“**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 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 Issuer or, if appointed, the Financial Adviser, in good faith on such commercial basis as considered appropriate by the Issuer or, if appointed, the Financial Adviser 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.

“**Financial Advisor**” means an independent financial adviser with appropriate expertise and international reputation as selected by the Issuer.

“**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:

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

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  $\text{DIR}(t)$  divided by  $\text{DIR}(0)$  shall be rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

**Definitions**

For the purposes of the Conditions:

“**Day of Month**” means the actual number of calendar days since the start of the relevant month;

“**Days in Month**” means the number of calendar 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):

$$\text{DIR}(0) = \text{Inflation Index}(t - \text{Lookback Period 1}) + [\text{Inflation Index}(t - \text{Lookback Period 2}) - \text{Inflation Index}(t - \text{Lookback Period 1})] * [(\text{DayOfMonth} - 1) / \text{DaysInMonth}],$$

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:

$$\text{DIR}(t) = \text{Inflation Index}(t - \text{Lookback Period 1}) + [\text{Inflation Index}(t - \text{Lookback Period 2}) - \text{Inflation Index}(t - \text{Lookback Period 1})] * [(\text{DayOfMonth} - 1) / \text{DaysInMonth}],$$

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 “t” 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 Floating Rate Notes providing for a Reference Rate different from EURIBOR, CMS Linked Interest Notes and Constant Maturity BTP Linked Interest Notes, and the Calculation Agent, in the case of Floating Rate Notes which provide for a Reference Rate different from EURIBOR or 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 provide for a Reference Rate different from EURIBOR or 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 (*Interest on Floating Rate Notes and Inflation Linked Interest Notes*):

- (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:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** 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<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** 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<sub>2</sub> 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:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** 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<sub>1</sub>** will be 30; and

**D<sub>2</sub>** 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<sub>2</sub>** will be 30.

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

**(f) Linear Interpolation**

If the applicable Final Terms specifies Linear Interpolation as being applicable in respect of an Interest Period, 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 hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable 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 Applicable 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 the 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.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and, (b) in relation to ISDA Determination, the Designated Maturity.

**(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, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed 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 by the Agent 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 or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### 4.3 Inflation Linked Note Provisions

#### 4.3.1 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 in 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 Issuer or a third party agent (being an independent financial institution of international repute or an independent financial adviser with appropriate expertise) as appointed by the Issuer 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 Issuer or the third party agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Issuer or the third party 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 Issuer or the third party 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 Issuer or the third party agent from those bonds. If the Fallback Bond redeems, the Issuer or the third party 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.

#### 4.3.2 Inflation Index delay and disruption provisions

##### (a) Delay in publication

If the Issuer 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 applicable 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 applicable 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:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level}),$$

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 4.3.2.

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 4.3.2 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 4.3), 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 4.3.2;
- ii. if a Successor Inflation Index has not been determined pursuant to paragraph (b)(i) above of Condition 4.3.2, 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 4.3.2, 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 4.3.2, the Calculation Agent will proceed to paragraph (b)(iv) below of Condition 4.3.2; 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 4.3.2 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.

**4.3.3 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.

#### **4.4 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) as provided in the Trust Deed.

#### **4.5 Benchmark discontinuation**

##### **(A) Independent Adviser**

Notwithstanding the provisions above, 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 notify the Calculation Agent and Noteholders of the occurrence of such Benchmark Event and 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 4.5(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4.5(D)) shall apply.

In making such determination, the Independent Adviser appointed pursuant to this Condition 4.5 shall act in good faith and in a commercially reasonable manner 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 4.5.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to (x) determine a Successor Rate or, failing which, an Alternative Rate and any related Benchmark Amendments in accordance with this Condition 4.5(A) and (y) notify the Calculation Agent of such determinations prior to the date that is ten Business Days 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 Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Payment Date but ending on (and excluding) the Interest Commencement Date. 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 4.5(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 4.5); 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 4.5).

**(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**

Notwithstanding the provisions of Condition 14.4, if any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.5 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 4.5(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. Subject to receipt of the notice given in accordance with Condition 4.5(E), the Trustee and the Agent or, if applicable, the Calculation Agent and the Paying Agents shall, without liability to the Noteholders or any other person, be obliged to concur with the Issuer in effecting any of the Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) with effect from the date specified in the notice referred to in Condition 4.5(E) below.

Notwithstanding any other provision of this Condition 4.5, neither the Trustee, the Agent nor the Calculation Agent shall be obliged to concur with the Issuer in respect of any Benchmark Amendments which, in the sole opinion of the Trustee, the Agent or the Calculation Agent, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee or the Agent or the Calculation Agent in the Trust Deed, the Agency Agreement and/or these Conditions.

For the avoidance of doubt, for the period that the Agent remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest (or any component part thereof), the Original Reference Rate and the fallback provisions provided for in Condition 4.2 and the Agency Agreement will continue to apply.

None of the Paying Agents or the Calculation Agent shall be responsible or liable for any action or inaction of the Independent Adviser or in respect of the determination of any Successor Rate or Alternative Rate, or any Adjustment Spread or Benchmark Amendments.

In connection with any such variation in accordance with this Condition 4.5(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 4.5 will be notified promptly by the Issuer to the Trustee, 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.

Notwithstanding any other provision of this Condition 4.5, if, in the Agent or the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4.5, the Agent or the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Agent or the Calculation Agent in writing as to which alternative course of action to adopt. If the Agent or the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Agent or the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

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

Without prejudice to the obligations of the Issuer under Condition 4.5 (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 4.5:

“**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 is notified by the Issuer to the Calculation Agent as being:

- (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 4.5(B) and notifies the Calculation Agent 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 4.5(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
- (iii) 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;
- (iv) a public statement by the administrator or the supervisor of the administrator of the Original Reference Rate that, in the view of such administrator or supervisor, such Original Reference Rate is no longer representative of an underlying market or, in any case, should be used for informational purposes only rather than as a benchmark for securities such as the Notes;
- (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 4.5(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, or, at the option of the payee, by a cheque in such Specified Currency drawn on, 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 or, at the option of the payee, by a euro cheque.

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 (collectively, “**FATCA**”).

### 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 Condition 5.1 (*Method of payment*) 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) 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 T2 is open for the settlement of payments in euro.

## 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*) or under any undertaking or covenant given in addition thereto, or in substitution thereof, pursuant to the Trust Deed;
- (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 Amortised Face Amount (as defined in 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*) or under any undertaking or covenant given in addition thereto, or in substitution thereof, pursuant to the Trust Deed.

## **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 Trustee and the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (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 Trustee (i) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, 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 and the Trustee shall be entitled to accept the certificate and the opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 6.2 (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 6.7 (*Early Redemption Amounts*) 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 the applicable Final Terms to the Trustee, the Agent and the Noteholders in accordance with Condition 13 (*Notices*) (which notices 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, if Make-Whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Agent equal to the higher of:

- (a) 100 per cent. of the principal amount of the Note to be redeemed; and
- (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 (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 Bond 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)*):

“**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 Bond 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; and

“**Reference Dealers**” shall be as set out in the applicable Final Terms.

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 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 Clean-Up Call Option**

If the Clean-Up Call Option (defined herein) is specified in the relevant Final Terms as being applicable, in the event that 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes (including any Notes issued pursuant to Condition 16 (*Further Issues*)) remains outstanding (other than as a result of the Issuer exercising an Issuer Call pursuant to Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*)) (i) at an Optional Redemption Amount that is above par and (ii) with

an Optional Redemption Date which falls less than twenty-four (24) months before the Clean-Up Redemption Date), the Issuer may, at its option (the “**Clean-Up Call Option**”) but subject to having given not less than thirty (30) nor more than sixty (60) days’ notice to the Noteholders, redeem all, but not some only, of the outstanding Notes. Any such redemption shall be at par together, if appropriate, with any interest accrued to the date fixed for redemption (the “**Clean-Up Redemption Date**”).

## **6.5 Redemption at the option of the Noteholders upon the occurrence of a Relevant Event**

If Relevant Event Put is specified as being applicable in the applicable Final Terms, the holder of each Note will have the option (a “**Relevant Event Put Option**”) (unless prior to the giving of the Relevant Event Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6.2 (*Redemption for tax reasons*) or 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Relevant Event Put Date (as defined below) at its principal amount then outstanding together with interest accrued to (but excluding) the Relevant Event Put Date if a Relevant Event occurs.

Promptly upon the Issuer becoming aware that a Relevant Event has occurred, and in any event within 14 days after becoming aware of the occurrence of such Relevant Event, the Issuer shall give notice (a “**Relevant Event Put Event Notice**”) to the Noteholders in accordance with Condition 13 (*Notices*) specifying the nature of the Relevant Event and the procedure for exercising the Relevant Event Put Option.

To exercise the Relevant Event Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and/or 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 period (the “**Relevant Event Put Period**”) of 30 days after the date on which a Relevant Event Put Event Notice is given, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Relevant Event Put Exercise Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Relevant Event Put Exercise Notice, be held to its order or under its control. The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Relevant Event Put Period (the “**Relevant Event Put Date**”), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 10 (*Replacement of Notes, Coupons and Talons*)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. 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 Relevant Event Put 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.

The Paying Agent to which such Note and Relevant Event Put Exercise Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Relevant

Event Put Exercise Notice to which payment is to be made, on the Relevant Event Put Date by transfer to that bank account and, in every other case, on or after the Relevant Event Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Relevant Event Put Notice, once given, shall be irrevocable. For the purposes of the Conditions, receipts issued pursuant to this Condition 6.5 (*Redemption at the option of the Noteholders upon the occurrence of a Relevant Event*) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Relevant Event Put Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.5 (*Redemption at the option of the Noteholders upon the occurrence of a Relevant Event*), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Relevant Event Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Relevant Event or any event which could lead to the occurrence of or could constitute a Relevant Event has occurred and, until it shall have express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Relevant Event or other such event has occurred.

For the purposes of this Condition 6.5 (*Redemption at the option of the Noteholders upon the occurrence of a Relevant Event*), a “**Relevant Event**” shall be deemed to occur if a Change of Control occurs and, to the extent that at the time of the occurrence of the Change of Control, the Notes either:

- (i) carry from any Rating Agency an Investment Grade Rating (whether provided by such Rating Agency at the invitation of the Issuer or by its own volition), and such rating from any Rating Agency is, within sixty (60) days of the occurrence of the Change of Control, either downgraded to a Non-Investment Grade Rating or withdrawn and is not, within such sixty (60) day period, subsequently (in the case of a downgrade) upgraded to an Investment Grade Rating by such Rating Agency or (in the case of a withdrawal) replaced by an Investment Grade Rating from any other Rating Agency; or
- (ii) carry from any Rating Agency a Non-Investment Grade Rating, and such rating from any Rating Agency is, within sixty (60) days of the occurrence of the Change of Control, downgraded by one or more notches (*for illustration, Ba1 to Ba2 being one notch*) and is not, within such sixty (60) day period, subsequently upgraded to its earlier credit rating or better by such Rating Agency; or
- (iii) carry no credit rating, and no Rating Agency assigns within one hundred and eighty (180) days of the occurrence of the Change of Control an Investment Grade Rating to the Notes,

*provided* that (A) if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is an Investment Grade Rating, then subparagraph (i) above will apply, and (B) in making any relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted entirely from, or was influenced significantly by, the occurrence of the Change of Control.

For the purposes of the Conditions:

a “**Change of Control**” will be deemed to occur if the Issuer ceases to be controlled, directly or indirectly, pursuant to Article 2359 of the Italian Civil Code, by the Sponsors (or any of them) acting in

concert or by any individual Sponsor; provided that an initial public offering of the ordinary shares of the Issuer shall not constitute a Change of Control if immediately subsequent to such initial public offering (i) at least 30 per cent. of the issued share capital of the Issuer continues to be held, directly or indirectly, by the Sponsors (or any of them) acting in concert or by any individual Sponsor, with such issued share capital having the right to cast at least 30 per cent. of the votes capable of being cast in general meetings of the Issuer and (ii) no other person (either alone or acting in concert with other persons) holds more shares in the Issuer than the Sponsors (or any of them) acting in concert or such individual Sponsor;

“**Investment Grade Rating**” means an investment grade rating (Baa3 / BBB- or their respective equivalents, or better) from any Rating Agency;

“**Non-Investment Grade Rating**” means a non-investment grade rating (Ba1 / BB+ or their respective equivalents, or worse) from any Rating Agency;

“**Rating Agency**” means Moody’s Italia S.r.l., S&P Global Ratings Europe Limited and/or any other internationally recognised rating agency which has assigned a rating (which rating was originally solicited by the Issuer) to any of the Issuer and/or the Issuer's debt and/or the Notes, and any affiliates or successors of such agencies; and

“**Sponsors**” means funds and/or entities managed and/or advised by F2i SGR S.p.A., Ardian France S.A. and/or APG Asset Management N.V. (and any subsidiaries or affiliates of Ardian France S.A. and APG Asset Management N.V.).

## **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 (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 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 the Trustee has declared the Notes to be due and payable pursuant to Condition 9 (*Events of Default*), 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)*).

## 6.7 Early Redemption Amounts

For the purpose of Condition 4.3 (*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 (other than a Zero Coupon Note), at the amount specified in the applicable Final Terms or, if no such amount so specified in the applicable Final Terms, at its nominal amount; or
- (b) in the case of a Zero Coupon Note, at an amount (the “**Amortised Face 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).

- (c) 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. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer or any Subsidiary of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders for the purposes of Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

## 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 any Notes purchased and cancelled pursuant to Condition 6.8 (*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, 6.4, 6.5 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(b) above as though the references therein to the date fixed for the redemption or the date 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 or the Trustee 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:

$$\text{FinalRedemptionAmount} = \text{Specified Denomination} * \text{Max} \left[ 100\%; [\text{RedemptionAmountMultiplier}] * \left( \frac{\text{DIR(T)}}{\text{DIR(0)}} \right) \right]$$

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:

$$\text{DIR}(t) = \text{Inflation Index}(t - \text{Lookback Period 1}) + [\text{Inflation Index}(t - \text{Lookback Period 2}) - \text{Inflation Index}(t - \text{Lookback Period 1})] * [\text{DayOfMonth} - 1] / \text{DaysInMonth}$$

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 per cent.

The provisions of Condition 4.3 (*Inflation Linked Note Provisions*) shall apply *mutatis mutandis*.

## 7 Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future Taxes 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 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 made according to Italian Presidential Decree No. 600 of 29 September 1973 or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, pursuant to Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983 and pursuant to Italian Legislative Decree No. 461 of 21 November 1997, or future similar law and any related implementing regulations (each as amended or supplemented from time to time); or
- (f) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by complying with the procedural requirements set forth in Italian Legislative Decree No. 239 of 1 April 1996; or
- (g) any combination of the items (a) through (f) above.

Notwithstanding any other provision of the 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 withholding 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) “**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 Trustee or 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*).
- (ii) “**Taxes**” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax); and
- (iii) “**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.

## 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 (*Payments – Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Payments – Presentation of definitive Notes and Coupons*).

## 9 Events of Default

### 9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall, (subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction) (but, in the case of the happening of the events described in subparagraphs (b) to (e) (other than the liquidation, winding-up or dissolution of the Issuer) and (f) to (i) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice in writing to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount, together with accrued interest as provided in the Trust Deed, if any of the following events (each, an “**Event of Default**”) shall occur:

- (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 days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be 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 (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of written 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 €50,000,000 (or its equivalent in any other currency); or
- (d) if 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 by all appropriate means 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 discharged or cancelled within 60 days, save for the purposes of (i) a solvent amalgamation, merger, de-merger, reconstruction or other transaction having substantially the same effect (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, the Coupons and the Trust Deed and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee confirming the same prior to the effective date of such Solvent Reorganisation, or (ii) a reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

- (f) if the Issuer or any of its Material Subsidiaries ceases or announces that it shall cease to carry on the whole or a substantial part of its business, save for the purposes of (i) 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 such entity assumes all the obligations of the Issuer in respect of the Notes, the Coupons and the Trust Deed and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee confirming the same prior to the effective date of such Solvent Reorganisation, or (ii) a reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; 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 by all appropriate means 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; 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 Reorganisation or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders.

## 9.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take any step or action or institute such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other step or action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## 9.3 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 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; and

“**Substantial Part**” means a part of an entity’s assets or property which accounts for 30 per cent. or more of the Group's consolidated assets or consolidated revenues, as determined by reference to the most recently audited consolidated financial statements.

## 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. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, 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 (*Payments - General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee 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, and listed on the Official List of, Euronext Dublin and the rules of that exchange so require, on the website of Euronext Dublin ([www.euronext.com/en/markets/Dublin](http://www.euronext.com/en/markets/Dublin)) or in one daily newspaper published in Ireland. It is expected that any such publication in a newspaper will be made in the Financial Times in London. 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. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

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) 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 on the website of the relevant stock exchange or authority or 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 Meetings of Noteholders, Modification, Waiver and Substitution

### 14.1 Meetings of Noteholders

In accordance with the rules of the Italian Civil Code, the Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution (as defined in the Trust Deed) of a modification of these Conditions or any of the provisions of the Trust Deed.

All meetings of Noteholders will be held in accordance with applicable Italian law and the Issuer's by-laws in force from time to time. Without prejudice to the provisions set out in the Trust Deed, the meeting of Noteholders is empowered to resolve upon the following matters: (i) the appointment and revocation of a representative of the Noteholders having the powers and duties set out in Article 2418 of the Italian Civil Code (*rappresentante comune* or "Noteholders' Representative"), (ii) any amendment to the Conditions, (iii) motions for an administration order (*amministrazione controllata*) or the composition with creditors (*concordato*) of the 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 in accordance with Article 2415 of the Italian Civil Code.

### 14.2 Quorums and Majorities

The Trust Deed contains provisions in relation to the convening of meetings (which may be at a physical location or by way of conference call or videoconference), quorums and the majorities required to pass an Extraordinary Resolution (as defined in the Trust Deed) which shall be subject to mandatory laws, legislation, rules and regulations of Italy and the by-laws of the Issuer (to the extent permitted under Italian law) in force from time to time and as shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the by-laws of the Issuer are amended at any time while the Notes remain outstanding:

- (i) a meeting of Noteholders may be convened by the Board of Directors of the Issuer, the Noteholders' Representative or, subject to any mandatory provisions of Italian law, the Trustee when the Board of Directors, the Noteholders' Representative, or, subject to any mandatory provisions of Italian law, the Trustee, as the case may be, deems it necessary or appropriate and such parties shall be obliged to do so, in any event, upon the request of any Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being remaining outstanding, in each case in accordance with Article 2415 of the Italian Civil Code. If the Issuer or the Noteholders' Representative defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth of the aggregate principal amount of the outstanding Notes, the statutory auditors (or analogous body or supervisory body) shall do so, or if they so default, the same may be convened by a decision of the competent court in accordance with Article 2367, paragraph 2 of the Italian Civil Code;
- (ii) a meeting of Noteholders will be validly held (a) in respect of meetings convened to pass an Extraordinary Resolution that does not relate to a Reserved Matter (as defined in the Trust Deed) if (A) in the case of a first meeting, there are one or more persons present that hold or represent holders of more than one half of the aggregate principal amount of the outstanding Notes or (B) in the case of a second or further adjourned meeting, there are one or more persons present that hold or represent holders of more than one-third of the aggregate principal amount of the outstanding Notes; (b) in respect of a meeting convened to pass an Extraordinary Resolution relating to a Reserved Matter, there are one or more persons present that hold or

represent holders of at least one-half of the aggregate principal amount of the outstanding Notes; provided, however, that the Issuer's by-laws may provide for higher quorums (to the extent permitted under Italian law); and

- (iii) the majority required to pass a resolution by the Noteholders' meeting will be (A) in the case of a first meeting for voting on any matter other than a Reserved Matter, one or more persons that hold or represent holders of more than one half of the aggregate principal amount of the outstanding Notes, and (B) in the case of a second or further adjourned meeting for voting on any matter other than a Reserved Matter, one or more persons that hold or represent holders of at least two thirds of the aggregate principal amount of the Notes represented at the meeting and (C) in any case for voting on a Reserved Matter, one or more persons that hold or represent holders of not less than one half of the aggregate principal amount of the outstanding Notes, unless a different majority is required pursuant to Articles 2368 and 2369 of the Italian Civil Code (to the extent applicable), provided, however, that Italian law and/or the Issuer's by-laws may provide for higher quorums (to the extent permitted under Italian law).

Directors and statutory auditors of the Issuer shall be entitled to attend the Noteholders' meetings but not (i) take the floor or (ii) vote with reference to the Notes held by the Issuer. Any resolution (including an Extraordinary Resolution) duly passed at any such meeting shall be binding on all the Noteholders and on all Couponholders, whether or not they are present at the meeting and irrespective of whether they have cast their vote or of how their vote was cast at such meeting, and each of the Noteholders shall be bound to give effect to it accordingly.

#### **14.3 Noteholders' Representative**

In accordance with Articles 2415 and 2417 the Italian Civil Code, the Noteholders' Representative may be appointed by a meeting of Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative may be appointed by an order of the court where the Issuer has its registered office at the request of one or more Noteholders or of the Issuer's directors. The Noteholders' Representative shall remain appointed for a maximum period of three financial years from the appointment, but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

#### **14.4 Modification and Waiver**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and unless the Trustee otherwise agrees, any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

#### **14.5 Trustee to have Regard to Interests of Noteholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever

their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

#### **14.6 Substitution**

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being the Issuer's successor in business or any Subsidiary of the Issuer or any Subsidiary's successor in business, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

#### **15 Indemnification of the Trustee and Trustee Contracting with the Issuer**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

#### **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 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 Trust Deed, the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons, are governed by, and shall be construed in accordance with, English law. Condition 14.1 (*Meetings of Noteholders, Modification, Waiver and Substitution – Meetings of Noteholders*), Condition 14.2 (*Meetings of Noteholders, Modification, Waiver and Substitution – Quorums and Majorities*) and Condition 14.3 (*Meetings of Noteholders, Modification, Waiver and Substitution – Noteholders' Representative*) and the provisions of the Trust Deed concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

### **18.2 Submission to jurisdiction**

Each party hereto irrevocably agrees, for the benefit of the other parties, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

Each party hereto 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 Law Debenture Corporate Services Limited at its registered office at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate 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 Trust Deed and the Agency Agreement 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, which include making a profit and/or to refinance existing indebtedness, or as otherwise set out in the relevant Final Terms.

## DESCRIPTION OF THE ISSUER

### OVERVIEW

2i Rete Gas S.p.A. (the “**Issuer**” or “**2iRG**”) is a joint stock company limited by shares (*società per azioni*) incorporated in Italy in accordance with the provisions of the Italian Civil Code, with its registered address at Via Alberico Albricci 10, 20122 Milan, Italy. The Issuer is registered with the Companies’ Register of Milan under company number 06724610966, which is also its Tax Code and VAT Number. 2iRG may be contacted by telephone on +39 02 938991 and by certified e-mail at [2iretegas@pec.2iretegas.it](mailto:2iretegas@pec.2iretegas.it). 2iRG’s website is <https://www.2iretegas.it/en>.

Pursuant to its By-laws, the Issuer is incorporated for a period expiring on 31 December 2050, unless extended by a shareholders’ resolution. The main corporate object of 2iRG under its By-laws is the distribution and metering of gas of any kind in all of its applications.

2iRG is the parent company of the group consisting of 2iRG and its consolidated operating subsidiaries (collectively, the “**Group**” or “**2iRG Group**”), which is the second largest operator in the gas distribution sector in Italy with a market share of approximately 20.0% in terms of volumes of gas distributed in Italy<sup>2</sup>.

As at 31 December 2023, 2iRG Group managed 71,605 kilometres of network throughout Italy (equivalent to more than 26% of the entire Italian network) and has a widespread and geographically diversified network of concessions across the whole of Italy.

During 2023, the 2iRG Group distributed more than 5.3 billion cubic metres (bcm) of natural gas, provided gas services to 2,226 municipalities with more than 4.86 million end users (equivalent to an approximately 22% market share by re-delivery points (“rdp”)), and generated €1,152.6 million of consolidated revenues and €551 million of consolidated EBITDA for the financial year ended 31 December 2023.

### HISTORY OF THE GROUP – MOST SIGNIFICANT EVENTS

#### Incorporation and original acquisition

Incorporated on 16 September 2009 as a limited liability company (*società a responsabilità limitata*) under the laws of the Republic of Italy, the Issuer’s original corporate name was “F2i Reti Italia S.r.l.” and it was set up by F2i SGR S.p.A. (“**F2i**”) and ARDIAN (formerly AXA Private Equity) as a vehicle for the acquisition of an 80% stake in the gas distribution operator Enel Rete Gas S.p.A. (“**ERG**”) from Enel Distribuzione S.p.A. (“**Enel Distribuzione**”), which was completed on 30 September 2009. Formerly known as Camuzzi Gazometri S.p.A., ERG was itself acquired by Enel Distribuzione in 2002 and had operated in the gas distribution business since its incorporation in 1929. Over the years, ERG has expanded its distribution business through both acquisitions and organic growth of the network, and this process has continued following the 2009 acquisition.

#### Main events since incorporation

The main events since the ERG acquisition in 2009 have been as follows:

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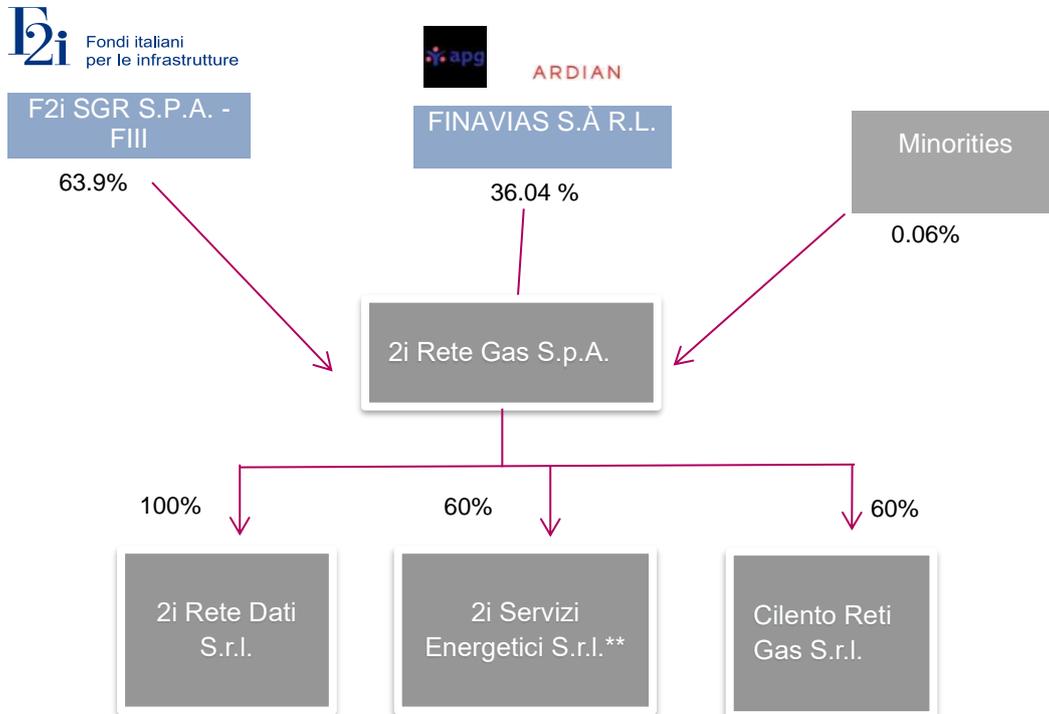
<sup>2</sup> Source: Issuer’s calculations based on ARERA 2023 Report, which refers to volumes distributed in 2022. See “*Industry and Market Data and Third Party Information*” on page 9.

<i>Year</i>	<i>Event</i>
2011	ERG acquires two of the main operators being sold by foreign utilities: E.On Rete S.r.l. from E.On Italia S.p.A. and G6 Rete Gas S.p.A. from GdF Suez Energia Italia S.p.A. (both subsequently merged by incorporation into ERG)
2013	F2i Reti Italia 2 S.r.l. (another acquisition vehicle set up by F2i and ARDIAN) acquires remaining minority stake in ERG from Enel Distribuzione
2014	F2i Reti Italia 2 S.r.l. is merged by incorporation into F2i Reti Italia S.r.l. ERG changes its name to “2i Rete Gas S.p.A.” (the “ <b>Former 2iRG</b> ”)
2015	Former 2iRG is merged by incorporation into its parent company, F2i Reti Italia S.r.l. and resulting entity is transformed into a company limited by shares ( <i>società per azioni</i> ) and changes its corporate name to “2i Rete Gas S.p.A.”  All assets (including the gas distribution network) and liabilities (including notes issued under the Euro Medium Term Note Programme established on 30 June 2014) of the Former 2iRG are vested in 2iRG, which is the current Issuer under the Programme
2016	GP Rete Gas S.p.A., a subsidiary operating gas distribution concessions in eight municipalities in the Lombardy Region, is merged by way of incorporation into 2iRG  Italcogim Trasporto S.r.l. (a wholly owned subsidiary) transfers gas distribution network in the Marche Region to 2iRG
2017	2i Rete Gas, through its newly incorporated wholly-owned subsidiary 2i Rete Gas Impianti S.r.l., agrees to acquire Nedgia S.p.A. (“ <b>Nedgia</b> ”), then seventh largest gas distributor in Italy and headquartered in the province of Bari, and Nedgia’s service company, Gas Natural Italia S.p.A. (“ <b>Gas Natural Italia</b> ”)
2018	Following antitrust clearance, acquisition of Nedgia and Gas Natural Italia is completed, strengthening 2iRG’s presence in Central and Southern Italy and gaining 223 concessions  Genia Distribuzione Gas S.r.l., a subsidiary operating the natural gas distribution service in San Giuliano Milanese in the Lombardy Region, recently acquired, is merged by way of incorporation into 2iRG  Reverse merger of 2i Rete Gas Impianti S.r.l. into Nedgia (by then known as 2i Rete Gas Impianti S.p.A.) and subsequent partial demerger of Nedgia in favour of 2iRG, transferring operating activities, contracts and personnel to 2iRG  Acquisition of Compagnia Generale Metanodotti S.r.l. (“ <b>CGM</b> ”), operating the gas distribution network in Cadeo in the Piacenza 2 ATEM (subsequently merged by incorporation into 2iRG in 2020)
2019	Mergers of Gas Natural Italia (by then known as 2i Rete Gas Servizi S.p.A.), Nedgia (by then known as 2i Rete Gas Impianti S.p.A.) and CGM, in each case by way of incorporation into 2iRG  Disposal of equity interest in Murgia Reti Gas S.r.l., holding concessions in the Bari 2 and Foggia ATEMs, in accordance with conditions imposed by regulator for antitrust clearance of the Nedgia / Gas Natural Italia acquisition

<i>Year</i>	<i>Event</i>
2020	<p>2iRG acquires Montelungo Gas S.r.l., Maierà Gas S.r.l. and Cometam Gas S.r.l, operating around 60 km of network in the south of Italy (Campania and Calabria), all subsequently merged by incorporation into 2iRG</p> <p>2iRG acquires Powergas Distribuzione S.p.A., operating in the gas distribution system in 13 municipalities in the Campania Region, subsequently merged by incorporation into 2iRG in January 2021</p>
2021	<p>Transfer to 2i Rete Dati S.r.l. (“<b>2i Rete Dati</b>”), a newly-incorporated subsidiary, of 2iRG’s infrastructure and business dedicated to remote data reading and management of smart meters installed at redelivery points</p> <p>Acquisition from Edison S.p.A. of Infrastrutture Distribuzione Gas S.p.A., operating gas distribution networks in 58 municipalities in the regions of Abruzzo, Emilia-Romagna, Lazio, Lombardy and Veneto, merged by incorporation into 2iRG later in the year</p> <p>Discontinuation of water distribution business following completion of disposals of residual water distribution services in three municipalities located in Sicily and two municipalities in the Liguria Region</p>

## GROUP STRUCTURE

The organisational and ownership structure of the Group as at the date of this Base Prospectus is outlined in the following chart:



\* F2i - *Terzo Fondo per le Infrastrutture* (“**F2i Third Fund**”) managed and advised by F2i.

\*\* 2i Servizi Energetici S.r.l. is not consolidated on a line-by-line basis.

## Subsidiaries

The Issuer’s subsidiaries are as follows:

- *2i Rete Dati S.r.l.*: a wholly owned subsidiary operating in the installation and running of data transmission connectivity infrastructures for remote meter reading and remote management of smart gas meters and other types of smart devices;
- *Cilento Reti Gas S.r.l.*: a project company in which the Issuer holds a 60% shareholding, with the remaining 40% held by Bonatti S.p.A., this company is involved in the construction of the natural gas distribution network in various municipalities in the province of Salerno who have signed up to the 2010 concession agreement with the Municipality of Celle di Bulgheria; and
- *2i Servizi Energetici S.r.l.*: a company engaged in the development and marketing of energy efficiency initiatives for public and private entities, established as a joint venture in which the Issuer holds a 60% stake, with Tekne Esco S.r.l. holding the remaining 40%.

## STRATEGY

### Overview

The mission of the 2iRG Group is to manage, develop and enhance gas distribution networks and infrastructures, with the aim of continuous improvement and operational excellence and to pursue technological innovation for a new energy model that reduces environmental impact and continues to meet Italy's energy needs efficiently.

The business model adopted by 2iRG is designed to manage the distribution infrastructure efficiently until the next renewal of the concessions, ensuring the continuity and quality of the service provided. To this end, 2iRG has adopted an Integrated Quality, Safety and Environmental Management System (the "IMS") setting out rules and procedures aimed at fostering the ability of the 2iRG Group to manage and operate the natural gas distribution service on a regular, continuous and safe basis in compliance with the applicable mandatory requirements and in accordance with the relevant certification standards. Such process is developed in three different time phases:

- *Acquisition of new concessions*: both through participation in tenders for the local gas distribution service in the allocated multi-municipality minimum geographical areas (*Ambiti Territoriali Minimi* or "ATEMs") and by carrying out corporate acquisitions;
- *Service management*: in other words, the operation and maintenance of facilities, and provision of service to interested parties; and
- *Release of facilities*: at the end of the contract.

### Sustainability Policy

On 25 March 2020, the Board of Directors first time approved the sustainability policy of 2iRG, updated in 2022 and then in 2023 (the "Sustainability Policy"). The Sustainability Policy has been outlined in order to support the integration of sustainability topics into the corporate strategy and operations of 2iRG, as the Group intends to play an active role in the transition towards a more sustainable economy from an environmental, social and governance perspective. It is aimed at providing guidance on:

- the business decisions of the Group with a view of sustainability;
- the assumption of firm commitments; and
- the definition of implementation principles to be followed to ensure responsible business management.

The essence of the Sustainability Policy is to strengthen and, at the same time, develop all guiding principles on which the Group's own identity rests and to raise awareness in respect of the commitments undertaken in the area of sustainability to pursue a balanced development in the medium and long term. Furthermore, the Sustainability Policy highlights, endorses and sets out the Group's belief that, in order to create sustainable and long-lasting value, business growth must be combined with respect for the principles of legality, integrity, impartiality and transparency, on the basis of an integrated strategy, applying at the same time continuous improvement practices as well as operation efficiency and cost-effectiveness criteria.

Indeed the commitments set out in the Sustainability Policy (i) to stimulate everyone's contribution; (ii) to ensure efficiency, quality and safety; (iii) to distribute energy for a cleaner future; and (iv) to create shared value, are driven and underpinned by prerequisites, *i.e.* aspects considered to be essential - such as regulatory compliance, ethics and anti-corruption, listening to stakeholders and creating economic values - as well as by implementation principles that identify the priority actions to be taken and developed by the Group.

In the context of the Sustainability Policy and of the energy policies and plans of the European Union, in particular after the update of the Integrated National Energy and Climate Plan (PNIEC) published by the Ministry of Enterprises and Made in Italy, in 2023 2iRG continued its commitment to reduce the carbon footprint of its activities. The Issuer developed working lines in favour of the ecological transition, such as:

- reductions in fugitive emissions, also through automatic and predictive regulation of network pressure;
- preparatory studies in cooperation with leading university institutions for the development of analysis relating to the introduction of hydrogen into the distribution networks and experiments for the introduction of methane gas / hydrogen mixture also in collaboration with supply chain operators;
- in the biomethane sector, with the increase of the number of plants connected to the Issuer's distribution network, which in 2023 covered the annual needs of 12,000 families and continue to represent a positive circular economy model. Since 2015 2iRG has received approximately 248 requests in the biomethane sector, has made 67 quotations to customers (of which 12 have been accepted) and has four active connections. The Issuer is also engaged in feasibility studies and achieving plant interconnections and the creation of a bi-directional network to maximise the injection of biomethane into the gas network and to increase the underlying catchment area;
- the continuous commitment to reduce all energy consumption, whether linked to technological systems, company headquarters or the car fleet, for which the Issuer launched an important electrification plan; the actions also includes the use of energy from renewable sources to improve the efficiency of gas pre-heating energy systems on the Issuer's network.

The validity of the Issuer's multidisciplinary approach to energy transition is also demonstrated by the admission to financing by ARERA of all the experimental projects for the innovative use of networks presented by 2i Rete Gas and focused, as mentioned, on maximising the use of green gas, limiting emissions into the atmosphere and reducing energy consumed in plants.

In addition, in recognition of the credibility of the Issuer's commitments and its objectives for reducing methane emissions into the atmosphere, the Oil & Gas Methane Partnership ("OGMP") of the United Nations, which the Issuer voluntarily joined in 2022, has awarded 2i Rete Gas the Gold Standard, the highest recognition provided under the OGMP 2.0 Framework.

### ***Sustainability Plan***

The Sustainability Policy plays a key role with respect to the 2iRG will to implement the gradual integration of ESG factors into the governance of the 2iRG Group. Indeed, it steers and reflects the commitments that the 2iRG Group has defined with respect to the prerequisites and material topics, which are in turn set out in a "Sustainability Plan" as qualitative and quantitative goals to be achieved in the short, medium and long term by deploying concrete initiatives, which can be measured through specific KPIs and according to specific targets set beforehand. By structuring the projects defined in sustainability on a four-year basis, the Sustainability Plan therefore qualifies as the programmatic document whereby 2iRG puts in place the commitments and implementation principles set out and established by the Sustainability Policy and through which it aims to contribute, most notably with the achievement of certain sustainable development goals (SDGs) recognised as relevant to the business and consistent with the Group's strategic development path.

The new Sustainability Plan of 2iRG was approved for the first time by the Board of Directors on 25 March 2020 and its latest update was approved on 23 May 2024.

In order to transfer the Issuer's commitments to the entire corporate organisation, 2iRG has adopted a widespread sustainability management model, based on the identification of several figures in charge of overseeing, implementing and monitoring the Sustainability Plan, according to different levels of responsibility: sponsor; project and process owner; and data provider. The activities assigned to those individuals, as a whole,

complement those of the Sustainability Manager, as well as of the Sustainability and Transparency Working Group and of the Steering Committee, which are respectively in charge of supporting the management in sustainability matters by integrating them into business processes and proposing the progressive evolution of initiatives, assisting the project and process owners in achieving the objectives set out in the Sustainability Plan; defining updates to the Sustainability Policy and the Sustainability Plan and ensuring the achievement of the objectives formally approved by the Board of Directors.

## **BUSINESS OF THE GROUP**

### **Overview of the Gas Distribution Business**

The 2iRG Group mainly operates in the distribution of natural gas for civil and industrial use across the Republic of Italy, which entails the transportation, through medium and low pressure pipeline networks, of natural gas belonging to sales companies to end-customers (only a few municipalities are served with liquefied petroleum gas). The distribution activity occurs from delivery points at the metering and decompression and measurement stations (city gates) to redelivery points to the end customers (households, businesses, etc.).

In particular, the Group performs the following three core business activities:

- *Network management*: this consists of planning, engineering, construction of infrastructures, as well as the installation of meters at users' premises, with 2iRG in charge of the operation and maintenance of the gas network in order to ensure proper network functioning as required by the national regulations set out by the law and ARERA regulations and standards, as well as by the technical emergency system ("*Pronto Intervento*") requirements;
- *Commercial activity*: including a wide range of commercial services mainly provided to sales companies, such as meter readings, deactivations and switches; and
- *Dispatching activity*: consisting of data management concerning volumes of gas distributed, for allocation to the sales companies of the daily quantities on the transportation networks redelivery points.

Following the disposal of its remaining water distribution businesses in January 2021, the 2iRG Group no longer carries out water distribution activities.

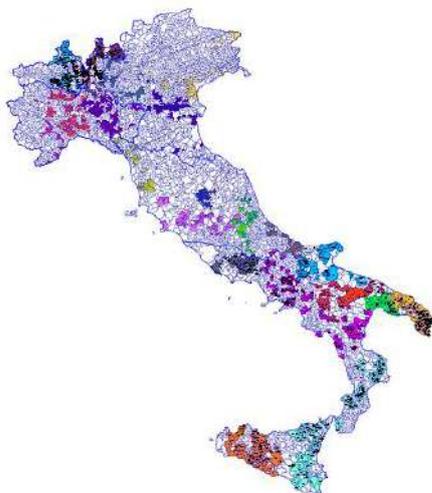
The business of the Issuer is dependent on gas distribution concessions granted by Italian local authorities and is a regulated activity under the authority of the Italian Regulatory Authority for Energy, Networks and the Environment (*Autorità di Regolazione per Energia, Reti e Ambiente* or "**ARERA**"). For further information, see "*Regulatory and Legislative Framework*" below.

At the end of 2023, the Group operated gas distribution service in approximately 2,226 municipalities (19 of which are provincial capitals) and managed 71,605 kilometres of medium and low pressure transportation network (equal to approximately 26% of the entire Italian network).

The territorial structure of 2iRG consists of six departments as described below:

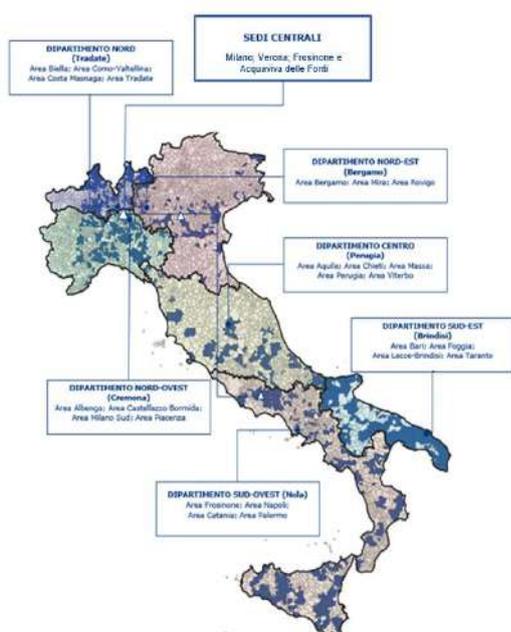
- North-West Department – Via Gazzoletto, 16/18 - 26100 Cremona (in the province of Cremona);
- North Department – Via Del Seprio 42 in Lomazzo (in the province of Como);
- North-East Department – Via Serassi, 17/Rs - 24124 Bergamo (in the province of Bergamo);
- Central Department – Via Morettini, 39 - 06128 Perugia (in the province of Perugia);
- South-West Department – Via Boscofangone snc - 80035 Nola (in the province of Naples); and
- South-East Department – Via Enrico Mattei - 72100 Brindisi (in the province of Brindisi).

The following map illustrates the areas of concentration of 2iRG’s operations and infrastructures in Italy as at 31 December 2023.



- **Presence in 18 Regions**
- 140 out of **172 Ambiti Territoriali Minimi (“ATEMs”)** as indicated nationwide by the Ministry of Economic Development (“MED”)
- Approximately 2,226 municipalities under management, including 19 provincial capitals

As at 31 December 2023 the aggregate operating data of the Group are as follows:



<b>Regional presence (#)</b>	18
<b>ATEM presence (#)</b>	140
<b>Re-delivery points (“rdp”) (m)</b>	4.9
<b>Distributed volumes (bcm)</b>	5.3
<b>Municipalities under management (#)</b>	2,226
<b>Employees (#)</b>	2,177
<b>Grid extension ('000 km)</b>	72
<b>Capex (€ m)</b>	372

### Infrastructure

2iRG undertakes natural gas distribution activities using an integrated system of infrastructures.

As at 31 December 2023, the system was composed of 1,278 decompression and measurement stations (city gates) where gas filtration, preheating, reduction of pressure, measurement and odourisation are performed. City gates are the break points between transportation and distribution infrastructure systems. 2iRG’s stations are remotely measured and controlled.

2iRG’s natural gas distribution network as at 31 December 2023 was composed of a few kilometres (less than 1%) of pipeline managed at a minimum operating pressure of 5 Bar (high pressure pipeline) and around 40%

of pipeline managed at an operating pressure of between 5 Bar to a minimum of 0.04 Bar (medium pressure pipeline). 16,382 reduction units are located next to the residential centres reducing the pressure from medium to low pressure. A pipeline managed at a maximum operating pressure of 0.04 Bar is normally used for distributing gas to the end users (low pressure pipeline); approximately 60% of the Issuer's pipeline is managed at a low operating pressure. The Issuer manages a highly efficient and modern pipeline, of which approximately 24% is made up of polyethylene pipes (with no need for a corrosion protection system) and approximately 76% of steel pipes, all protected against corrosion by a cathodic protection system. The distribution system ends with connections between the distribution pipelines to final customers' systems and metering systems.

Overall, in 2023 a total of about 242 km of network was laid, of which about 94 km was for laying pipelines in medium pressure and about 148 km for low-pressure pipelines.

The aggregate data related to the infrastructure of the Group as at 31 December 2023, which have been determined by the Issuer on the basis of the elaboration of data available to it, are as follows:

<b>Decompression stations ("Re. Mi.")</b>	1,278
<b>Reduction units</b>	16,382
<b>Cathodic protection system units</b>	4,117
<b>Remote control units</b>	11,586
<b>Control system units</b>	1,612

## 2iRG Gas Distribution Concessions

### Overview

As at 31 December 2023, 2iRG held active concessions in 2,226 municipalities, representing approximately 4.86 million redelivery points. Of these, 2,121 concessions in 2,128 municipalities representing approximately 4.22 million redelivery points (or 87% of total redelivery points managed by the Group) have expired and are currently under a "*prorogatio*" or caretaker regime<sup>3</sup>.

In particular, the status of the 2iRG Group's natural gas distribution concessions in Italy as at 31 December 2023 can be summarised as follows:

- concessions in 816 municipalities (relating to 1,521,751 redelivery points), the contracts for which have expired by operation of law and are currently being operated by the Issuer under the "*prorogatio*" regime pursuant to Article 14.7 of the Legislative Decree No. 164 of 23 May 2000 (as amended and supplemented, otherwise known as the "**Letta Decree**") until a successful bidder is awarded the concession after completion of an ATEM tender procedure, which in some cases has already started;
- concessions in 1,312 municipalities (relating to 2,699,399 redelivery points), the contracts for which have expired as the end date of the concession has been reached and which are currently being operated by the Issuer, again under the "*prorogatio*" regime pursuant to Article 14.7 of the Letta Decree, until a successful bidder is awarded the concession after the completion of an ATEM tender procedure; and

<sup>3</sup> As natural gas distribution services constitute "public services" for the purposes of the Letta Decree, if a concession expires before a new one is awarded through a public tender procedure, the relevant concession holder (such as 2iRG or another Group company acting as concession holder) will continue to provide (and be remunerated for) the service under the terms of the expired concession until a new concession has been awarded (the so-called "*prorogatio*" regime).

- concessions in 98 municipalities (relating to 642,434 redelivery points) the contracts for which have not yet expired.

See the section “*Regulatory and Legislative Framework*” below for more details.

The 2iRG Group business is not involved in any client retail activity as gas distribution companies only provide distribution services to wholesale clients.

As at the date of this Base Prospectus, given the very low number of tenders launched and awarded under the new concession regime, there is no historical and significant data regarding participation by 2iRG in tenders for distribution concessions or any historical success rate in terms of winning distribution concessions.

### ***Concession development and operation***

Despite the regulatory changes in 2017 aimed at simplifying the tender process, the competitive bidding market for gas distribution service concessions in 2023 saw the sending-out of invitation letters for the restricted procedure in the Turin 5 ATEM and the launch of only one new ATEM tender, which was Trento.

In addition, as of the date of this Base Prospectus, the following ATEM tenders appear on from the ARERA dashboard, which is the instrument setting out the information regarding the outcomes of the analysis of tender documentation sent by the contracting authorities (as set out in article 9, paragraph 2 of Ministerial Decree No. 226 of 12 November 2011):

<b>ATEM</b>	<b>Status of tender</b>
Milan 1 – City of Milan Turin 2 – Plant of Turin Valle d’Aosta Naples 1 – City of Naples Coastal Plant, Turin 1 – City of Turin Udine 2 - Centre	Management operations ongoing
Belluno La Spezia Rimini	Tenders completed with final contract award
Trento Turin 5	Deadline for submission not yet expired
Catanzaro-Crotone	Bid assessment by tender committee still ongoing
Como 3 Cuneo 1 Firenze1-Firenze 2 Genova 1 Lucca Modena 2 Massa Carrara Rome 2 Verona 2 Vicenza 2 Vicenza 3 Pordenone	Either analysis of tender temporarily deferred by ARERA with request for additional documentation or ARERA still reviewing the call for tenders

**ATEM****Status of tender**

Rome 1	Analysis of tender documentation from contracting authorities completed by ARERA, so related announcements could now be published
Venice 1	
Forlì & Cesena	
Modena 1	
Rome 4	

Trieste	Following analysis by ARERA of tender documentation, notices called off or cancelled after their publication
Genova 2	
Biella	
Prato	

Furthermore, in 2022 and 2023 the following “non-ATEM” tenders were called for:

<b>Date</b>	<b>Municipality</b>	<b>Concession</b>
2 March 2022	Trodona nel Parco Naturale (BZ)	Natural gas distribution service
15 April 2022	Canazei (TN)	Construction and transitional management through project financing of natural gas distribution plant
13 May 2022	Ogliastro Cilento (SA)	Construction and management through project financing of natural gas distribution plant
17 June 2022	Cavalese (TN)	Construction and transitional management through project financing of natural gas distribution plant
25 July 2022	Altavilla Silentina (SA)	Construction and management through project financing of natural gas distribution plant
23 September 2022	Nanto (VI)	Natural gas distribution service
18 November 2022	Perdifumo (SA)	Construction and management through project financing of natural gas distribution plant
9 December 2022	Ottaviano (NA)	Construction and management through project financing of natural gas distribution plant
23 December 2022	Controne (SA)	Construction and management through project financing of natural gas distribution plant
23 December 2022	Corleto Monforte (SA)	Construction and management through project financing of natural gas distribution plant
27 December 2022	Castelcivita (SA)	Construction and management through project financing of natural gas distribution plant
8 November 2023	Pont-Saint-Martin (AO)	Construction and management through project financing of LPG distribution plant in the Ivery hamlet

### ***Focus on specific tenders***

The paragraphs below provide a specific focus on ATEM and non-ATEM tenders which 2iRG took part in or concessions held as outgoing operator, and in respect of which the process is still pending with the other participants or the awarding authority.

#### *Udine 2 ATEM tender*

Following the award of the Udine 2 ATEM tender to AcegasApsAmga S.p.A. (“**AcegasApsAmga**”) in 2021, 2iRG as outgoing operator delivered the Mortegliano Municipality plants to AcegasApsAmga on 31 March 2023 and a provisional sum representing the residual industrial value (*valore industriale residuo* or “**VIR**”) has been already paid to the Issuer. By a letter sent to the contracting authority on 3 April 2024, the VIR was updated by reference to the plant delivery date and the amount was approved by the contracting authority on 24 April 2024 and so will have to be paid to the Issuer by AcegasApsAmga.

#### *Naples 1 ATEM tender*

The Naples 1 ATEM tender (relating to the City of Naples and five neighbouring municipalities) was awarded to 2iRG in 2021 but the runner-up and outgoing operator, Italgas Reti S.p.A. (“**Italgas Reti**”), has made a series of legal challenges against both the selection of the winning bidder and the amount of VIR payable to it. Following an unsuccessful application by Italgas Reti for the suspension and voidance of the award, which became final, 2iRG commenced operation of the concession from 1 December 2022, having signed an agreement with the City of Naples for the delivery of the plant and paid Italgas Reti the VIR determined by the contracting authority in accordance with the criteria set out in the tender bid.

Italgas Reti filed two separate appeals against the Issuer and the City of Naples seeking a reassessment of VIR and payment by 2iRG of an additional sum of €59.66 million. The first proceedings are currently subject to an application by the City of Naples to the Court of Cassation (Italy’s highest court) to determine whether the case should be heard by a civil or an administrative court. A hearing in the second proceedings is currently due to take place on 12 December 2024 and may result in the two proceedings being merged and, if so, also in a stay in the second proceedings pending an order from the Court of Cassation on the matter of jurisdiction.

#### *Biella ATEM tender*

In January 2020, 2iRG brought a challenge against the tender launched by the Province of Biella for the Biella ATEM concession before the Regional Administrative Court (*Tribunale Amministrativo Regionale* or “**TAR**”) of Piedmont, mainly on the grounds of uncertainty over reimbursement values that the winning bidder should pay to the municipalities of Massazza, Quaregna Cerreto, Camandona and Candelo for the purchase of facilities. Allowing 2iRG’s application, the TAR annulled the notice of call for tender and the tender documentation in March 2023 and, consequently, the Province of Biella has suspended the tender.

#### *Turin 5 ATEM tender*

On 23 October 2023, 2iRG served proceedings on the Municipality of Ivrea as contracting authority for the Turin 5 ATEM before the TAR of Piedmont, challenging the letter of invitation to submit a bid in the restricted procedure and applying for suspension of the contested document. Following a judgment by the TAR dismissing the application in February 2024, 2iRG filed an appeal with the Council of State and applied for a stay on the judgment. On 11 April 2024 the Council of State rejected the application for a stay and scheduled a hearing to start discussing the appeal on 3 October 2024.

#### *Trento ATEM tender*

On 29 January 2024 2iRG gave notice to the Autonomous Province of Trento as contracting authority for the Trento ATEM of proceedings before the TAR of Trentino-Alto Adige challenging the tender documents and

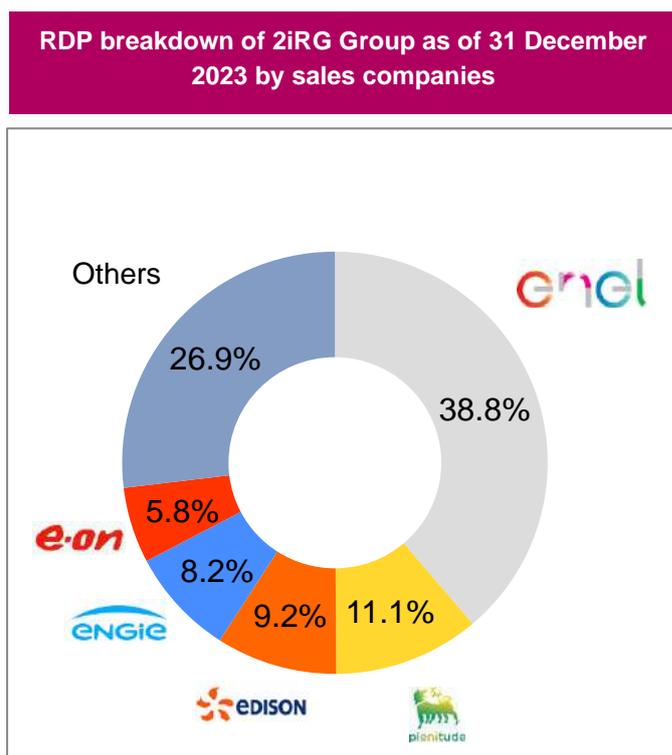
seeking suspension of the tender. A decision by the Judge is expected ahead of the deadline on 19 July 2024 for submitting bids under the tender.

## Relations with Traders and Customer Care

### *Major customers*

In 2023, the 2iRG Group continued in the management of the gas distribution business, undertaking normal commercial relations with its customers (gas sales companies or traders).

The Group's main customers are Italian companies which are leaders in the gas market. In particular, the chart below shows the market share of the gas sale companies during the year:



### *Commercial quality*

The performance level in terms of commercial quality is measured by two types of quality standards: “general levels” and “specific levels” of quality, for which the provisions of ARERA (resolution 569/2019/R/gas for the new regulatory period of security and continuity of service 2020-2025) establishes the reference points.

“General quality levels” are quality levels relating to the totality of a particular type of services and are measured as a percentage of the services carried out in compliance with the established level with respect to the total performance of that type and are compared to a pre-established percentage of reference.

“Specific quality levels”, on the other hand, are quality levels relating to the individual service of other types, to be guaranteed to the requesting customer, against whom, in case of non-compliance, the regulation of automatic compensation applies.

The overall quality index of the Issuer, pursuant to the provisions of Resolution No. 569/2019/R/gas, was 0.04% in 2023 (0.10% in the previous year) and was 0.04% for the specific levels (0.10% in the previous year) and 0.104% for the general levels (0.18% in the previous year).

## **Integrated Information System**

In the frame and as part of the Integrated Information System (*Sistema Informativo Integrato* or “SII”, established at Acquirente Unico (the public company which manages the SII), with the aim of managing information flows between operators participating in the electricity and gas markets, according to the rules and procedures defined by ARERA), starting from 2019, the information and data in the Official Central Register were updated and made available to the SII.

The legislative aim being pursued was to provide the SII with a complete and accurate database to ensure the appropriate management of all commercial processes, with special reference to network access by selling companies, metering, settlement and social bonus, based on the principle of shared responsibilities between the SII and the distribution company. In 2019, in compliance with the provisions set by ARERA, the processes and related information flows relating to the availability of measurement data applicable to the SII through the “Next Cloud” platform were upgraded.

The Issuer implemented ARERA’s provisions on IT systems, which introduced the indemnification system in the natural gas sector, including the management of the eligibility process for seeking suspension of the indemnity and the related communication flows with the SII in force as of 1 July 2019, as well as the acknowledgement and payment of indemnities to the selling companies.

Among other processes that in the last years have been transferred to the SII, there is also the Settlement process (i.e. regulation of volumes and economic items of the natural gas balancing service under the responsibility of the main transport company and also carried out on the basis of data provided by distribution companies). According to Resolution ARERA 72/2018/R/gas (subsequently supplemented by Resolutions ARERA 148/2019/R/gas and 222/2020/R/gas), starting from 1 January 2020 the Settlement process’ management has been transferred, from its previously setting based on the distribution companies’ activities, to a centralised management based on the SII’s activities.

In 2021, following the provisions of Law Decree no. 124/2019, with ARERA Resolution no. 14/2020/R/com, followed by Resolution 63/2021/R/com and 223/2021/R/com, the process of issuing electricity, gas and water social bonuses to economically disadvantaged customers has been automatised giving a central role to the SII in the activation and management of the supporting mechanism. As far as energy bonuses are concerned (including gas social bonus), the relief, based on state public contribution, is still delivered by the energy distributors to the energy suppliers and then to the end customers.

More recently, the SII has been also involved in the management of the accountability/taking responsibility mechanisms for gas distribution companies introduced by ARERA:

- under Resolution 269/2022/R/gas, the SII is in charge of calculating the automatic compensations for suppliers in case of low-performance smart metering;
- pursuant to Resolution 386/2022/R/gas (supplemented by Resolution 494/2023/R/gas), the SII is required to provide miscellaneous information needed to create and update the database of distribution companies subject to the mechanism of penalties aimed at fostering a better management of differences between gas volumes entering the distribution grids and those delivered to end customers (“Delta In-Out”); and
- under Resolution 555/2022/R/gas, the SII is involved in the implementation of the taking responsibility mechanisms starting in 2024, aimed at incentivising, through the application of sanctions, the distributors with regard to gas settlement procedures to ensure the utmost timeliness in the rectification of consumption data that have not successfully passed the consistency check in the settlement process - more precisely, during the balancing or adjustment session - and for which a correction must be carried out.

### **Service continuity and safety**

The Group carried out checks on the data concerning service continuity and safety processes as set out in ARERA Resolution 569/2019/R/gas for the new regulatory period of security and continuity of service 2020-2025.

The main monitored parameters relate to services showing the distributor's ability to promptly intervene in potentially dangerous situations (emergency interventions, intervention time), or to organise and carry out preventative checks to ensure correct monitoring of safety conditions (percentage of network subject to inspection, level of gas odourisation, percentage of network with cathodic protection).

In 2023, the Group's planned inspection on the distribution network covered over 78% of the high and medium pressure piping and over 64% of the low pressure piping.

With regard to checks on the level of odourisation of the gas distributed, which were carried out in the field in order to provide a complete check on the real level of odourisation of such gas, the Group carried out approximately 17,900 gas chromatography tests, well above the minimum value required by ARERA (around 3,600 tests).

### **Smart meters**

The installation of smart meters and the infrastructure for collecting consumption reading data is one of the most important projects of the Group, both from the point of view of innovative and technological content, and with reference to the terms of investment. The installation and use of new generation smart meters ensures greater accuracy and promptness in metering and prompt recording of actual consumption, while improving the effectiveness of corporate processes.

At the end of 2023 approximately 4,860,000 smart meters were installed, representing about 93.9% of the Group's total meters, in line with the annual target.

For further information on the financing of the investments on the Group's smart metering project, see also "*Financing – The EIB Facilities*" below.

In addition to the installation of meters with point-to-point technology (transmission data via SIM of the telephone network mobile), implementation continued of the dedicated infrastructure and management for transmission data through concentrators, which allow for collection of information coming from electronic meters with point-to-multipoint technology (Mhz 169). The total number of concentrators installed at 31 December 2023 was equal to 5,655.

## FINANCIAL HIGHLIGHTS OF THE GROUP

The tables below show key financial and operating data for the Group as at and for the years ended 31 December 2023 and 2022.

	<b>As at and for the year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>(€ millions)</i>	
EBITDA <sup>(1)</sup>	551.0	505.7
EBITDA without IFRC 12 <sup>(1)</sup>	547.4	502.5
Net Income	182.1	169.5
Cash flow from operating activities	392.3	467.5
Net fixed assets <sup>(1)</sup>	4,440.1	4,435.3
Net working capital <sup>(1)</sup>	168.5	42.2
Gross invested capital <sup>(1)</sup>	4,608.6	4,477.5
Net invested capital <sup>(1)</sup>	4,616.0	4,486.7
Capex <sup>(1)</sup>	372.2	664.9
Adjusted Net financial position <sup>(1)</sup>	(3,268.8)	(3,196.0)
ESMA Net financial position <sup>(1)</sup>	(3,281.3)	(3,208.6)
	<i>(number)</i>	
Served Municipalities	2,226	2,226
Active redelivery points	4,863,979	4,861,083
	<i>(millions of cubic metres)</i>	
Distributed gas (natural gas and LPG)	5,313	5,599
	<i>(kilometres)</i>	
Managed networks	71,939	71,755

<sup>(1)</sup> For further information on the criteria used to construct these items, see “Alternative Performance Measures” on page 8-9.

## MARKET POSITION

The main operators within the natural gas distribution market in Italy are (i) large energy and utility players, (ii) local utilities, (iii) small operators controlled by local municipalities and (iv) private companies. The large players operate throughout the whole country, while smaller players and local utilities have a more regional approach. The northern part of Italy has a high degree of fragmentation due to the presence of many small public and private operators and local utilities, while the southern part of Italy has a higher degree of concentration due to the presence of larger players and to the more recent development of the network.

In recent years, the market has experienced a trend of consolidation that reduced the number of distributors (from 780 in 2000 to 186 in 2022, with further consolidation expected in the future. Of the 186 distributors, 28 “very large” (with over 500,000 redelivery points) and “large” market participants (with over 100,000 redelivery points) control more than 85% of the market in terms of volumes distributed. The two largest market participants are 2iRG and Italgas Reti, either directly or indirectly controlling more than 48% of the market, followed by Hera S.p.A. (8.3%) and A2A S.p.A. (8.0%). In addition, some of the major European utility companies have exited the market, such as E.ON, Engie, Naturgy and Edison (whose gas distribution network was acquired by 2iRG).

As a result of the foregoing, as at 31 December 2022, the 2iRG Group is the second largest operator in the distribution of natural gas in Italy, after Italgas Reti, with a market share of 20.0% in terms of volumes distributed in Italy<sup>(1)</sup>.

It is likely that the consolidation process described above will continue in the future, partly as a result of the legislative framework for gas distribution enacted in 2011 by the MED. See the section “*Regulatory and Legislative Framework*” below.

#### EMPLOYEES

As at 31 December 2023, the Group had 2,177 employees. The tables below show the number of personnel employed as at 31 December 2023 and 2022, broken down according to their roles:

	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
Executives	35	33	+2
Middle Managers	123	130	-7
Office Employees	1,355	1,380	-25
Workers	664	679	-15
<b>Total</b>	<b>2,177</b>	<b>2,222</b>	<b>-45</b>

#### FINANCING

The existing financing structure of 2iRG is made up of a mix of debt capital market and banking facilities, including:

- Notes issued under the Programme by the Former 2iRG in 2014 and by 2iRG since then;
- two facilities granted by the European Investment Bank (“EIB”) on 18 December 2015 and 19 December 2016; and
- two bank revolving facilities granted on 29 March 2019 and 16 May 2024.

#### *Notes issued under the Programme*

As at the date of this Base Prospectus, the Issuer is the principal debtor under the following six series of non-convertible Notes issued under the Programme:

<b>Series</b>	<b>Principal amount</b>	<b>Interest</b>	<b>Maturity date</b>
2	€489,705,000 <sup>(*)</sup>	3.00% fixed rate	16 July 2024
4	€435,000,000	1.75% fixed rate	28 August 2026
5	€730,000,000	1.608% fixed rate	31 October 2027
6	€500,000,000	2.195% fixed rate	11 September 2025
7	€500,000,000	0.579% fixed rate	29 January 2031
8	€550,000,000	4.375% fixed rate	6 June 2033

<sup>(\*)</sup> Original amount issued was €600,000,000.

<sup>(1)</sup> Source: Issuer’s calculations based on ARERA 2023 Report.

## **The EIB Facilities**

On 18 December 2015, 2iRG and the EIB entered into a 15-year €200 million unsecured loan agreement for the financing of investments in the Group's smart metering project during the 2015-2018 period. The project was part of the company's ongoing investment programme to upgrade and expand its gas distribution networks in the several geographically dispersed concession areas located all over Italy. The scope of the project encompassed the installation of gas smart meters and the related new communication networks as well as the necessary information management system to remotely manage readings and activities via the networks, in compliance with the requirements of the relevant regulatory framework (the "**2015 EIB Facility**").

In addition, on 19 December 2016, 2iRG and the EIB entered into a 10-year €225 million loan agreement for the financing of the technological upgrade and development of its natural gas distribution network, supported by the European Fund for Strategic Investment (EFSI) under the "Juncker Plan". The programme is part of 2iRG's ongoing investment programme to expand and upgrade its gas distribution networks in its concession areas throughout Italy (the "**2016 EIB Facility**" and, together with the 2015 EIB Facility, the "**EIB Facilities**").

As at the date of this Base Prospectus, both of the EIB Facilities have been fully disbursed. From the 2015 EIB Facility, €72.7 million has been repaid, while the entire amount of the 2016 EIB Facility remains outstanding.

## **Other committed and uncommitted credit facilities**

On 29 March 2019, the Issuer entered into a €200 million unsecured committed revolving credit facility with BNL S.p.A., BNP Paribas and UniCredit S.p.A. The facility, which at the date of this Base Prospectus is totally undrawn, has a 7-year tenor and a floating interest rate.

In addition, on 16 May 2024, the Issuer entered into a €200 million unsecured committed revolving credit facility with BNL S.p.A, Bank of America, BNP Paribas, BPER Banca S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A.. The facility, which at the date of this Base Prospectus is totally undrawn, has a 5-year tenor and a floating interest rate.

As at the date of this Base Prospectus, 2iRG has uncommitted lines of an amount of €161 million.

## **LEGAL PROCEEDINGS**

As part of the ordinary course of business, companies within the 2iRG Group are or may be subject to a number of administrative, civil, labour, tax and criminal legal proceedings. 2iRG has conducted a review of its ongoing litigation and has made provisions in its consolidated financial statements where disputes were likely or possible to result in a negative outcome and a reasonable estimate of the loss could be made, in accordance with applicable accounting principles. In other cases, where the dispute could be resolved in a satisfactory manner and without any significant impact, no specific provisions have been made in the consolidated financial statements.

For further information on legal proceedings involving the companies belonging to the Group, in addition to those described below, see: (a) the notes to the consolidated financial statements of the Issuer as at and for the year ended 31 December 2023 (as incorporated by reference into this Base Prospectus) and, in particular, Note 29 (*Provisions for risks and charges*); and (b) the section of this Base Prospectus entitled "*Regulatory and Legislative Framework*" below.

## **Litigation in connection with concessions**

The interpretation of the provisions of concession agreements relating to fees due from the Issuer to municipalities could give rise to disputes from time to time, in particular relating to calculation criteria to be applied.

A specific provision has been set aside in 2iRG financial statements for these items in accordance with the applicable accounting policies, described above.

In addition, certain proceedings are pending in respect of new tenders. For further information, see “– 2iRG Distribution Concessions – Focus on specific tenders” above.

## SHARE CAPITAL AND SHAREHOLDERS

### Share capital

As at the date of this Base Prospectus, 2iRG’s fully subscribed and paid-up share capital is €3,638,516.60, divided into 363,851,660 ordinary shares having a nominal value of €0.01 each. No other classes of shares have been issued.

### Shareholders

The following table shows the shareholders of 2iRG as at the date of this Base Prospectus, based on 2iRG’s shareholders register.

<b>Shareholders</b>	<b>Shareholding (%)</b>
F2i SGR S.p.A., as management company of F2i - Terzo Fondo Italiano per le Infrastrutture .....	63.90
Finavias S.a r.l. (owned by APG and ARDIAN) .....	36.04
Minority shareholders .....	0.06
<b>Total</b> .....	<b>100.00</b>

F2i, the largest independent asset management company in Italy dedicated to the collection and management of investment funds in the infrastructure sector, as management company of “F2i - Third Fund for Infrastructures”, is the majority shareholder of 2iRG, holding the 63.9% of the share capital.

On 27 May 2021, F2i transferred 29,498,590 ordinary shares of 2iRG to Finavias S.a r.l. (“**Finavias**”), representing approximately 8.11% of the share capital. The transfer consolidated the stake of the second major shareholder, Finavias (which rose from 27.93% to 36.04% of the capital), but keeps the balance and stability of the Issuer’s governance substantially unchanged. Finavias became a shareholder of 2iRG in 2009 and purchased an additional stake from AXA Infrastructure Holding S.a r.l. in 2018, in the context of the partial sale by ARDIAN of its stake in Finavias. Finavias is currently owned by funds and entities managed by APG Asset Management N.V. and ARDIAN (participating in Finavias through intermediate holding companies).

APG Asset Management, one of the world’s largest pension fund managers investing in the infrastructure and energy sectors at a global level, with total assets under management worth about €573 billion, is the second largest shareholder, proportionally holding 22.42% of the share capital (indirectly, through its 62.20% stake in Finavias, which in turn holds 36.04% of the share capital of 2iRG).

ARDIAN, an independent international investment company which manages investments of approximately Euro 90 billion in Europe, North America and Asia, is the third largest shareholder of 2iRG with a proportional holding of 13.62% (indirectly through its 37.80% shareholding in Finavias which, as mentioned above, directly holds 36.04% of 2iRG).

See also “Recent Developments – Non-binding offer” below.

## CORPORATE GOVERNANCE

Corporate governance rules for Italian companies whose shares are not listed on a regulated market or a multilateral trading facilities or other trading venue, such as 2iRG, are provided in the Italian Civil Code and, where applicable, in Legislative Decree No. 58 of 24 February 1998, as amended, and the relevant implementing regulations.

2iRG has adopted a traditional system of corporate governance, which includes a shareholders' meeting, a board of directors and a board of statutory auditors.

### Board of Directors

Pursuant to its By-laws, the management of 2iRG is entrusted to its Board of Directors, which is composed of eight members appointed by the Issuer's ordinary shareholders' meeting on 24 April 2024, in each case for a three-year period expiring on the date of the shareholders' meeting that approves the Issuer's financial statements as at and for the year ending 31 December 2026.

Furthermore, on 24 April 2024, the Board of Directors confirmed Francesco Forleo (who was already Chief Executive Officer from 27 April 2023 and also previously Manager of the operations of the Issuer) as Chief Executive Officer and appointed Mr. Forleo also as General Manager of the Issuer (*Direttore Generale*), with power to carry out the ordinary and extraordinary management of the Issuer.

The table below sets out the name, position held and principal activities outside the Issuer of each of the current members of the 2iRG's Board of Directors as at the date of this Base Prospectus.

<b>Name</b>	<b>Office</b>	<b>Principal activities outside the Issuer</b>
Ugo de Carolis	Chairman	Chief Executive Officer of MSX International Holdings Italia S.r.l. Sole Director of THH Solutions S.r.l. Chairman of the board of directors of The Academy S.r.l. Director of MSX International Netherlands B.V. Chairman of the board of directors of Pacific (BC) Topco Limited Jersey Director of Pacific (BC) Topco 2 Limited UK Director of Pacific (BC) Topco 3 Limited UK Director of Pacific (BC) Topco 4 Limited UK Director of Pacific (BC) Topco 5 Limited UK Chairman of the board of directors of Pacific (BC) Bidco Limited UK Director of MSX Group Pacific (BC) Topco LLC (USA)

<b>Name</b>	<b>Office</b>	<b>Principal activities outside the Issuer</b>
Carlo Michelini	Vice-Chairman Member of Executive Committee	Senior Partner, General Manager and CIO at F2i SGR S.p.A. Sole Shareholder of Saturno Immobiliare S.r.l. Chairman of the board of directors of F2I Medtech S.p.A. Chairman of the board of directors of F2I Healthcare S.p.A. Chairman of the board of directors of Kos S.p.A. Chairman of the board of directors of F2I LTC S.p.A. Director of Cfi - Compagnia Ferroviaria Italiana S.p.A. Director of IGS S.p.A. Shareholder of Management Infrastrutture Società Semplice Director of Farmacie Italiane S.r.l.
Francesco Forleo	Director Chief Executive Officer	–
Rosaria Calabrese	Director	Partner and Head of Sustainability at F2i SGR S.p.A. Director of F2I Medtech S.p.A. Director of F2I Healthcare S.p.A. Director of Farmacie Italiane S.r.l. Director of F2I LTC S.p.A. Director of KOS S.p.A.
Stefano Gatti	Director	Associate Professor of the Department of Finance of Bocconi University Member of the Investment Committee – Sosteneo SGR Member of the Compliance Committee of Fiduciaria S. Andrea – Deutsche Bank Group Member of the Compliance Committee of Deutsche Bank Spa Financial Advisor for Fondazione Onaosi - Opera Nazionale per l'Assistenza agli Orfani dei Sanitari Italiani Financial Advisor of Fondo Sanità – Fondo di Previdenza Complementare delle professioni mediche
Carlo Maddalena	Director	Portfolio Manager - Infrastructure of APG Asset Management Non-Executive Director - Exolum Corporation S.A Non-Executive Director - DRIVECO Non-Executive Director - Stockholm Exergi Holding AB Non-Executive Director - Brisa Autoestradas de Portugal SA
Alessandra Polerà	Director	Partner and Head of the participated companies' corporate affairs unit at F2i SGR S.p.A. Director of F2I TLC 2 S.p.A. Director of Ital Gas Storage S.p.A. Shareholder of Catullo Immobiliare S.r.l.

<b>Name</b>	<b>Office</b>	<b>Principal activities outside the Issuer</b>
Rita Federica Vasquez	Director	Managing Director at Ardian Infrastructure Director of Società di progetto Autovia Padana S.p.A Director of ASTM S.p.A. Supervisory Board member of Sabaton Ventures BidCo B.V.

For the purposes of their role as members of the Board of Directors, each of the Directors is domiciled at 2iRG's registered office at Via Alberico Albricci 10, 20122 Milan, Italy.

### ***Conflicts of interest***

As far as 2iRG is aware, there are no potential conflicts of interest between any duties to 2iRG of the members of the board of directors and their private interests or other duties outside the Group.

Both the Shareholders and the Issuer, through their compliance and corporate affairs functions, verify for members of the board of directors the existence and permanence of the prerequisites of integrity, absence of conflicts of interest, commitment to compliance with regulations (including market abuse) and independence in the performance of their duties. The role of public service concession holder imposes indeed the Issuer the constant maintenance of the general requirements established by the provisions of the public contract code, which in turn require the Issuer and its bodies to adopt integrity behaviour not only towards of the contracting authorities before and during the selections but also during the ordinary management of public concessions.

### **Board of Statutory Auditors**

Pursuant to 2iRG's By-laws, the Issuer's Board of Statutory Auditors is composed of three acting auditors and two alternate auditors. Alternate auditors will replace any acting auditor who resigns or is otherwise unable to continue serving as an auditor.

Under Italian law, the role of the Board of Statutory Auditors is to oversee compliance with the law and with the company's By-laws, ensure the principles of correct administration are observed, monitor the adequacy of 2iRG's organisational structure for matters within the scope of its authority and the adequacy of its internal control and risk management systems, as well as the reliability of the administrative and accounting system in correctly representing 2iRG's transactions and the independence of the external auditors, particularly with regard to the provision by them of any non-audit services. In addition, in accordance with the provisions of Article 19 of Legislative Decree No. 39/2010 for supervisory bodies in public-interest entities, the Board of Statutory Auditors acts as the Audit Committee.

The current Board of Statutory Auditors was appointed by the Issuer's ordinary shareholders' meeting on 24 April 2024, in each case for a three-year period expiring on the date of the shareholders' meeting called to approve the Issuer's financial statements as at and for the year ending 31 December 2026.

The table below sets out the names of the current members of the Board of Statutory Auditors, along with the positions held by them and their principal activities outside the Issuer.

<b>Name</b>	<b>Office</b>	<b>Principal activities outside the Issuer</b>
Giovanna Conca	Chairman	<p>Alternate Statutory Auditor of Acantus S.p.A.  Chairman of Board of Statutory Auditors of Isybank S.p.A.  Statutory Auditor of ICF S.p.A.  Alternate Statutory Auditor of Nextalia Società di Gestione del Risparmio S.p.A.  Chairman of Board of Statutory Auditors of Futura Invest S.p.A.  Alternate Statutory Auditor of Technical Publications Service S.p.A.  Alternate Statutory Auditor of Rexer S.p.A.  Alternate Statutory Auditor of Intesa Sanpaolo Private Banking S.p.A.  Alternate Statutory Auditor of First Sicaf S.p.A.  Chairman of Board of Statutory Auditors of Neva Società di Gestione del Risparmio S.p.A.  Alternate Statutory Auditor of Aeroporto Guglielmo Marconi di Bologna S.p.A.  Alternate Statutory Auditor of Koinos Capital Società di Gestione del Risparmio S.p.A.  Alternate Statutory Auditor of Eurizon Capital SGR S.p.A.  Alternate Statutory Auditor of Epsilon Associati Società di Gestione del Risparmio S.p.A.</p>
Giovanni Cappa	Statutory Auditor	<p>Liquidator of Retecamere – Società Consortile a responsabilità limitata  Statutory Auditor of Bus Company S.r.l.  Chairman of Board of Statutory Auditors of Versya S.p.A.  Alternate Statutory Auditor of Moneta Aurea Investimenti S.p.A.  Statutory Auditor of Associazione Artigiani della Provincia di Cuneo Service S.r.l.  Chairman of Board of Statutory Auditors of Top Four S.p.A.  Chairman of Board of Directors of Limone Impianti Funiviari e Turistici S.p.A  Statutory Auditor of Unifarma S.p.A.  Statutory Auditor of Unifarma Distribuzione S.p.A.  Chairman of Board of Directors of BCC Lease S.p.A.  Alternate Statutory Auditor of Tecnoindustrie Merlo S.p.A.  Statutory Auditor Iniziative S.r.l.  Chairman of Board of Directors of Banca Alpi Marittime Credito Cooperativo Carrù Società cooperativa per azioni  Chairman of Board of Statutory Auditors of Spirale S.r.l.  Director of Vallesi S.p.A.  Statutory Auditor of Farmauniti - Società Cooperativa  Director of Federazione delle Banche di Credito cooperativo del Piemonte\ Valle d'Aosta e Liguria  Sole Auditor of Is. Com. Cuneo Istituto per il Commercio S.r.l.  Shareholder and director of Nizza 2 Società semplice  Statutory Auditor of Ocean S.r.l.</p>
Marco Giuliani	Statutory Auditor	<p>Sole Director of Maepa S.r.l.  Statutory Auditor of Bluvet S.p.A.</p>

Name	Office	Principal activities outside the Issuer
		Chairman of Board of Statutory Auditors of Poliambulatorio Bicocca S.r.l. Statutory Auditor of Space Holding S.r.l. Statutory Auditor of F&Pml e Partners S.p.A. Chairman of Board of Statutory Auditors of La Trust Company - S.p.A. Statutory Auditor of Nastrofer S.p.A. Chairman of Board of Statutory Auditors of Innova Club1 S.p.A. Chairman of Board of Statutory Auditors of Summa Service S.r.l. in Liquidation Chairman of Board of Statutory Auditors of Huntsman Advanced Materials (Italy) S.r.l. Statutory Auditor of Marco Tronchetti Provera & C. S.p.A. Statutory Auditor of Pirelli Tyre S.p.A. Alternative Statutory Auditor of Burke & Burke S.p.A. Statutory Auditor of Castel Mac S.r.l. Statutory Auditor of Ceva Logistics Italia S.r.l. Statutory Auditor of FP4 S.r.l. Statutory Auditor of Venator Italy S.r.l. Liquidator of Olcese Immobiliare S.r.l. Statutory Auditor of F2I Energie Rinnovabili S.r.l. Statutory Auditor of Kvadrat S.p.A. Statutory Auditor of Rothschild & Co Italia S.p.A. Alternative Statutory Auditor of Sea Prime S.p.A. Statutory Auditor of Rina prime Value Service S.p.A. Statutory Auditor of Prime Green Solutions S.p.A. SB Statutory Auditor of XMH S.p.A.
Cecilia Garattini	Alternate Statutory Auditor	Statutory Auditor of The Passions Factory Finanziaria S.r.l. Statutory Auditor of Axellerate S.p.A. Alternate Statutory Auditor of O.A. Lissone S.r.l. Alternate Statutory Auditor of EFFG S.p.A. Alternate Statutory Auditor of Industrie Chimiche e Forestali S.p.A. Alternate Statutory Auditor of Pharma Green Holding S.p.A. società benefit

<b>Name</b>	<b>Office</b>	<b>Principal activities outside the Issuer</b>
Ercole Fano	Alternate Statutory Auditor	<p>Auditor – D.B Real Estate S.r.l.</p> <p>Alternate Statutory Auditor – Montello S.p.A. in Liquidation</p> <p>Alternate Statutory Auditor of Givaudan Italia S.p.A.</p> <p>Alternate Statutory Auditor of Istituto Delle Vitamine S.p.A.</p> <p>Alternate Statutory Auditor of Etex Building Performance S.p.A.</p> <p>Alternate Statutory Auditor of ATA GRC Parfum S.p.A. S.B.</p> <p>Alternate Statutory Auditor of 4Crowd S.p.A.</p> <p>Alternate Statutory Auditor of F&amp;PML e Partners S.p.A.</p> <p>Chairman of Board of Statutory Auditors of Omnis Power Engineering S.p.A.</p> <p>Statutory Auditor Etex Italia S.r.l.</p> <p>Alternate Statutory Auditor of Huntsman Advanced Materials (Italy) S.r.l.</p> <p>Alternate Statutory Auditor of Castel Mac S.r.l.</p> <p>Alternate Statutory Auditor of Naturex S.p.A.</p>

For the purposes of their roles as members of the Board of Statutory Auditors, each member of the Board of Statutory Auditors is domiciled at 2iRG’s registered office at Via Alberico Albricci 10, 20122 Milan, Italy.

### ***Conflicts of interest***

As far as 2iRG is aware, there are no potential conflicts of interest between any duties to 2iRG of the members of the Board of Statutory Auditors and their private interests or other duties outside the Group.

### **Code of Ethics, Model pursuant to Decree 231 and Supervisory Body**

2iRG Group has also adopted a code of ethics (the “**Code of Ethics**”), which was first approved in March 2011 by the Former 2iRG and re-adopted, most recently, by 2iRG in January 2018, following the enactment of Law No. 179/2017. A copy of the Code of Ethics is available on the website of the Issuer at <https://www.2iretegas.it/en/gruppo/etica-del-business-e-anticorruzione/codice-etico/>. The Code of Ethics provides a detailed description of the ethical standards and conduct that 2iRG, the other companies of the Group and their respective employees and collaborators must observe and respect during the performance of their duties.

In addition, 2iRG has also adopted an Organisation Management and Supervision Model (the “**Model**”) to ensure conditions of fairness and transparency in the conduct of its business and corporate activities, according to Italian Legislative Decree No. 231 of 8 June 2001 (“**Decree 231**”). The Model was first approved in March 2011, re-adopted by 2iRG on 1 January 2015 in connection with the merger of Former 2iRG into 2iRG, and subsequently supplemented and reapproved by the Board of Directors. The current version of the Model, which was approved on 20 December 2023, is available at <https://www.2iretegas.it/en/gruppo/etica-del-business-e-anticorruzione/modello-di-organizzazione-e-gestione/>. The Model provides guidelines to prevent management and employees committing offences which may make the company liable pursuant to Decree 231.

The Group also approved first in 2021 and constantly updates an Ethics in Business and Anti-Corruption Policy, which harmonises, summarises and sets out the principles, paradigms and organisational and operational safeguards defined and implemented by the Group for a constant commitment to promoting a corporate culture based on honesty, integrity and correctness, as well as aimed at preventing any form of corruption in carrying out its activities.

On 24 April 2024, the Board of Directors of 2iRG appointed the Supervisory Body (“*Organismo di Vigilanza*”) as the collective body responsible for overseeing the operation and compliance with the Model, as well as its

update. The current members, also in light of the legal requirements and with the aim of benefiting from the integration of different professionalisms and experiences, are Ms Daniela Mainini, criminal lawyer with proven experience also in the sector of liability pursuant to Decree 231 with the office of President; Ms Giovanna Conca, President of the Board of Auditors, with the aim of allowing effective coordination also with the activities of the Board of Statutory Auditors, without prejudice to the independence of the two bodies; Mr Simone Agulini, Head of Corporate Affairs and Corporate Governance, internal member who oversees consultancy on the subject of Decree 231 within the company organisation.

Finally, the Group has adopted a system for collecting and managing reports of any offences concerning the Issuer's operations, as well as violations, through behaviour, acts or omissions, of national or European Union regulatory provisions which harm the public interest or the integrity of the entity, of which the reporter became aware in a work context. These reporting channels have recently been adapted to the provisions of Legislative Decree No. 24 of 10 March 2023, approved in implementation of Directive (EU) 2019/1937.

### **Independent Auditors**

The Issuer's independent auditors are EY S.p.A. of Via Meravigli 12/14, 20123 Milan ("EY"), who were newly appointed at the Issuer's shareholders' meeting on 24 April 2024 for a nine-year term expiring on the date of the shareholders' meeting convened to approve 2iRG's financial statements as at and for the year ending 31 December 2032. EY is registered under No. 70945 in the Register of Independent Auditors (*Registro dei Revisori Legali*) maintained by the Ministry of Economy and Finance (*Ministero dell'Economia e delle Finanze*) and is a member of the Italian Association of Chartered Accountants (*Associazione Italiana Revisori Contabili* or ASSIREVI). As at the date of this Base Prospectus, EY have not performed an audit or review of any of the Issuer's financial statements.

2iRG's annual consolidated financial statements as at and for the years ended 31 December 2023 and 2022 were audited by PricewaterhouseCoopers S.p.A. ("PwC"), former auditors to the Issuer. PwC is registered under No. 119644 in the Register of Independent Auditors (*Registro dei Revisori Legali*) maintained by the Ministry of Economy and Finance (*Ministero dell'Economia e delle Finanze*) and is a member of the Italian Association of Chartered Accountants (*Associazione Italiana Revisori Contabili* or ASSIREVI).

### **Consolidated non-financial report**

The Issuer has approved a non-financial report of its operations (the "**Consolidated Non-Financial Report**") on an annual basis since 2017, addressed to all stakeholders in order to share, in addition to its economic and financial results achieved, the Issuer's objectives and results in terms of sustainability, ethics, safety and the environment that the Issuer pursues in its strategy.

The Consolidated Non-Financial Report has been published in line with the Issuer's history, values and size, and also to comply with the obligation set forth in Legislative Decree No. 254/2016 in respect of so-called "Public Interest Entities", category that includes the Issuer.

In particular, the Consolidated Non-Financial Report contains a reporting and provides information, supplemental to the financial information contained in the financial statements, on the commitments and results achieved in each financial year by 2iRG in relation to social sustainability matters, related in particular to respect for the environment and human rights, the fight against active and passive corruption, and in general respect for ethical principles in the conduct of business. For each of these matters the Consolidated Non-Financial Report describes the corporate management and organisational model, the risks generated and suffered and the related management methods, the policies adopted and the key performance indicators.

The Consolidated Non-Financial Report was drawn up by using the "GRI Sustainability Reporting Standards" issued by the Global Reporting Initiative as a methodological reference (in the most recent updated version as at 30 June 2022). In addition, 2iRG is carrying on a process of alignment with the Recommendations of the Task

Force on Climate-related Financial Disclosures (TCFD), aimed at presiding over the risks and opportunities related to climate change and implementing the quantity and quality of information about the financial risks that may result from it, and the principles set out by the Sustainability Accounting Standards Board (SASB), an independent non-profit organisation that defines some sectorial standards of disclosure of the most relevant information about presiding over sustainability issues.

### **Business Ethics and Anticorruption Policy**

As part of its ongoing commitment to promoting a corporate culture based on honesty, integrity and fairness, on 29 March 2021, the Board of Directors of 2iRG, in compliance with one of the commitments undertaken with the Sustainability Plan, formally approved the so-called “Policy on Ethics in Business and Anticorruption”, which applies to all Group companies. In addition to informing all internal and external stakeholders through publication on the intranet and website, the Policy on Ethics in Business was the subject of a specific training plan for the corporate figures most involved.

### **RECENT DEVELOPMENTS**

#### **Listing of shares**

In February 2024, the Issuer’s Board of Directors passed a resolution to launch the preliminary process for a possible listing of the Issuer’s shares, taking into account the positive impact from entry into its shareholding structure of national and international institutional investors.

#### **2023 annual financial statements**

On 24 April 2024, the ordinary shareholders’ meeting of the Issuer approved the Issuer’s annual financial statements as at and for the year ended 31 December 2023, as well as its consolidated non-financial statements pursuant to Legislative Decree No. 254/2016.

The financial statements of the Issuer showed a net profit of €181.08 million and the shareholders’ meeting approved a dividend of €0.3436 per share, as recommended by the Board of Directors and amounting in total to €125.02 million, and to carry forward the residual portion of net profits amounting to €56.06 million.

#### **Non-binding offer**

On 13 May 2024, the Issuer learnt that: (i) on the previous day, its shareholders had “received a non-binding offer from Italgas S.p.A. for the purchase of the Issuer’s entire share capital”; and (ii) without interrupting the listing process (see “*Listing of shares*” above), the shareholders had “granted Italgas an exclusivity period, with the aim of completing due diligence leading the way to a possible binding purchase offer”.

## REGULATORY AND LEGISLATIVE FRAMEWORK

The liberalisation process of the energy and natural gas market launched in Europe has been phased in over a decade with the adoption of three legislative packages which have gradually been incorporated into the legislation of the European Union Member States. The natural gas industry has been – and is still – subject to significant regulation both at European Union and national levels.

### 1. The First Gas Directive

Directive 98/30/EC (the “**First Gas Directive**”) defined common rules for the distribution, as well as transportation, supply and storage of natural gas.

The First Gas Directive was implemented in Italy in May 2000 through Legislative Decree no. 164/2000 (known as the “**Letta Decree**”). The Letta Decree 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. More specifically, the Letta Decree provides measures regarding the regulation of distribution activities, as well as other activities including transportation, storage and regasification, with the guarantee of non-discriminatory access to infrastructures at regulated rates; and the gradual opening of the market to customers (with the definition of eligibility criteria for end-users).

The Letta Decree, in addition, establishes that distribution activities may be exercised only by operators having won bids for gas distribution concessions for periods not exceeding 12 years. According to the Letta Decree, concessions that were effective at the time which had been granted without a tender procedure should have been terminated within the year 2005 (nevertheless this term was extended several times) and those that had been awarded after a tender process would end in December 2012, in order to allow the mechanism and rules set out under the Letta Decree to apply evenly throughout the Italian territory.

Licenses of distribution networks are obliged to connect any third party that so requests on the basis of criteria set by the Italian Regulatory Authority for Energy, Networks and Environment (*Autorità di regolazione per Energia, Reti e Ambiente*, the “**ARERA**”) and in compliance with the relevant ARERA approved codes and regulations.

The Letta Decree assigned certain roles and responsibilities to ARERA and to the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) (the “**MED**”), that in November 2022 was renamed as Ministry of Enterprises and Made in Italy (*Ministero delle Imprese e del Made in Italy*), while competences on energy matters were transferred to the Ministry of the Environment and the Energy Security (*Ministero dell’Ambiente e della Sicurezza Energetica*) (the “**MASE**”) distinctly those ones already awarded to the ARERA. From one hand, the **MASE** is responsible for defining strategic guidelines for the gas sector and ensuring its safety and economic development. On the other hand, ARERA, as an independent regulatory body, is responsible for the regulation of the national electricity and natural gas markets as well as, the water system, the district heating and cooling systems/networks and the waste sector. Its responsibilities include the definition of criteria for determining and updating tariffs and for governing access to infrastructure and quality of services, as well as the provision of services related to the transportation, distribution, storage and regasification of LNG.

### 2. The Second Gas Directive

In 2003, Directive 2003/55/EC (the “**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 which provided, among other things, for the further liberalisation of the gas distribution market, confirming that the distribution of natural gas is to be allocated under a concession regime.

### 3. The Third Energy Package – The Third Gas Directive

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 (the “**Third Gas Directive**”), comprised in the Third Energy Package, provides that Member States shall implement measures to ensure the “effective separation” of energy networks from the production and supply activities. In particular, the Third Energy Package provides for the separation of supply and production activities from transportation network operations. To achieve this goal, Member States may opt between the following options: (i) **full ownership unbundling** (vertically integrated undertakings can sell their gas and electricity grids to an independent operator, which will carry out all network operations); (ii) Independent System Operator - “**ISO**” (vertically integrated undertakings maintain the ownership of the gas and electricity grids, but they are obliged to designate an independent operator for the management of all network operations); (iii) Independent Transmission Operator - “**ITO**” (a variant of the ISO option albeit vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transportation).

With respect to gas distribution networks, where the operator is part of a vertically integrated undertaking (namely, a company or a group of companies that performs also the functions of production or supply of natural gas in addition to at least one of the following functions: distribution, transmission, LNG or storage), the legislation establishes that it shall be independent at least in terms of its legal form, organisation and decision-making from other activities not relating to distribution, without creating an obligation to separate the ownership of assets. In addition, where the distribution system operator is part of a vertically integrated undertaking, the Third Energy Package provides that it shall be monitored by regulatory authorities or other competent bodies so that it cannot take advantage of its vertical integration to distort competition.

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*) (“**Decree 93/2011**”).

### 4. Fit for 55 and RepowerEU

On 14 July 2021, the European Commission published a set of legislative proposals called “**Fit for 55**”, in order to reach a 55% reduction of CO<sub>2</sub> emissions by 2030, compared to 1990 values. The Package includes, among others, (i) the amendment of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast), as amended and Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC, as amended, (ii) the revision of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC, as amended and Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity, as amended and (iii) modifications to Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels

infrastructure, as amended and to the regulation setting emission performances on cars and vans. Currently, except from the one concerning taxation of energy products and electricity, the above-mentioned directives are adopted and Directive 2014/94/EU regarding the deployment of alternative fuels infrastructure has been replaced by Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the “*deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU*”.

As a further part of the overall Fit for 55 package, on 15 December 2021, the European Commission published two legislative proposals on revising 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 and repealing Directive 2003/55/EC, as amended and Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005, as amended (so called “**Gas Package**”). The revision of the EU gas market rules intends to ensure that they contribute to reaching the EU climate objectives and the decarbonization of gas sector, also considering the role of renewable and low-carbon gases (and even the possible settings and unbundling rules of the new hydrogen market). Regarding the existing gas infrastructures, the proposals address, among other aspects, how to facilitate the injection, transmission, distribution and trading of renewable and low carbon gases in the existing gas grids and how to set up an integrated network planning in the context of the wider energy system integration (with a new relevant role for the distribution system operators). These complex legislative proposals envisage a complete evaluation of the role, the task, the management and the perspectives of gas infrastructure (including the distribution grids and the redesign of the existing electricity operators' DSO entity), in the perspective of the possible convergence of gas networks and electricity networks as integrated energy networks. Both the provisional agreements concerning the revision of the EU Gas Directive and the revision of the EU Gas Regulation have been adopted by the European Parliament in the plenary sittings on 10÷11<sup>th</sup> April 2024. Such legislative package is now awaiting Council's 1st reading position. The following steps are the formal adoption by the EU institutions, the formal signature, and the publication in the official journal.

Moreover, at the end of 2021 the European Commission published a legislative proposal dealing with the reduction of **methane emissions** along the whole gas value chain, including the gas distribution activities. The document prescribes a general obligation to make every effort to reduce methane emissions goes hand in hand with the indication to the competent authorities to include all costs related to the implementation of the proposed Regulation in the tariffs structure for regulated activities. Furthermore, the document also establishes that Member States have to identify a competent authority to supervise the application of the proposed Regulation and provides indications about specific Measure, Reporting and Verification (MRV) and Leaks Detection and Reduction (LDAR) procedures and obligations (including the different provisions on survey frequency modulated in respect to the different gas infrastructures and the materials of which the network is composed). The legislative process is currently close to the end. In November 2023 a provisional political agreement was reached, the co-legislators approved it and the document has been voted and adopted by the European Parliament plenary sittings on the 10÷11<sup>th</sup> of April. Such agreement is now awaiting Council's 1st reading position. The following steps are the formal adoption by the EU institutions, the formal signature, and the publication in the official journal.

Lastly, on 15 December 2021, the European Commission published a legislative proposal for the revision of Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings, as amended, which was approved by the European Parliament on 14 March 2023 with amendments. The agreement between the Parliament and the Council was reached on 7 December 2023, the European Parliament endorsed it on 12 March 2024 and the text has been formally adopted by the Council on 12 April 2024. The last steps are the formal signature and the publication in the official journal. The Directive aims at increasing the level of efficiency and boosting the sustainability of

the building sector, considered as one of the most relevant for achieving the envisaged greenhouse gas emissions reduction targets (the legislative discussion has set certain deadlines and targets for new buildings, public buildings and buildings with the worst performance on the energy performance scale). There are also relevant measures aiming at fostering a higher insulation and developing the use of more efficient technologies for heating and cooling (an important aspect of this provision it is to define which technologies will be considered efficient and future-proof for a decarbonization perspective of heating and cooling systems), both in the public and in the private sector, and to push in the renovation rate of the existing building stock.

Following the Ukrainian crisis and the related gas supply issues from Russia, in April 2022 the European Commission launched the REPowerEU initiative, which aims to monitor gas consumption as a way to protect residential customers and most of the European industries from a potential shortage of natural gas and a surge in energy prices. REPowerEU foresees several measures, including the development of additional renewable gas production (both biomethane and hydrogen) and an important target of 35 billion cubic metres of annual biomethane production in the EU and prescribes several initiatives to promote a national development plan for increasing biomethane production and the injection of it into the grids.

In February 2024, the European Commission has also foreseen the introduction of a next intermediate climate target recommending reducing EU's net greenhouse gas emissions by 90% by 2040 relative to 1990 (following the one set for 2030: -55%). The legal proposal to officially adopt the 2040 climate target will be under the responsibility of the next European Commission following the European elections of June 2024.

## 5. Italian Unbundling Legislation

The Second Gas Directive confirmed the rules on unbundling and transparency of accounts set out in the First Gas Directive. It provided also for the corporate, functional and organisational unbundling of operators of gas transportation and distribution systems in vertically integrated groups. Besides the above-mentioned provisions set forth in the Marzano Law, the provisions of the Second Gas Directive regarding functional unbundling were implemented in Italy by ARERA Resolution no. 11/2007 of 18 January 2007 (“**Resolution 11/2007**”), and its annexes (the “**Integrated Code**”, together with Resolution 11/2007, as then amended from time to time, the “**Consolidated Unbundling Act**”, as lastly resulting by resolution 296/2015/R/com and corresponding consolidated functional unbundling text – so called TIUF), which listed specific obligations for functional unbundling, flanked by those related to accounting unbundling (as resulting by resolution 137/2016/R/com – then amended, integrated and updated by resolutions 168/2019/R/gas, 223/2019/R/gas 570/2019/R/gas and 486/2023/R/gas (this last one in relation to the removal of the gas protection service for energy supplies) – and corresponding consolidated accounting unbundling text – so called TIUC).

In particular, the Consolidated Unbundling Act and the TIUF require vertically integrated companies to provide for functional unbundling. Functional unbundling is defined as the separation of transmission, distribution, LNG or storage activities from the production or supply of natural gas with regard to organisation, decision-making and managerial powers. Legislative Decree no. 73 of 18 June 2007 (“**Decree 73/2007**”), converted into Law no. 125 of 3 August 2007, requires that the ARERA (i) adopts specific provisions for functional unbundling, also in relation to the storage of gas, in compliance with the Second Gas Directive provisions, and (ii) regulates performance of certain distribution companies’ obligations.

Decree 93/2011, implementing the Third Energy Package, sets out the minimum requirements that must be adhered to by gas distribution companies that are part of a vertically integrated undertaking to ensure the independence of the distribution operator.

Currently, as the Issuer is a company whose activities in the gas sector are dedicated and limited to the distribution of natural gas, the above-mentioned unbundling legislation does not affect it.

#### **THE ITALIAN “NATIONAL ENERGY STRATEGY” (*STRATEGIA ENERGETICA NAZIONALE*)**

The “National Energy Strategy” (*Strategia energetica nazionale*, the “SEN”) was adopted by an Interministerial Decree dated 8 March 2013 in order to reduce energy costs and to fully achieve and meet the European goals in the environmental field, a higher certainty in the supply and an industrial development in the energy sector.

The SEN is composed of priorities, supported by specific concrete measures, some of which have already been implemented, while others are in the process of being drawn up. Among such measures is the promotion of a competitive gas market, integrated in Europe and aligned with European tariffs, with the opportunity of becoming the main hub of southern Europe.

In June 2017 a public consultation for the review/update of the SEN, referring to a prospective scenario by 2030 and with indications of trends for later years until 2050, has been launched. The consultation period ended in September 2017 and the update of the SEN has been approved with Ministerial Decree dated 10 November 2017. Among the many aspects treated, the SEN update recognizes for natural gas a key role in the transition towards a new energy set-up aimed at pursuing the environmental and decarbonisation goals defined at European level.

#### **THE ITALIAN “INTEGRATED NATIONAL ENERGY AND CLIMATE PLAN” (*PIANO NAZIONALE INTEGRATO ENERGIA E CLIMA*)**

The “Integrated National Energy and Climate Plan” (*Piano Nazionale Integrato Energia e Clima*, the “PNIEC”) was developed by the Italian Government after a process of public consultation followed by a strategic environmental evaluation in 2019. The PNIEC, which explains how Italy intends to contribute to European objectives relating to energy and environment up to 2030, has been also sent to the European Commission, as required by EU Regulation 2018/1999, and has received an overall positive opinion based on the results of the European Commission's assessment process published in October 2020.

The aim of the measures included in the PNIEC is the realization of a new energetic policy which ensures environmental, social and economic sustainability to the Italian territory through a process of energy transition. To fulfil this target, the document is composed of five “dimensions” (decarbonisation; energy efficiency; energy security; internal energy market; research, innovation and competitiveness).

Among the several aspects treated, the PNIEC deals with the integration between gas and electricity sectors and the development of green gases in order to boost decarbonisation.

In this respect, 2iRG believes that the affirmation of a new energy model for a future with reduced carbon dioxide emissions is based on the use of gas, due to the widespread nature of the infrastructure, its reduced environmental impact and its flexible use. In the transport sector, the dissemination of biomethane will be a great opportunity for the energy sector and for farmers, while liquefied natural gas (LNG) represents an economic and efficient solution to reduce emissions produced by road transport and in the maritime sector, as well as to convert large and small isolated centres to methane which are not currently reached by the network. Biomethane, a renewable and configurable source which can be easily integrated with solar and wind, has the advantage of being able to be input to existing distribution networks. In addition, the so-called “Power to gas” is identified as an innovative solution to accumulate and use excess electricity production from renewables, avoiding investment costs in new infrastructure for the transmission, distribution and storage of electricity, continuing instead to make full use of efficient and functional infrastructure, such as that which already exists for the distribution and storage of natural gas.

Moreover, as requested by the European Commission, in summer 2023 the MASE sent to the European institutions an updated version of PNIEC in order to be revised. After a public consultation that took place in March 2024, a final reviewed version of the PNIEC will be published and sent to the EU Commission within 30 June 2024. The aim of the revision is to take into account in the national plan and trajectories the new targets and policy objectives changed and raised in the ambitions over the past years since 2019, the year of the establishment of last PNIEC version (for instance, due to the new CO<sub>2</sub> reduction plans expected in the Fit for 55 package or new production target of renewable gases foreseen in the RePowerEU, but also the future rules under the methane emissions regulation and the Gas Package). The European Commission demands to Member States to focus on the following fields: deployment of renewable energy, measures and target on energy efficiency, the security of supply dimension and reduction of green-house gases. Other aspects are the strengthening of planning to ensure a fair and just transition, mitigating social and employment impacts. Lastly, national objectives and targets, including financing, should be consistent to the pathways to 2030, 2040 and even 2050, and in line with long-term national strategies and the achievement of the climate neutrality.

The new version of the PNIEC should support the adoption of measures capable of encouraging the use of all available technologies, behaviors and energy sources in order to decarbonize the country's economy, adapting the different choices according to the needs of the different areas, never forgetting the need to ensure resilience to the energy system, as recent events such as the pandemic, last international war events on the EU's doorstep and the dramatic increase in energy prices have demonstrated.

#### **NATIONAL HYDROGEN STRATEGY (*STRATEGIA NAZIONALE IDROGENO*)**

In the last months of 2020, the Ministry of Economic Development published an open consultation on the preliminary guidelines on National Hydrogen Strategy (*Strategia Nazionale Idrogeno - Linee guida preliminari*), as an introduction framework with the aim of delivering in the near future a detailed national strategy. The main focus points were to identify the possible primary sectors where to develop the hydrogen value chain (in particular, the transport sectors and the so called “hard to abate” sectors), the foreseen demand trajectories at 2030 and 2050 and the availability of the gas grids to blend natural gas with hydrogen up to 2% by 2030 (the corresponding estimation were to reach a 2% consumption of hydrogen on the total energy consumption by 2030). Other perspectives to take into account were the fostering of the so called “hydrogen valleys” and the different possible model of hydrogen supply chain development (full local production and consumption; local production with decentralized electrolysers; centralized production and transportation of hydrogen through the gas grids). A public consultation on the National Hydrogen Strategy launched by MASE and seeking views and feedback from relevant stakeholders, has recently been closed and the final document of the strategy is expected to be published by the end of July 2024. The national long-term vision on hydrogen has been also considered in the revision of the PNIEC with a specific part about it. Furthermore, at the beginning of 2024 MASE also launched a public consultation on tariff incentives for low carbon hydrogen production to be used in hard to abate and transport sectors.

#### **FRAMEWORK LEGISLATION OF THE REGULATED GAS DISTRIBUTION MARKET**

As described above, 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 and with subsequent additions, are, *inter alia*, to guarantee the promotion of competition and efficiency while ensuring adequate service quality standards in the electricity, gas, water and waste sectors (for the last sector according to the competencies assigned to the Authority starting from 1 January 2018). 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. In particular, the tariff system for the energy sector is required to reconcile the economic and

financial goals of the infrastructural operators with general social goals, and with environmental protection and the efficient use of resources.

The Letta Decree – as subsequently amended and modified – redefined the concept of distribution, by unbundling it from sales, transmission 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 transmission network through local pipelines for delivery to users. The Letta Decree also redesigned the procedures and criteria for the awarding of gas distribution concessions and introduced a transitional period (as better described in the paragraph below) aimed at governing the transition from the previous to the new regime. The provisions of the Letta Decree have been further amended and integrated through subsequent legislative and governmental regulations, as described in the subsequent paragraphs.

## 1. The Letta Decree, the Letta Transitional Period and termination of the existing concessions

Under the Letta Decree as implemented by the subsequent legislative framework (i.e. the Tender Criteria Decree - as defined below - and ancillary regulatory decrees, as further explained below) gas distribution is carried out under a concessionary regime pursuant to the terms set out. Natural gas distribution concessions are granted by local authorities (such as municipalities (*Comuni*), joint municipalities (*Unioni di Comuni*) and mountain municipalities (*Comunità Montane*)) through tender procedures. The Letta Decree provides for a 12-year time limit to the validity of gas distribution concessions, whilst previously concession agreements were usually awarded for longer periods. Limited liability companies, including publicly-held companies and limited liability co-operative companies, submit bids in accordance with Article 14 of the Letta Decree, whilst adjudication is 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 are granted, relations between the local authority (which awarded the concession) and the gas distribution operator are governed by service agreements, which are to be drafted in compliance with the terms of the standard service agreement (“*contratto di servizio tipo*” - the model for such standard agreement was proposed by the ARERA and subsequently approved by the MED by Ministerial Decree dated 5 February 2013), which includes the duration of, and procedures for, the performance of the gas distribution service.

The relevant local authority is required to call a new tender procedure at least one year prior to expiry of the relevant concession period in order to award the gas distribution service concession for another 12-year term. Upon the expiry of such period, networks, facilities and any transferable equipment are to be returned in the full availability of the local authority in consideration for an indemnity payment<sup>4</sup>. The amount of such indemnity payment has been initially calculated: (i) on the basis of what is established in the relevant concession agreements or, (ii) in case the concessions do not provide a calculation method, based on the criteria in Italian Royal Decree no. 2578/1925 (industrial value criterion – “**VIR**” – *valore industriale residuo*).

As a consequence of the introduction of Ministerial Decree no. 226/2011 (the “**Tender Criteria Decree**” better described below in the paragraph “*Ministerial Decree no. 226/2011 (the Tender Criteria Decree)*”), the calculation of the indemnity pursuant to the terms of the existing concession agreements is allowed provided that such contracts have been executed prior to the date of entry into force of the Tender Criteria

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<sup>4</sup> Except for the assets for which a free transfer is planned (if any).

Decree - meaning before 11 February 2012, as specified by art. 15, comma 5 of the Letta Decree (as modified by Law Decree no. 91/2014 – art. 30- bis, paragraph 1).

Furthermore, due to a modification introduced in the Letta Decree by Law Decree no. 145/2013 (the so-called “**Destinazione Italia Decree**”) - which deleted the reference to the industrial value criterion set out under Royal Decree no. 2578/1925 for the calculation of the Reimbursement during the First Period, in the absence of a specific method of calculation in the contracts – the method to calculate the Reimbursement during the First Period has been specified under the MED Guidelines which were issued on 22 May 2014 pursuant to Article 4.6 of Law Decree no. 69 of 21 June 2013 (the so-called “*Decreto del Fare*”) (the “**MED Guidelines**”) to detail the criteria and the methodology for calculating the VIR. The MED Guidelines were published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 6 June 2014.

In particular, according to Article 5 of the Tender Criteria Decree and the MED Guidelines, the “VIR” is calculated by taking into account the cost for reconstruction as new of all the assets, minus the value of physical deterioration (considering also the construction activities in progress as shown in the accounting books), and deducting government grants and private contributions relating to the assets.

Such amount must be envisaged under the relevant public tender documentation by the tendering Authority. The Letta Decree (under Article 15.9) provides that concessions in force as of 21 June 2000, and that had been awarded by means of a public tender procedure, would terminate at their natural expiry date and, in any event, no later than 31 December 2012. This provision was introduced in order to allow the new mechanism and rules set out under the Letta Decree to apply uniformly throughout the Italian territory and to avoid misalignments between the validity period of gas distribution concessions awarded before and after the entry into force of the Letta Decree.

Furthermore, according to the Letta Decree, all distribution concessions which were in force as of 21 June 2000 and that had been awarded without a prior public tender procedure would be terminated at the end of the so-called “**Letta Transitional Period**” (except if their natural expiry date occurred before such date). The duration of the Letta Transitional Period was originally equal to 5 years (i.e. until 31 December 2005) although Article 1, Paragraph 69 of the Marzano Law postponed such deadline to 31 December 2007. The Letta Transitional Period could also be further extended in some particular cases if certain conditions are met (such as (i) for public interest reasons or (ii) in case of fulfilment of the conditions set out under Article 15, Paragraph 7 of the Letta Decree). See “*Description of the Issuer – 2iRG Gas Distribution Concessions*” for details of the concessions currently held by the Issuer.

In particular, according to Article 23 of Law Decree no. 273/2005 (converted into Law dated 26 February 2006, no. 51, the so-called “Milleproroghe 2006”) (“**Decree 273/2005**”), the Letta Transitional Period could be further extended as follows:

- a two-year extension may be granted if at least one of the requirements provided for by Article 15, Paragraph 7 of the Letta Decree is met. Although an express resolution authorising the extension is not required, an explicit ascertainment by the Municipality of the occurrence of the technical conditions legitimating the extension is necessary;
- a one-year postponement of the concession deadline could be granted in case public interest reasons justifying such extension occur. An explicit Municipal resolution acknowledging the reasons of public interest is always required to allow this type of extension of the concession term. Accordingly, one-year postponements granted without such a Municipal resolution may give rise to issues in terms of non-compliance with the principles governing the Letta Transitional Period.

In some exceptional cases, gas distribution concessions have been further extended in accordance with specific legal provisions, as for example in the following cases:

- concessions in Sicily, according to Regional Law no. 2/2002, then restated by subsequent Regional Law no. 9/2015, please refer to paragraph “*Time limits for the tenders*” below for more details on this regional law); and
- concessions in relation to which public contributions have been granted pursuant to article 11 of Law 28 November 1980, n. 784 and article 9 of Law 7 August 1997, no. 266 (the so-called *Metanizzazione del Mezzogiorno* regulation)<sup>5</sup>.

All gas distribution concessions which have been terminated (either naturally or by operation of law) and in relation to which a tender procedure to identify a new concessionaire has not yet been carried out, pursuant to Article 14.7 of the Letta Decree, continue to be effective (under a prorogation regime) limited to the ordinary management of the distribution service with the exclusion of any extraordinary activity and excluding new investments until a new concession is awarded to a concessionaire selected through competitive tender processes.

## **2. The new tender procedure: introduction of the ATEMs and the new tender rules**

In 2011, the applicable legislative framework in the field of gas distribution was updated and redefined due to the coming into force of several laws and ministerial decrees which redefined the areas of the natural gas distribution concessions and introduced a detailed mechanism for the carrying out of the tender procedures for the awarding of such concessions.

### **(a) Law Decree 159/2007**

Art 46-*bis* of Law Decree 159/2007 introduced the principle that the provision of gas distribution services is to be rendered within minimum geographical areas and no longer at a municipal level. This change in law was introduced in order to identify larger geographical areas where the distribution service would be rendered in a more cohesive way. This was intended to allow more significant investments and wide scale economies, in order to make this sector of the energy market more attractive for the operators, while at the same time optimising the service to final clients and reducing the gas bill.

Article 46-*bis* also delegated to the MED the definition of the tender criteria for the selection of the new concessionaires of the gas distribution service and the requirements for the evaluation of the relevant bids.

### **(b) Ministerial Decree dated 19 January 2011 (the ATEM Decree)**

Ministerial Decree dated 19 January 2011 (the “**ATEM Decree**”), which was 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*) to implement the new market set-up introduced by Article 46-*bis* of Law Decree 159/2007, divided the Italian territory into “multi-municipality minimum geographical areas” (known as “*Ambiti Territoriali Minimi*” - “**ATEMs**”, currently being 172) in relation to which a single gas distribution concession must be awarded. The ATEM Decree did not identify the

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<sup>5</sup> On such respect, please note that based on article 23, paragraph 4 of Law Decree no. 273/2005, as for concessions subject to the *Metanizzazione del Mezzogiorno* regulation, the latter shall be considered as terminated by operation of law, either:

- (a) on the twelfth year from the date of entry into force of the Letta Decree and, therefore, on 21 June 2012, if the ministerial decree approving the final results of the methanization intervention admitted to financing came into force before the Letta Decree (i.e., before 21 June 21); or
- (b) on the twelfth year from the date of entry into force of the above mentioned ministerial decree, in cases where the latter came into force after the entry into force of the Letta Decree.

Municipalities comprised within each ATEM, but delegated this identification to a subsequent ministerial decree to be adopted by the MED in agreement with the Ministry for Regional Relations and National Cohesion (*Ministro per i Rapporti con le Regioni e per la Coesione Territoriale*), which was published on 18 October 2011 (see point (d) below).

The ATEM Decree provides that a single tender procedure must be carried out within each ATEM in order to identify the natural gas distribution concessionaire and that neighbouring ATEMs may decide to combine - joining another ATEM and forming a larger concession area - if they wish to do so and carry out a joint tender procedure.

However, pending the definition of the tender regulation and the detailed identification of the Municipalities comprised in each ATEM, some Municipalities launched autonomous tender processes for the awarding of the gas distribution service within their territories, most of which were challenged before the Italian courts. In order to limit the risk of litigation and avoid overlaps between tenders at municipal basis and ATEM basis which might have compromised the purposes of Art 46-bis of Law Decree 159/2007, with Article 24 of Legislative Decree 93/2011 the Italian legislator further clarified that:

- local authorities which, on the date of coming into force of Decree 93/2011, had already (i) published notices of invitations to tender (in case of an open tender), or (ii) sent letters of invitation to bidders (for restricted tender processes), could proceed with the awarding of the natural gas distribution service concession in accordance with the procedures applicable at the date of the call to tender; and
- in all other cases, starting from the date of coming into force of Decree 93/2011 (i.e. 29 June 2011), the tenders for awarding the natural gas distribution service concession must be carried out exclusively on an ATEM basis, in accordance with the ATEM Decree.

**(c) Ministerial Decree dated 21 April 2011 (Employment Decree)**

Ministerial Decree dated 21 April 2011 (the “**Employment Decree**”), protecting employment levels in connection with gas concession service providers, 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 awarding of gas distribution concessions to a new concessionaire.

The provisions include, in general, the obligation for the incoming operator to hire the personnel of the exiting concessionaire in charge of the running of gas distribution plants and a quota of the personnel in charge of central functions of the gas distribution service.

**(d) Ministerial Decree dated 18 October 2011 (Decree for Determining Municipalities within an ATEM)**

Ministerial Decree dated 18 October 2011, adopted by the MED and the Ministry for Regional Relations and National Cohesion, and published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 28 October 2011, defines the list of Municipalities belonging to each ATEM, clarifying exactly the area of territory that falls within each specific ATEM.

**(e) Ministerial Decree no. 226/2011 (the “Tender Criteria Decree”)**

The Tender Criteria Decree was adopted by the MED and by the Ministry for Regional Relations and National Cohesion on 12 November 2011, published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 27 January 2012 and has been subsequently updated by MED Ministerial Decree no. 106/2015 dated 20 May 2015 (published in the *Gazzetta Ufficiale Italiana* on 14 July 2015 – “**MD 106/2015**”).

The Tender Criteria Decree contains the detailed provisions regarding the tender procedures to be followed for the awarding of gas distribution concessions as well as the specific requirements for participation in the tenders, the bid evaluation criteria, the compensation figure to pay to the outgoing operators (*valore di rimborso*, the “**Reimbursement**”) and the terms to call the tender in each ATEM.

By MD 106/2015, the Tender Criteria Decree was amended in order: (i) to state that private contributions have to be deducted from the Reimbursement (ii) to introduce the specific regulation of the tender requirement relating to the implementation of energy efficiency measures; (iii) to clarify the calculation of the Reimbursement in compliance with the MED Guidelines (for more details see the next paragraph “*The amount of the Reimbursement*”) and (iv) to take into account some new aspects about the treatment of contributions introduced by ARERA with the new regulatory period (2014 - 2019). Furthermore, MD 106/2015 also updated the tender criteria regulation (*criteri di gara*), the draft standard tender notice (*bando di gara* -Annex 2 of the Tender Criteria Decree) and the draft standard tender specifications (*disciplinare di gara* – Annex 3 of the Tender Criteria Decree) to be used by the awarding authorities for the tender procedures.

### ***Requirements for participation in the tenders***

In addition to the general and moral requirements, currently set out under art. 94 and 95 of Legislative Decree no. 36/2023<sup>6</sup> (which has abrogated and reinstated the previous art. 80 of Legislative Decree no. 50/2016, which in turn had abrogated the public contracts code originally disciplined by Legislative Decree 163/2006)<sup>7</sup>, Article 10.5 of the Tender Criteria Decree indicates the following economic and financial requirements that must be proved by the tenderers:

- (i) an average annual turnover in the three years prior to the tender equal to at least 50 per cent. of the annual value of the services to be awarded (according to the tender); or
- (ii) alternatively, provision of financial guarantees from two primary credit institutions certifying that (A) the company in the previous 3 years has fulfilled its undertakings, and that (B) it has the possibility to access loans for an amount equal to at least the sum of 50 per cent. of the annual value of the service to be awarded and of the amount to be paid to the exiting operator;

as well as the following technical requirements (Article 10.6 of the Tender Criteria Decree):

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<sup>6</sup> Legislative Decree no. 36/2023 (the “**New Public Contracts Code**”) shall apply to the tender procedures and contracts in relation to which the notices of the tender process have been published after its entry into force (i.e., 1 July 2023). In particular, the Legislative Decree no. 36/2023 under art. 94 identifies a number of hypotheses related to general and moral requirements that lead to the automatic exclusion of the economic operator from the participation to a public tender procedure. On the contrary, art. 95 lists events upon the occurrence of which the contracting authority may discretionally exclude an economic operator from participating in the public procurement procedure. Such Articles replaced Article 80 of Legislative Decree no. 50/2016 (the “**Previous Public Contracts Code**”), which in turn had replaced the previous Article 38 of Legislative Decree no. 163/2006 (the “**First Public Contracts Code**”), in general including the cases listed under Previous and First Public Contracts Code mentioned provisions, save for some amendments and further details. Without prejudice to the above, the Tender Criteria Decree still refers to Article 38 of the First Public Contracts Code (please refer also to note no.74 below).

<sup>7</sup> Article 10.5 of the Tender Criteria Decree refers to Article 38 of the First Public Contract Code, i.e. the public contracts code in force at the time the decree was adopted. The provisions of the First Public Contracts Code (Legislative Decree no. 163/2006), continued to apply in relation to tender procedures that were started (i.e. the relevant tender notices were published) until the entry into force of the Previous Public Contracts Code, which came into force on 19 April 2016, until 30 June 2023. However, on 1 July 2023, the New Public Contracts Code (Legislative Decree no. 36/2023) came into force, replacing the Previous Public Contracts Code in its entirety. The new version of the currently applicable New Public Contracts Code does not expressly address the issue of the succession of norms with reference to the Tender Criteria Decree. In light of the foregoing, in relation to public procedures initiated after 1 July 2023, it is reasonable to assume the application of the new provisions of the New Public Contracts Code and, therefore, of the mentioned Articles 94 and 95, in relation to the (moral and) general requirements that the economic operator must possess.

- (i) registration with the competent company register of the relevant chamber of commerce, including the ability to operate in the gas distribution market (or analogous European register);
- (ii) proven operation/management expertise to be demonstrated by specific sizing parameters or other technical parameters related to the network to be run;
- (iii) UNI ISO 9001 certification related to network infrastructures operation; and
- (iv) operating in compliance with the applicable safety rules (pursuant to ARERA resolution 569/2019/R/gas as integrated and updated from time to time).

Article 10 of the Tender Criteria Decree (and in particular Article 10.1 which makes reference to article 14.5 of the Letta Decree) excludes from participation in tender procedures all parties that:

- (i) in Italy or the EU (or other countries outside EU) - by operation of law or administrative provision or contract - provide local public services as a consequence of a direct appointment or in any case without a prior public tender procedure<sup>8</sup> (this exclusion does not apply during the First Period – i.e. the first period of tender procedures pursuant to the Tender Criteria Decree);
- (ii) fall within one of the exclusion cases identified under Article 38 of Legislative Decree 163/2006 (see footnotes no. 6 and 7 above);
- (iii) fall within the definition of “control” with respect to another participant in the tender pursuant to Article 2359 of the Italian Civil Code; and
- (iv) have not complied with applicable labour provisions;
- (v) cannot prove that they have had an adequate code of ethics for at least one year.

Companies may also participate in the tenders by setting up temporary associations of enterprises (*Raggruppamenti Temporanei di Imprese* - RTI). In such a case, pursuant to art. 10.7 of the Tender Criteria Decree:

- (i) general and technical requirements (excluding proven operating expertise requirements): must be individually held by each member of the RTI (Article 1, paragraph 95, of Law no. 124/2017 - the Competition Law as defined below - clarified that technical requirements, different from proven operating experience, can be held even by just one member of the RTI or consortium);
- (ii) economic-financial and operating expertise requirements: must be held cumulatively by the members (however the leading company must hold at least 40 per cent. of the requirements); and
- (iii) a special purpose vehicle company (SPV) must be incorporated within 1 month of the award of the tender, such company will then enter into the service contract (members of the RTI are jointly liable for the undertakings of the SPV).

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<sup>8</sup> Without prejudice to the above, this exclusion shall in principle apply also to entities controlled by and/or, under certain circumstances, affiliated to a company which provides local public services without a prior public tender procedure; in addition, Article 14.5 of the Letta Decree provides for further exceptions to such provision.

### *The amount of the Reimbursement*

The amount of the Reimbursement, to be paid by the new concessionaire to the exiting operator, to compensate the latter for any investment that has been carried out during the course of the concession shall be calculated - according to the terms of the Tender Criteria Decree and to the Letta Decree - as follows:

- for the First Period (i.e. the first round of tender procedures pursuant to the Tender Criteria Decree), on the basis of what has been established in the concession agreements executed by the exiting operators, provided that they have been entered into before 11 February 2012 (date of entry into force of Tender Criteria Decree, as specified by art. 15, comma 5 the Letta Decree, as modified by Law Decree no. 91/2014 – art. 30 bis co.1), or, if the relevant contracts do not specify any calculation method, based on the MED Guidelines (VIR method, as defined below); and
- after the First Period, based on the Regulatory Asset Base criteria (“**RAB**”).

As a consequence of a modification introduced to the Letta Decree by Law Decree no. 145/2013 (the so-called “*Destinazione Italia Decree*”) - which deleted the reference to the industrial value criterion set out under Royal Decree no. 2578/1925 for the calculation of the Reimbursement during the First Period, in the absence of a specific method of calculation in the contracts – the method to calculate the Reimbursement during the First Period has been specified under the MED Guidelines which were issued on 22 May 2014 pursuant to Article 4.6 of Law Decree no. 69 of 21 June 2013 (the so-called “*Decreto del Fare Decree*”) to detail the criteria and the methodology for calculating the VIR. The MED Guidelines were published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 6 June 2014.

#### *Difference in value of the assets as a consequence of the application of the VIR versus RAB criteria*

Calculating the value of the assets using the VIR and RAB methods determines a substantial difference for the concessionaires, as the application of the VIR criteria will generally lead to a higher number than the one that would result by applying the RAB criteria. This is due to the fact that the VIR method is based on the real industrial value of the assets (taking into account the sum that would have to be paid if such assets were to be re-built today, minus the physical degradation due to the elapsed time since construction and adding any cost for on-going refurbishment/installation works<sup>9</sup>) whilst the RAB value is an amount calculated on the basis of historic costs of the actual investments which is based on the value of the net capital used for investments, (i.e. the actual cost incurred for such investment and updated to today's values, taking into account the degradation of the asset due to the years that have elapsed since its construction/installation and its degree of use<sup>10</sup>).

As a consequence of the MED Guideline's choice to apply the VIR method during the First Period, the new incoming concessionaire will be obliged to pay a Reimbursement value to the exiting concessionaire calculated using the VIR mechanism, knowing that at the end of the concession period he will obtain a Reimbursement value based on the RAB mechanism. Pursuant to Article 24.3 of Legislative Decree no. 93 of 1 June 2011 this difference is taken into account in the tariff as determined by the ARERA to ensure that the higher value paid by the new concessionaire for the assets is remunerated under the tariff (if the outgoing concessionaire confirms itself and is awarded with the concession as a result of the tender, he will not have to pay any Reimbursement value and will continue to be remunerated according to the

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<sup>9</sup> Deducting public grants and private contributions.

<sup>10</sup> Deducting public grants and private contributions.

previous RAB for the duration of the new concession agreement<sup>11</sup>; in this case, however, if the RAB value is misaligned with respect to the sector average level and less than 75% of the value derives from a parametric evaluation, the ARERA tariff regulation envisages, with the start of the new ATEM's concession, the revaluation of the RAB up to 75% of parametric value reflecting the industry average level).

The incoming operator will acquire ownership of the gas distribution network and equipment by paying the outgoing operator the Reimbursement, with the exception of any assets owned by the local municipality<sup>12</sup> (which in any case may decide, in the context of each tender, to sell them to the new operator at a value previously corresponding to their RAB till the entry into force of law 118/2022 on August 2022, which then established for the current possibility, also for assets owned by the local municipality, to be sold at a value corresponding to their VIR (see paragraph 4), like the assets owned by gas distribution company).

As specified by Article 15.5 of the Letta Decree, if the Reimbursement value is greater than 10 per cent. of the value of the local assets, calculated on the basis of the tariff regulation and net of government grants and private contributions (i.e., RAB), Municipalities of the ATEMs shall forward their calculation of the Reimbursement to the ARERA for verification before publication of the tender notice. Municipalities shall take account of any comments made by the ARERA in this regard.

Law no. 124 of 4 August 2017 (“**Competition Law**”) has introduced under Article 1, paragraph 93, inter alia, a simplification of the VIR-RAB delta verification test (establishing that the awarding authority/Municipality 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/Municipality is able to certify, including through a competent third party, that (A) the VIR has been determined in accordance with the provisions of the MED Guidelines and, at the same time, (B) the ATEM's aggregate VIR-RAB delta does not exceed 8% and the VIR-RAB delta of the single Municipality does not exceed 20%. In implementation of law 124/2017, this new provision has been implemented with Resolution 905/2017/R/gas (then amended with Resolution 130/2018/R/gas) by ARERA in its procedures for the verification of reimbursement values (Annex A of said Resolution) and tender notices (Annex B of said Resolution). Subsequently, Article 6, paragraph 2, of Law no 118/2022<sup>13</sup> updated the criteria under letter (B) above, providing new parameters related to an aggregate VIR / RAB delta of 10% in case of actual RAB (*RAB effettiva*), or of 35% in case of parametric RAB (*RAB parametrica*) pursuant to ARERA parametric RAB criteria. In addition, ARERA with its Resolution no. 582/2022/R/Gas replaced the mentioned Annex A of Resolution 905/2017/R/gas, establishing updated provisions for the verification of the Reimbursement values and, recently, on 6 February 2024 ARERA has started a process in order to update such Resolution, already amended in 2022 by Resolution 714/2022/R/gas following Article 6 of

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<sup>11</sup> In this case, at the end of the assignment the Reimbursement value will be recognized as the residual value of the existing stock at the start of the period, valued according to the VIR for all the assets subject to transfer to the incoming manager in the second assignment period, added to the residual value of the RAB of the new investments made during the concession period.

<sup>12</sup> Provided that until the celebration of the new ATEM tenders the entire RAB managed by the Issuer is considered for the purposes of calculating the tariff and produces revenues for the Issuer by operation of law, please note that certain concessions provide that, upon their expiry, a portion of the gas distribution infrastructure shall be devolved free of charge to the Municipality/Grantor Authority. In such cases, should the concession terminate for reasons other than its natural expiry (i.e., in case of early termination event), the outgoing operator might be entitled to receive a compensation related to such portion corresponding to residual share of value due to the early deadline for free devolution, pursuant to article 5, paragraph 14 of the Tender Criteria Decree, which would be additional to the Reimbursement to be paid by the new concessionaire.

<sup>13</sup> Please see paragraph no. 4 “*Law no. 118 of 5 August 2022 (“Legge annuale per il mercato e la concorrenza 2021”)*” below.

Law no. 118/2022 (see following par. 4), providing for a new simplified evaluation process for the VIR/RAB delta verification test.

In case of a dispute on the quantification of the Reimbursement, the outgoing operator will be paid, at the outcome of the tender, the higher value between (a) the value of the 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 system and on the basis of the consistency of the plants at the time of their transfer and (b) the value of the assets estimated by the local authority, with possible adjustments after the dispute has been resolved.

### ***The bid evaluation criteria***

According to Article 12 of the Tender Criteria Decree, tenders will be awarded based on the most economically advantageous offer with regard to the following criteria:

- economic conditions as detailed under art. 13 of the Tender Criteria Decree, which shall also include energy efficiency investments within the ATEM as well as the specific economic / quantitative conditions of performance of the service;
- quality of service and safety criteria offered in addition to the standard ARERA requirements, as detailed under art. 14 of the Tender Criteria Decree;
- investment plan for the development and maintenance of the distribution system, including technological improvements and innovations of the assets, as detailed under art. 15 of the Tender Criteria Decree.

The tender specifications (*disciplinare di gara*) shall identify the criteria, sub-criteria and relevant scores pertaining to all the above tender criteria. A specific score is assigned to each of the aforementioned parameters by a commission of five independent members appointed by the ATEM’s awarding authority in compliance with article 11 of the Tender Criteria Decree.

The Competition Law has confirmed the non-derogation regime of the maximum scores for the criteria and the sub-criteria of the tender as set out in Tender Criteria Decree. It has also introduced under Article 1, paragraph 94, the need to define a simplified procedure for the evaluation of the of the tender documents (*documentazione di gara*) by ARERA 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*). As mentioned above this provision has been implemented by ARERA in its procedure for the verification of tender notices approved with Resolution 905/2017/R/gas, under Annex B (amended by Resolution 130/2018/R/gas). Recently, on 6 February 2024 - as already reminded above in relation to the VIR/RAB delta verification test - ARERA has started a process in order to update such Resolution following Article 6 of Law no. 118/2022 (see following par. 4), providing for a new simplified evaluation process.

### ***Time limits for the tenders***

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 for each ATEM) set out in Annex 1 of the Tender Criteria Decree. Such terms have been most recently extended by means of Law Decree no. 145/2013 (the so called “*Destinazione Italia Decree*”), no. 91/2014 (the so called “*Competitività Decree*”)

and no. 192/2014 (the so called “*Milleproroghe Decree 2014*”) and no. 210/2015 (the so called “*Milleproroghe Decree 2015*”)<sup>14</sup>.

Tender procedures are to be started by each ATEM by the awarding authority which has been appointed by the Municipalities that are part of each ATEM, in compliance with art. 2 of the Tender Criteria Decree.

Article 3 of the Tender Criteria Decree provides that in case the awarding authority of each ATEM has not been appointed or if the tender procedures have not been started within the terms therein specified, the competent Region may assign to the ATEM an additional mandatory term to comply, failing which it shall initiate the relevant procedure by appointing a commissioner (*commissario ad acta*) in compliance with art. 14.7 of the Letta Decree. Pursuant to Article 4.2 of Law Decree no. 69 of 21 June 2013, known as the “*Decreto del Fare Decree*” (as amended by Law Decree no. 210/2015), if also the Region fails to start the tendering procedure, after two months from the expiry of such terms, the MED, after consulting the Region, starts the tender procedure by appointing a specific commissioner (see also paragraph no. 3 *Law Decree no. 210 of 30 December 2015 (Decreto “Milleproroghe 2015”)* below).

With specific reference to the Sicily Region, by art. 94 of Regional Law no. 9/2015 (“**RL 9/2015**”) the Region has amended art. 67 of Regional Law no. 2/2002, by adding paragraph 4 bis which states that in case local authorities have not started the tendering procedures for the awarding of gas distribution concessions in compliance with art. 14.7 of the Letta Decree, they must do so within one year of the coming into force of RL 9/2015 (i.e. within 15 May 2016) . In case of failure to meet such deadline, the Region may start autonomously the tender procedure by appointing a commissioner (*commissario ad acta*). By art. 69 of Regional Law no. 8/2018, the Sicily Region has also amended the same art. 67 of Regional Law no. 2/2002 introducing a provision which states that in Sicily art. 46 bis of the Decree Law no. 159/2007, concerning the principle that gas distribution service is to be rendered within minimum geographical areas and no longer at a municipal level, is not to be applied. However, in February 2020, that provision has been judged by the Italian Constitutional Court violating art. 117 of the Italian Constitution granting the State the prerogative to legislate in protection of the competition and therefore has been declared illegitimate.

**(f) Standard Service Agreement - (“contratto di servizio tipo”)**

By Ministerial Decree dated 5 February 2013, a standard service agreement (“*contratto di servizio tipo*”) for the distribution of natural gas was approved in compliance with the provisions of Article 14.1 of the Letta Decree. In particular, such standard service agreement covers in detail all aspects of the concessionary regime, the mutual obligations of the parties, the duration of the agreement (twelve years), the termination provisions, and provides that the exiting concessionaire shall transfer the ownership of the gas distribution facilities it owns to the incoming operator upon payment by the latter of the Reimbursement.

**(g) Law Decree no. 69 of 21 June 2013 (*Decreto del Fare Decree*)**

Article 4 of Law Decree no. 69 of 21 June 2013, known as the “*Decreto del Fare Decree*”, contains, among other things, provisions regarding concessions for gas distribution. As better detailed in the paragraph “*Time limits for the tenders*” above, it clarifies that the timing under Article 3 of the Tender Criteria Decree are mandatory and introduces specific mechanisms to ensure that tenders are launched including the application of fines and other sanctions. However, the sanctioning system has been abrogated by Law

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<sup>14</sup> And Law Decree no. 244/2016 for some Municipalities involved in seismic events of Abruzzo, Lazio, Marche and Umbria Regions.

Decree no. 210 of 30 December 2015 (Decreto “Milleproroghe 2015”) (please see the specific paragraph 3 below).

The *Decreto del Fare Decree* also contains provisions regarding the criteria for the quantification of the Reimbursement and provides that the MED is empowered to issue specific guidelines regarding the detailed methodology of such quantification. In this respect, the MED issued the aforementioned MED Guidelines, clarifying that the criteria to be adopted for the quantification of the Reimbursement in relation to the First Period is the VIR method, which is based on the industrial value of the assets, to be calculated by taking into account the sum that would have to be paid if such assets were to be re-built today, minus the physical degradation due to the elapsed time since construction and by adding any cost for on-going refurbishment/installation works (deducting public grants and private contributions). The MED Guidelines define the calculation method in detail, clarifying how each element of the equation to calculate the VIR is to be quantified and indicating the price lists to be used to calculate the value of the assets. It is specifically indicated that the MED Guidelines will only apply in relation to the first tenders as in the future the RAB criterion will apply.

### **3. Law Decree no. 210 of 30 December 2015 (Decreto “Milleproroghe 2015”)**

With reference to the timing for the commencement of the tender procedures, the calendar attached to the Tender Criteria Decree has been updated several times by extending the deadlines therein indicated. The last prorogation was granted by Article 3.2-bis of Law Decree no. 210/2015 (the so called Milleproroghe 2015 - the “2015 Extension Decree”) which was converted into law in February 2016. The 2015 Extension Decree has amended the dates within which the publication of the tenders shall occur, keeping unchanged the overall time limit and concentrating, therefore, in a shorter period of time the start of all ATEM tenders (starting from 2016, with a peak in year 2017).

In addition to the extension of the deadlines for the publication of tender’s notices, the 2015 Extension Decree (Article 3.2-ter) has:

- granted an additional 6 months for the exercise by the Regions of their power to step in and start the tender procedures in case of failure by the ATEM to do so and, providing for the further possibility for the MED to start them if the Regions are not able to do so;
- eliminated the economic penalty which was applicable to the municipalities in case of failure to meet the deadlines to start the procedures.

### **4. Law no. 118 of 5 August 2022 (“Legge annuale per il mercato e la concorrenza 2021”)**

Article 6 of Law no. 118/2022 regulates gas distribution concessions by amending, *inter alia*, Articles 14 and 15 of the “Letta Decree”.

The changes were introduced to speed up the procedures for carrying out ATEM tenders by enhancing the assets owned by local Municipalities.

In particular, Article 6, paragraph 1 of Law no. 118/2022 provided:

- under letter a), the application of Article 14, paragraph 8, of Letta Decree also in cases of transfer of plant ownership from a local authority to the incoming operator, in the context of the tender for the assignment of the gas distribution service;
- under letter b), in the event of the sale of the assets and plants by the local Municipalities, that these assets are valued according to the residual industrial value (i.e., the VIR) to be calculated on the basis of the guidelines adopted pursuant to article 4, paragraph 6, of the Law Decree no. 69 of 21 June 2013, converted, with amendments, by Law n. 98 of 9 August 2013 (i.e., the MED Guidelines), and

in accordance with the regulations established by the ARERA which must be issued within 90 days of the date this law comes into force;

- under letter c) that, in the cases referred to letter b) above, the procedure for verifying differences in the reimbursement value by the ARERA before publication of the call for tenders (i.e., the VIR/RAB delta verification test) is applied. Furthermore, even in case of transfer of networks owned by the Municipalities, ARERA recognizes in the tariff, in favour of the operator awarding the tender, the amortization of the difference between the reimbursement value paid to the Municipalities and the Regulated Asset Basis.

In terms of acceleration of the procedures for carrying out the new tenders, it has been provided:

- under Article 6, paragraph 1, letter d), as updated by Article 2, paragraph 2-*ter* of Decree Law 181 of 2023, converted by Law 2 February 2024, no. 11, that economic operators (still) have to indicate, within the economic conditions to be offered in the tender for the awarding of the gas distribution concessions, also the performance of energy efficiency interventions to be carried out in the ATEM area. Compared to the previous version of the same article, however, it is provided that in case of failure of meeting the relevant energy efficiency targets, the operator is required to pay a specific amount corresponding to the tariff contribution established by ARERA for gaining the so-called “**TEE**” “*titoli di efficienza energetica*” or “white certificates” (see next par. “*Other significant regulatory matters*”, plus a surcharge (as liquidated damages), to the Municipalities included in the relevant ATEM<sup>15</sup>. The mentioned tariff contribution shall still be paid also pending the adoption of new operational procedures for the valuation and certification of the mentioned energy efficiency targets (which shall be adopted by the Gestore dei Servizi Energetici S.p.A. (“**GSE**”) in the context of the updating of the Tender Criteria Decree, pursuant to paragraph 4 of the same Article 6, described below);
- under Article 6, paragraph 2, an amendment to the sixth and seventh sentences of the art. 15, paragraph 5 of the Letta Decree establishing a further simplified procedure relating to the verification of the VIR/RAB deviations by the ARERA (see paragraph “*The amount of the Reimbursement*” above);
- increased penalties in the event of late submission by the operators of the information necessary to prepare the call for tenders within the deadline set by the local authority, and in any case not exceeding 60 days, as well as in the event of inaccurate or misleading information: a) administrative fine of up to 1% of total turnover, b) assessment of this behaviour for the purpose of applying Article 80, paragraph 5, letter c-bis of Legislative Decree no. 50 of 18 April 2016, as supplemented and replaced<sup>16</sup> (serious professional misconduct, which could affect the possession of general requirements and lead to the exclusion from the tender for omitted information due to the correct execution of the selection procedure). These sanctions appear to be added to those already provided for by Article 4 of the Tender Criteria Decree (compensation for damages due to delay in carrying out the ATEM tender), and by Article 3 of Law no. 287 of 1990 (abuse of a dominant position according to the Anti-Trust legislation).

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<sup>15</sup> The previous version of Article 6, paragraph 1, lett. d) provided for the possibility for the operator to pay the Municipalities the amount equal to the value of the energy efficiency certificates corresponding to the energy efficiency interventions envisaged in the call for tenders and offered by the operator. Such value should have been provided on an annual basis pursuant to Article 8.6 of the Tender Criteria Decree.

<sup>16</sup> As of today, please refer to Article 95, para. 1, letter e) and Article 98, para 3, letter b) of the New Public Contracts Code (Legislative Decree no. 36/2023).

In addition, Article 6, paragraph 4 of Law no. 118/2023, stated that the MASE, within 6 months, has to update the tender criteria set-out by the Tender Criteria Decree (i.e., Ministerial Decree 226/2011).

The need of such update was requested by the gas distribution sector, both at operators and associations level, in order to additionally foster the organization of the tender process, which encountered numerous practical obstacles, and to promote the effective and competitive participation to tenders of gas distribution operators, which mainly complained: (i) the presence of more or less clear requests for investments on network by the contracting authorities not strictly connected to the operation and development of the networks and possibly without tariff remuneration as well as (ii) the fact that the tender criteria are judged partly obsolete, as they do not reflect the perspective of ecological transition and provides for criteria relating to technological innovation which are also outdated and are not responsive to the renewed technological framework.

In execution of such delegation of powers, on 23 February 2023, the MASE started a consultation procedure relating to the update of the tender criteria, following which sector associations provided their comments. The Issuer is waiting for the new updates to be published in order to be able to analyse them.

**5. Law Decree n. 69 of 16 June 2023 (“Disposizioni urgenti per l’attuazione di obblighi derivanti da atti dell’Unione europea e da procedure di infrazione e pre-infrazione pendenti nei confronti dello Stato italiano”)**

Article 22 of Law Decree n. 69/2023, as amended by conversion law n. 103 of 10 August 2023, modified the art. 23<sup>17</sup>, paragraph 4 bis of Legislative Decree no. 164/2000 which now provides:

*“The extensions and upgrades of existing networks and plants in municipalities already supplied with methane and the new construction of networks and plants in municipalities to be supplied with methane belonging to the climate zone F provided for in article 2 of the regulation referred to in the decree of the President of the Republic of 26 August 1993, n. 412, and classified as mountain territories pursuant to law 3 December 1971, n. 1102, as well as in the municipalities that have submitted the application for contribution within the established deadlines in relation to the completion of the methanization program in the South pursuant to the resolution of the Inter-ministerial Committee for economic planning no. 5/2015 of 28 January 2015, within the limits of the resources already assigned, are evaluated, for the purposes of cost and benefit analysis, taking into account the positive externalities in relation to the contribution of the interventions themselves to the decarbonisation process as well as to the increase in degree of efficiency and flexibility of the networks and plants themselves. The Interministerial Committee for Economic Planning accordingly updates the times for the preliminary investigation activities on the applications referred to in the resolutions adopted on the matter. To this end, ARERA, in determining the tariffs referred to in this article, takes into account the higher investment costs in the municipalities referred to in the first period as well as the need to remunerate interventions in the same municipalities for the introduction of gas from renewable sources into the network.”*

With reference to the last period indicated above, ARERA, by Resolution no. 155/2024/R/gas of 23 April 2024, published on 29 April 2024, started the procedure to establish the method for considering the higher investment costs for the purpose of tariff recognition of new methane system, to be concluded by 30 November 2024.

**6. The published tender procedures at the date of this Base Prospectus**

The new timing set out under the 2015 Extension Decree had provided that the publication of most of the tenders should have started by the year 2017.

However, as of the date of this Base Prospectus, of the total 172 ATEMs (Cremona 2 and Cremona 3, as well as Trento 1, Trento 2 and Trento 3, Florence 1 and Florence 2, Bologna 1 and Bologna 2 have decided

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<sup>17</sup> Which is dedicated to tariffs (to be envisaged by ARERA).

to jointly carry out a joint tender pursuant to Article 2.4 of the ATEM Decree), only 16 calls for tenders were published, relating to as many ATEMs, while another 24 calls following publication were withdrawn in self-protection or suspended or cancelled.

For almost all the procedures the delivery date of the offer or request to participate was postponed at least once. In relation to several of these procedures, specific challenges have been raised by different companies who have questioned the not full coherence of these tender procedures with provisions of law.

Finally, it is worth noting that, until the new ATEM concessions are awarded, the current operators shall continue with the ordinary management of the distribution service, with the exclusion of any extraordinary activity and excluding new investments, pursuant to Article 14.7 of the Letta Decree.

## **REGULATORY – TARIFFS**

The Issuer carries out its activity in a sector subject to heavy regulation, meaning that it is subject to the directives and legal provisions approved by the European Union and the Italian Government, as well as to the ARERA implementation rules, consequently any change in the regulatory environment can have a significant impact on the operations and economic results of the Issuer.

Particularly, as described above, the distribution of natural gas in Italy is regulated by the ARERA, who is responsible for the regulation of the national electricity and natural gas markets, the integrated water system and the waste management one. In relation to the gas distribution sector, its functions include, inter alia, the calculation and updating of the gas distribution tariffs, adjusting the quality and safety of services standards, the establishment of rules for access to gas 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 gas distribution codes set by each company and approved by the ARERA (each company can also adopt the standard network code issued by ARERA – approved with Resolution no. 108/06 as amended). Tariff regulation is set by the ARERA before the start of each regulatory period, that lasts several years. The ARERA 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.

By means of the rules determined at the beginning of the relevant regulatory period, the methodology envisages the calculation of an annual allowed revenue, as the sum of:

- remuneration on net invested capital which is determined by multiplying the Regulatory Asset Base (RAB), determined according to the re-evaluated historical cost methodology, by the allowed rate of return (WACC) equalized between distribution services and metering services<sup>18</sup>; capex of distribution companies, or RAB, it is also divided into two categories: investment in local plant and centralized invested capital;
- depreciation allowance calculated on the basis of the economical/technical lives set by the ARERA for different asset types; and
- allowed operating costs (determined by the ARERA, according to the company size and density of customers connected to the distribution network, based on national average costs as derived from the company's financial statements and accounting books) which may include the retention of profit sharing on the extra-efficiency performed during the previous regulatory period (with ATEM's tenders

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<sup>18</sup> WACC has been differentiated between distribution and metering services until 2019, whilst it is the same for the two services starting from 2020.

the operating costs will be recognized according to the ATEM size, instead of the company size, and the density of customers).

The allowed revenues are then split into revenues which refer to RAB remuneration and depreciation allowance, and into revenues which refer to allowed operating costs.

The revenues related to remuneration and depreciation allowance are updated on an annual basis according to RAB evolution during the period (also through the application of the gross fixed investments deflator index measured by the National Institute of Statistics), while the revenues related to operating costs are updated according to the price cap methodology by applying an RPI-X-factor formula, where (retail price index) RPI represents the inflation index and X-factor is the efficiency target set by the ARERA.

Furthermore, the tariff system identifies a “mandatory tariff” applied to final users (which takes into account the average costs of the distribution services in each of the seven<sup>19</sup> geographical areas in which the Italian territory is divided) and a “reference tariff” which defines the revenues recognised to each distribution company to cover its distribution costs. Under the tariff regulation system, a cost offsetting/equalisation system (*perequazione*) has been set up in order to allow gas distribution companies to recover any discrepancy between the allowed revenues under the reference tariff and the actual revenues of the company obtained applying the mandatory tariff. This offsetting mechanism is regulated by ARERA and carried out by the *Cassa Servizi Energetici e Ambientali* (the “CSEA”).

Starting from 2016, by Resolution no. 583/2015/R/com, ARERA introduced a WACC regulation period for infrastructure services of the electricity and gas sectors (the “TIWACC”), having a six year duration, which does not coincide with the tariff regulation periods of the individual sector (i.e. electricity and gas) and provides for a mid-term update after three years of the allowed rate of return. The TIWACC defines the criteria for the quantification and updating of the remuneration index of the invested capital (*tasso di remunerazione del capitale investito*) to be applied in the regulatory WACC period going from 1 January 2016 until 31 December 2021 and it provides specific WACC values for each of the regulated infrastructure services of the electricity and gas sectors, (electricity transmission, electricity distribution and metering, gas storage, re-gasification, gas transportation, gas distribution and metering). By resolution no. 639/2018/R/com ARERA carried out the mid term update of the parameters for WACC calculation applied to all infrastructural services in gas and electricity sector, for the three-year period 2019-2021. The mid-term update results in a WACC value for gas distribution service and metering respectively amounting to 6.3% and to 6.8% in 2019. By Resolution no. 570/2019/R/gas, ARERA ruled to align the  $\beta$  parameter reflecting the systemic risk of the metering and distribution activities and consequently for 2020 and 2021 WACC is set at 6.3% for both services. By Resolution no. 380/2020/R/com, ARERA started a proceeding in order to update the criteria for calculating and updating of the remuneration index of the invested capital, to be applied in the 2<sup>nd</sup> regulatory WACC period starting from 1 January 2022. Following the publication of two consultation documents, by Resolution no. 614/2021/R/com ARERA approved the TIWACC to be applied in the period going from 1 January 2022 until 31 December 31 2027. ARERA confirmed the same general regulatory model adopted in the 1<sup>st</sup> WACC regulation period, i.e. calculating the WACC for each regulated infrastructure service in the electricity and gas sectors as a weighted average of the rate of return on equity and the cost of debt and taking into consideration the international best practices. ARERA introduced some adjustments regarding the debt cost (now calculated as a weighted average of existing debt and future debt, according to a new methodology to be applied gradually), the introduction of a WACC update mechanism based on trigger logics (to be used, at least, in the first semi-period) and the

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<sup>19</sup>The 7<sup>th</sup> geographical area, corresponding to Region Sardinia, has been introduced starting from the current regulatory period (2020-2025).

introduction of specific premia (Convenience premium, Forward premium and Uncertainty premium) for the calculation of the risk free rate.

As for the level of the  $\beta$  parameter (measurement of the systemic risk related to each regulated service), ARERA updated its value only for the services that had a  $\beta$  smaller than 0.4 (electric distribution and metering, electric transmission and gas transmission) and planned to review again the parameter for all the regulated services during the WACC mid-term update, hypothesizing to carry out in-depth analysis concerning the possible differentiation of the parameter among the various regulated services. ARERA also confirmed that the gearing is a sector-specific parameter, to be updated during each specific tariff review process. The WACC value for gas distribution and metering service amounted to 5.6% for years 2022 and 2023. As for year 2024, because of the activation of the trigger mechanism, with Resolution no. 556/2023/R/com ARERA updated the value of the WACC parameters common to all infrastructure services in the electricity and gas sectors, determining a new WACC value: so, the 2024 WACC value for gas distribution and metering service amounts to 6.5%.

#### ***Distribution tariffs applicable to the current regulatory period (2020- 2025)***

By Resolution no. 570/2019/R/gas (as slightly amended and integrated by Resolutions no. 107/2020/R/gas and 128/2020/R/gas), the ARERA has defined the regulation of the reference tariffs and the mandatory tariffs for natural gas distribution and metering services for the regulatory period starting on 1 January 2020, whose rules are included in the Tariff Code attached to such resolution under Annex A (*Allegato A – “Testo Unico delle disposizioni della regolazione della qualità e delle tariffe dei servizi di distribuzione e misura del gas per il periodo di regolazione 2020-2025” – TUDG – Parte seconda – Regolazione delle tariffe dei servizi di distribuzione e misura del gas per il periodo di regolazione 2020 – 2025 (RTDG 2020-2025)*) – hereinafter will be referred to only as the “**RTDG 2020-2025**”). As already defined for the previous regulatory period (2014-2019), the duration of the regulatory period for gas distribution tariffs has been confirmed as 6 years and therefore the current regulatory period runs from 2020 until 2025 (also called “*the fifth regulatory period*”) and is divided into two semi-periods of three years each.

ARERA Resolution no. 570/2019/R/gas applies both to municipal and extra-municipal (*comunali e sovracomunali*) concessions and to (the future) ATEM concessions (*ambiti*) to be awarded pursuant to the Tender Criteria Decree (*gestioni d’ambito*).

As in the previous regulatory period, the ARERA has provided for, in addition to the usual annual update of the parameters relating to inflation, a specific update to be carried out once half of the regulatory period has elapsed, of some significant parameters. As a consequence, by Resolution no. 737/2022/R/gas, some elements of the tariff regulation have been updated for the second semi-period (2023-2025).

With regard to recognition in the tariff of the investments made in distribution assets, the RTDG 2020-2025 confirms the historical revalued cost method; the adoption of methodologies based on standard costs for the evaluation of new investments, also for investments different from those ones referring to metering service, had been foreshadowed for the 2<sup>nd</sup> three-year period, but the process for their definition (actually started already in the previous regulatory period) has not yet been completed and their application has thus been hypothesized for the next regulatory period, perhaps as part of the new tariff regulation approach for spending and service objectives (ROSS), announced for gas distribution starting from 2026.

The RTDG 2020-2025 confirms besides the application of the standard cost evaluation criteria for investments relating to the roll-out of smart metering devices and, as far as the assessment of centralized invested capital referring to industrial assets, buildings and other tangible and intangible assets is concerned, the parametric methodology of calculation is maintained.

Furthermore, the applicable 2020-2025 tariff regulation provides that the initial levels of operating costs for the distribution activities are to be differentiated according to the size of enterprise class and density of customers

served by each specific operator, setting an X-factor rate higher for small and medium-sized operators, as showed below, whilst the initial levels of operating costs for the measure and for the commercial activity are determined on a national level, in undifferentiated way to all the enterprises.

The RTDG 2020-2025 also confirms a specific tariff component relating to the metering systems for the recognition of the costs of telemetry/remote management and costs related to concentrators (*concentratori*) incurred by companies: whilst in the first semi-period the component was a tariff item based on an ex-post reimbursement methodology, for the second semi-period ARERA has defined, as previously anticipated, a single parametric tariff component, to be annually adjusted for inflation, that, for year 2023, amounts to 1.59 €/redelivery point equipped with a smart meter and for year 2024 amounts to 1,70 €/redelivery point equipped with a smart meter, as established by Resolution no. 631/2023/R/gas (as follow-up of Resolution no. 737/2022/R/gas).

The following are the primary tariff components set out under the RTDG 2020-2025 for the distribution and metering activities based on the regulatory framework in force:

Duration of the regulatory period	1 January 2020 - 31 December 2025
Calculation of net invested capital recognised for regulatory purposes (RAB)	Re-evaluated historical cost Standard cost evaluation for smart meters Parametric method for centralised assets
Return on net invested capital recognised for regulatory purposes (pre-tax WACC) (Article 15.1 of the RTDG 2020-2025)	Distribution and metering service: <ul style="list-style-type: none"> <li>• 6.3% (years 2020 and 2021)</li> <li>• 5.6% (years 2022 and 2023)</li> <li>• 6.5% (year 2024)</li> </ul>
Efficiency Factor for the “old” municipal or supra-municipal management (Article 16 of the RTDG 2020-2025)	For tariffs of the fifth regulatory period, starting from 2020: <ul style="list-style-type: none"> <li>• 6.59% (then adjusted to 6,46% due to the calculation error detected by Resolution no. 409/2023/R/gas) on distribution operating costs, applicable to distribution companies having up to 50,000 redelivery points;</li> <li>• 4.79% (then adjusted to 4,62% due to the calculation error detected by Resolution no. 409/2023/R/gas) on distribution operating costs, applicable to distribution companies having from 50,000 to 300,000 redelivery points;</li> <li>• 3.53% (then adjusted in 3,39% due to the calculation error detected by Resolution no. 409/2023/R/gas) on distribution operating costs, applicable to distribution companies exceeding 300,000 redelivery points (which</li> </ul>

	<p>applies to the Group);</p> <ul style="list-style-type: none"> <li>• 1.57% on commercial activities operating costs; and</li> <li>• 0% on metering operating costs.</li> </ul>
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The RTDG 2020-2025 also sets out:

- the initial value of the local assets (*immobilizzazioni nette di località*) that are going to be transferred to the incoming operator, to be identified as of 31 December of the year prior to the year of the award through a tender procedure, calculated on the basis of:
  - a. reimbursement value (VIR), to be calculated in compliance with the Tender Criteria Decree recognised<sup>20</sup>, to the outgoing operator, if the new operator is different from the outgoing one (in compliance with the provisions of Article 26 of RTDG 2020-2025);<sup>21</sup>
  - b. net regulatory value (RAB) of the local assets (*immobilizzazioni nette di località*) recognised by the tariff regulation in other cases<sup>22</sup>;
- the rules for the application of the efficiency factor, the so called “X-factor”, defined with reference to the management of ATEM.

With specific reference to the X-factor, which is an incentive aimed at increasing the efficiency of each concessionaire’s operating costs, the need to incentivise efficiency has been balanced against the need to take into account potential costs arising from the awarding of the new concessions, and in particular in connection with the potential need to reorganize the service. Consequently, RTDG 2020-2025 (as already the RTDG 2014-2019) set the X-factor to zero for the first two updates after the awarding of the new ATEM concessions. As far as the following years are concerned, the X-factor shall be equal to the one set out under the old municipal or extra-municipal gas distribution companies serving more than 300,000 delivery points.

As already explained in the paragraph “*The amount of the Reimbursement*” above, the tariff regulation regarding ATEM’s concession also envisages that, if the RAB value is misaligned with respect to the sector average level and less than 75% of the value deriving from parametric evaluation (showing the so called “not aligned RAB”), with the start of the new ATEM’s concession, the revaluation of the RAB goes up to 75% of the industry average.

**OTHER RECENT DEVELOPMENTS ON TARIFF REGULATION**

With resolution 704/2016/R/gas, aiming at pursuing an adequate allocative efficiency of new investments based on their sustainability and protecting the interests of the final customers of the service in order to avoid negative effects on the tariff deriving from unjustified investments, ARERA introduced a specific cap on tariff recognition for investments made with reference to the areas of new methanization. This approach, with the

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<sup>20</sup> Please refer to the paragraph *The amount of the Reimbursement* for more details on such calculation criteria of the VIR during the First Period.

<sup>21</sup> With entry into force of law 118/2022 the reimbursement value (VIR) is also recognized for the eventual asset owned by the local municipality, if sold by municipality itself through the tender procedure (see also paragraph 4. “*Law no. 118 of 5 August 2022 (“Legge annuale per il mercato e la concorrenza 2021”)*” above).

<sup>22</sup> Pursuant to art. 6 of the Tender Criteria Decree, the reimbursement value at the end of the first concession period (12 years) for ATEM concessions will be determined by applying the RAB method in compliance with art. 14.8 of the Letta Decree.

same purposes, was also confirmed in the regulatory period started from 1 January 2020 with the RTDG 2020-2025.

Subsequently, however, by Article 114-ter of Law Decree no. 34/2020, as converted into Law no. 77/2020 - which amended Article 23 of Legislative Decree no. 164/2000<sup>23</sup>, adding a specific paragraph 4 bis - it was established that ARERA must recognise the full tariff remuneration for distribution investments relating to extensions and upgrades of existing networks and plants in municipalities already methanized and also for new construction of networks and plants in municipalities to be methanized (therefore, in this case, without applying the previously introduced cap) belonging to specific areas of the country (the municipalities belonging to climatic zone F provided for by Article 2 of President of the Republic Decree no. 412/1993 – *i.e.*, zone with a more rigid climate – and classified as mountain territories, as well as in other some municipalities in southern Italy – *i.e.*, the so called “Mezzogiorno”).

In relation to the legislative intervention referred to above, by Resolution no. 406/2020/I/gas, ARERA addressed a report to the Italian Parliament and Government pointing out several critical aspects of the above-mentioned disposition compressing the ARERA’s prerogatives, such as the lack of efficiency concerning the investments made, the subsequent increase of distribution tariffs paid by final users and the potential conflict of the disposition with both Italian and EU legislation. Nevertheless, by Resolution no. 435/2020/R/gas, ARERA started a proceeding to implement the provisions of Article 114-ter of the Law Decree no. 34/2020 – to be concluded by the end of 2021 – prefiguring the possibility of revising the tariff areas referring to the mandatory tariff, reducing its extension in order to stimulate more prudent evaluations in the investment decisions of the local granting municipalities and consequently of the network operator. In July 2022, ARERA published the consultation document (DCO) 337/2022/R/gas hypothesizing the disapplication of the provisions of Article 114-ter of the Law Decree no. 34/2020, due to the several critical aspects already pointed out in Resolution no. 406/2020/I/gas. Resolution no. 528/2022/R/gas followed the consultation and denied the full tariff remuneration for the above mentioned distribution investments carried out in the specific areas of the country identified by the provisions of Article 114-ter; the Resolutions, in fact, established that the distribution investments that are carried out as a result of the tender offers will not be remunerated for the part that exceeds the level corresponding to the minimum development conditions (*Condizioni Minime di Sviluppo* - CMS) identified in the tender, namely, the part of the investment which is not supported by an adequate cost-benefit analysis.

On the other hand, Resolution no. 570/2019/R/gas had already confirmed for the fifth regulatory period the application of a unitary cap on tariff recognition for distribution investments made with reference to the areas of new methanization with first supply from 2018 onwards. In October 2022, previous provisions were amended by Resolution no. 525/2022/R/gas in order to regulate the application of the cap on tariff recognition.

Both resolutions 525/2022/R/gas and 528/2022/R/gas were challenged by various operators and by local Municipalities and the related appeals were rejected by the Milan TAR. However, the interest in continuing these proceedings ceased following a normative change: in fact, the art. 22 of Law Decree 69/2023, converted into Law 103/2023, affected the contested provision and replaced the mentioned Article 23, para. 4-bis, of the Letta Decree, by establishing that for the distribution investments carried out in the specific areas of the country identified by the Article 23, para. 4-bis, of the Letta Decree (see paragraph 5 “*Law Decree n. 69 of 16 June 2023*” above):

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<sup>23</sup> Which is dedicated to tariffs (to be envisaged by ARERA).

- the assessments, for the purposes of cost-benefit analysis, are carried out taking into account the positive externalities in relation to the contribution of the interventions to the decarbonization process and the increase in the degree of efficiency and flexibility of the networks and plants;
- when determining the tariffs, ARERA takes into account the higher investment costs, as well as the need to remunerate functional interventions to guarantee the introduction of gas from renewable sources into the network.

In order to implement the aforementioned provisions, as remembered at paragraph 5 “*Law Decree n. 69 of 16 June 2023*” (see above), with Resolution no. 155/2024/R/gas ARERA started a proceeding (to be closed by 30 November 2024) in which a possible remodulation of the unitary cap on tariff recognition for distribution investments made with reference to the areas of new methanization with first supply from 2018 onwards, may be evaluated.

With Resolution no. 271/2021/R/com ARERA started a proceeding to introduce a new methodology for the recognition in the tariff of costs relating to infrastructural regulated services in the electricity and gas sectors, based on a new approach named ROSS (Regolazione per Obiettivi di Spesa e di Servizio) referring to "total expenditure" (TOTEX) and common to all the aforementioned services, in accordance with one of the objectives of ARERA's 2019-21 and 2022-25 strategic framework. ARERA's intention is to overcome the "hybrid approach" to the recognition of costs currently in force (price-cap method for operating costs and rate-of-return methods, with regulatory schemes based on historical revalued costs for investments) which could generate capex bias. After three consultation documents (DCO 615/2021/R/com, DCO 317/2022/R/com and DCO 655/2022/R/com), with Resolution no. 163/2023/R/com ARERA identified the criteria of the ROSS approach common to all the regulated infrastructural services and the framework provisions to be applied within the context of the so-called “ROSS-base” model (with regard to the more complete version of the model, named "ROSS-integrale", the provisions will be defined within another regulatory proceeding and should be firstly applied to electric transmission and gas transportation). Among the main innovations introduced by Resolution no. 163/2023/R/com, substantially confirming the new general settings proposed during the consultation process, there are: acquisition of multi-year spending plans from companies; definition of a baseline expenditure; breakdown of total efficiency recovery (difference between total baseline expenditure and total actual expenditure) into two shares, one relating to operational costs and the other to investments; possibility to choose between 2 incentive schemes (low incentive or high incentive) for the share of efficiency relating to operational costs; capitalization rates based on recent historical data with forward-looking adjustments; introduction of mechanisms for the annual updating of tariffs for inflation based on actual inflation rates; a progressive alignment of the tariff regulation criteria of all regulated infrastructural services; performance monitoring of regulated companies through Return on Regulated Equity (RoRE) index, to be defined after further insights to be carried out also with the operators (similarly, further investigations will be carried out about methodologies based on standard costs for new investments, evaluating the most suitable approach for each infrastructural service).

In relation to the gas distribution service, to which the “ROSS-base” should be applied from the next regulatory period (from 2026), ARERA established to carry out in-depth analyses in order to ensure the highest compatibility between the ROSS rules and the regulation of distribution gas tenders.

In 2023 Resolution no. 570/2019/R/gas (establishing the tariff regulation of gas distribution and gas metering services for the 2020-25 period) was subject to partial annulment, with several non-definitive sentences of the TAR Lombardy, following the appeals presented by many distribution operators. Following the judgments of the TAR Lombardy, with Resolution no. 409/2023/R/gas ARERA amended the values of the tariff component to cover the allowed operating costs for the period 2020-23, as well as the X-factor to be applied for tariff updates (see paragraph “*Distribution tariffs applicable to the current regulatory period (2020- 2025)*”). The redetermination of the tariffs for the gas distribution service for the years 2020-23 is however postponed to the

outcome of the appeal proceedings of the aforementioned TAR sentences, that ARERA has proposed in the meantime regarding aspects independent of the calculation errors detected. At the end of 2023, by Resolution no. 631/2023/R/gas ARERA announced a subsequent procedure to evaluate the possible recognition, on an extraordinary basis, of the effects deriving from the adjustment, by the National Institute of Statistics (ISTAT), of some data used for the purpose of determining the rate of change of the gross fixed investment deflator index. By Resolution no. 66/2024/R/gas ARERA started the proceeding in this regard and then carried out a specific consultation for gas distribution service, which should lead to the adoption of a resolution, announced by the end of April 2024, to recognize to operators the effects of the adjustment in ISTAT data.

## **OTHER SIGNIFICANT REGULATORY MATTERS**

### ***ARERA Regulation***

Please find below a short description of the most significant rules for the gas distribution sector issued by the ARERA:

- Resolution no. 569/2019/R/gas: establishing the regulation of the quality and safety system of gas distribution and gas measurement services for the fifth regulatory period (2020-2025);
- Resolution no. 631/2013/R/gas, then integrated by resolutions no. 554/2015/R/gas, 821/2016/R/gas, 669/2018/R/gas, 501/2020/R/gas and 269/2022/R/gas: relating to “smart gas meters”, pursuant to which, for the operators with more than 200,000 served re-delivery points such as 2iRG, 85 per cent. of metering devices currently installed for residential customers were to be replaced with metering devices that allow remote reading and remote management within 31 December 2021 (the original target – 85 per cent. by the end of 2020 - was postponed to the end of 2021 due to the COVID-19 outbreak; together with the target for the operators with a number of served re-delivery points between 100,000 and 200,000 - 85 per cent. by the end of 2021 – that was postponed to the end of 2022; for those between 50,000 and 100,000 this deadline was already fixed at 31 December 2023); no targets are provided for the operators smaller than 50,000 served re-delivery points). 2iRG has successfully achieved its target;
- Resolution no. 270/2020/R/efr, as amended by Resolution 454/2023/R/efr: which modified the previous method of determining the contribution due to cover the costs sustained for the gas distribution companies that are required to achieve the mandatory energy efficiency objectives assigned to them (by obtaining the so-called TEE “*titoli di efficienza energetica*” or “white certificates”). Such mechanism should link the revenue for each TEE to its market value, thereby substantially almost annulling the differences between recognised contribution and cost of purchase.

With specific reference to the so called "white certificates"/TEEs, these are tradable instruments that certify the achievement of energy savings among end users through energy efficiency improvement projects evaluated as approved by the GSE.

The TEE mechanism has been established by the MED (now MASE) together with the Ministry of the Environment by Ministerial Decree dated 20 July 2004 amended and supplemented with other subsequent Ministerial Decrees dated 21 December 2007, 28 December 2012, 11 January 2017 (then amended and

integrated by Ministerial Decree dated 10 May 2018) and 21 May 2021<sup>24</sup>. In particular, the Ministerial Decree dated 21 January 2021 defines the national quantitative targets of energy efficiency, expressed in TOE (Tons of Oil Equivalent), for the years 2021-2024. Each TEE is worth one tonne of TOE saved. Gas and electricity distribution companies with a number of served users exceeding 50,000 units are the subjects obliged to achieve the targets defined in terms of TEE to be obtained. Furthermore, in consideration of an exceptional phase occurred on the TEE market during the 2020 and 2021 due a lack of supply of TEE and a challenging target on the demand side, the Ministerial Decree dated 21 May 2021 establishes, among other aspects, that:

- a) the target of energy efficiency is highly reduced compared to the previous period (2017-2020);
- b) the Ministry shall revise the target obligations in the following years in case that targets are not consistent with an equilibrium between the TEE supply and demand side;
- c) the determination of the tariff contribution to be recognised to the distributors shall be established in order to reflect the TEE's price trend on the market, as well as recorded on bilateral exchanges, by defining a maximum value of recognition; the latter shall be defined, for the following years, taking into account possible future circumstances of disequilibrium between the TEE supply and demand side, with the aim to maintain compliance with criteria of efficiency in the definition of charges and therefore of the costs of the system.

The target that must be achieved by each distribution company is determined by the ratio between the amount of electricity and/or natural gas distributed to their end customers and the amount of electricity and/or natural gas distributed throughout the national territory, as annually determined and reported.

In this context 2iRG represents the second largest obligated entity within the gas sector, with a significant incidence of its individual targets with respect the national target (more than 21 per cent. for year of obligation 2023).

Electricity and gas distributors may fulfil their obligation either by the direct implementation of measures for energy saving or, alternatively, by buying TEE on market organized by the Gestore dei Mercati Energetici S.p.A. (“GME”) or through bilateral agreements with qualified operators. TEE are managed by GME in compliance with the provisions of MED Decree 28 December 2012.

To allow the gas and electricity distributors to recover the costs incurred for the supply of TEE, a specific component of the electricity/gas distribution rate has been introduced (determined by ARERA) in order to secure the proceeds of the grant to cover the costs of supplying TEEs. In particular, ARERA, by Resolutions 13/2014/R/efr, 435/2017/R/efr and 634/2017/R/efr (then updated by Resolution 487/2018/R/efr), had introduced the mechanism for calculating the tariff contribution to cover the costs incurred by distributors to obtain TEEs (the “**Tariff Contribution**”). This contribution was updated annually according to the weighted average prices of trades made on the organised GME market in the obligation year in reference, but the legislation (first, Ministerial Decree dated 10 May 2018, and, second, the Ministerial Decree 21 May 2021), established that the tariff contribution's value should also reflect prices in TEEs bilateral trade also introduced a “cap” on the tariff contribution (set at 250 €/TEE). At the same time, the legislation prescribes also that in the event of limited availability of TEEs on the market, for obliged distributors is possible to request the GSE to

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<sup>24</sup> According to Art. 4 par. 5 and 6: “*Within December 31, 2024, by MASE decree, in agreement with the Unified Conference, after consultation with ARERA, annual national quantitative targets for energy savings for the years after 2024 shall be determined. As of June 1, 2025, if no national quantitative targets have been set for the years after 2024 or different instruments have not been expressly provided for investment protection, the GSE shall withdraw the white certificates generated by ongoing projects, for each year of the remaining duration of entitlement to the incentive, by paying a value equal to the average market value recorded on the GME trading platform in the four-year period 2021-2024, reduced by 10%*”.

issue "virtual" white certificates, not deriving from energy efficiency projects, at a value between 10 and 15 €/TEE (depending on the value assumed by the contribution in the year considered) to reach the minimum obligation of the year for them, by condition holding at least 20% of the white certificates corresponding to this minimum obligation. Such virtual certificates, without right to the tariff contribution, can then be redeemed subsequently, within a pre-established term, by delivering an equivalent quantity of "physical" TEEs, which instead allow to receive the contribution.

Moreover, to deal with the forementioned exceptional phase occurred between 2020 and 2021, ARERA after a period of public consultation established (Resolution no. 547/2021/R/efr) to grant an exceptional additional contribution to the distributors in order to ensure a financial coverage to compensate for the extremely high prices at which distributors had to buy TEE to fulfil their legal obligations.

Since the contribution is normally paid several months after the period in which the costs of purchasing the TEEs are incurred, leaving distributors financially exposed even for large sums, the ARERA has planned an early TEE delivery and validation session (which takes place 6 months before the main session), in which distributors earn the contribution related to the certificates delivered in that specific session. With Resolution no. 454/2023/R/efr the ARERA has increased the value of the contribution that distributors earn in the early session, as well as the maximum quota of TEEs that can be delivered and validated in the early session for which the early contribution is paid. Following the provisions of Law no. 205/2017 about the introduction of the so-called "short prescription" or "two-year prescription" and subsequent amendments to the provision made by Law no. 160/2019, ARERA in December 2021 adopted Resolutions no. 603/2021/R/com and 604/2021/R/com introducing a mechanism aimed at covering energy suppliers from losses due to prescription when late billing does not depend on their responsibility. Heavy obligations were introduced for distribution companies, also for the first transitional period (within 31 December 2022), consisting of systematically providing to supply companies information about possible impediments preventing the consumer, by law, to invoke the "short prescription" term. However, due to rulings issued by TAR Lombardy (2iRG and another distribution company had presented appeal against those ARERA Resolutions) and published on 25 March 2022 and on 2 January 2023, then confirmed by rulings issued by State Council (Consiglio di Stato - ARERA had presented appeal against those TAR Lombardy's rulings) published on 29.12.2023, such obligations were at first suspended for the transitional period and then the aforementioned ARERA's resolutions were partly annulled removing entirely such obligations from regulation. As prefigured in the consultation documents (DCO) no. 330/2020/R/com for both gas and electricity sectors and in the following DCO n° 386/2021/R/com only for the electricity sector (as written below, the application of such a mechanism for the gas sector has been postponed to the future), by Resolution no. 604/2021/R/com ARERA had also introduced an accountability/taking responsibility mechanism for electricity distribution companies, in order to minimize the late correction of old consumption data. The accountability mechanism aims at the progressive decrease of the adjustments deriving from new consumption data and provides for the introduction of a penalty applied to the quantities of adjusted electricity. The application of a similar mechanism to the gas sector has been postponed to the future and it is still under study by ARERA.

Other accountability/taking responsibility mechanisms for gas distribution companies were introduced by ARERA:

- in November 2021, by Resolution no. 512/2021/R/gas (then amended with Resolution no. 433/2023/R/gas and Resolution no. 600/2022/R/gas), reforming regulation related to metering activity at the transportation grid's entry and exit points and, as far as distribution companies are concerned, introducing minimum and optimal technical requirements related to distribution plants' design, performance, and maintenance activities, as well as metering service quality levels and related penalties that enter into force from 2024;
- in June 2022, by Resolution no. 269/2022/R/gas, modifying regulation concerning the output and performance of the mass market (G4-G6 sizes) smart metering service (most relevant modifications

concerned frequency of smart metering, automatic compensations for end users and suppliers in case of lack or low quality smart metering and a special mechanism consisting in giving back to the distribution company part of the automatic compensations paid to end customers in order to take into account a physiological rate of smart metering failure);

- in August 2022, by Resolution no. 386/2022/R/gas (then amended with Resolution no. 494/2023/R/gas), in order to foster a better management of differences (“Delta In-Out”) between gas volumes entering the distribution grids and those delivered to end consumers (the mechanism will first be applied in a simplified version, starting with gas volumes related to the period 2020-2022, and distribution companies will be evaluated according to parameters representing middle level performances, while the application of a more sophisticated mechanism has been postponed to the future).
- in November 2022, by Resolution no. 555/2022/R/gas, introducing a taking responsibility mechanism starting in 2024 aimed at incentivizing, by the way of the application of penalties, the distributors with regard to gas settlement procedures (the main objective of the mechanisms is to ensure the utmost timeliness by the distributors in the rectification of consumption data that have not successfully passed the consistency check in the settlement process - more precisely, during the balancing or adjustment session - and for which a correction must be carried out).

In the view of the energy transition and the innovation in gas grid, in August 2022, ARERA with Resolution no. 404/2022/R/gas (further detailed with Determination no. 9/2022 – DIEU) has established an incentivising mechanism aimed at supporting pilot projects in order to try innovative employments of the gas networks, in particular in the following scopes:

- methods and tools for an optimised management of the gas network (*i.e.*, bidirectional use of the network to enable the reverse flow from the distribution network to the transmission network, development of the storage potential of the gas network);
- innovative employments of the gas networks (*i.e.*, injection of green gases such as biomethane and hydrogen, production of green gases using the power-to-gas technology);
- technological and management innovation of gas networks (*i.e.*, networks digitalization).

Through such a mechanism, a contribution is given covering costs related to the pilot project’s innovative elements, while costs corresponding to non-innovative/“business as usual” activities are subject to ordinary recognition through infrastructural tariffs. By Resolution no. 590/2023/R/gas, four pilot projects submitted by 2i Rete Gas has been judged eligible and admitted to contribution. Those pilot projects regard:

- bidirectional use of the network to enable the reverse flow from the distribution grid to the transmission one in order to maximize biomethane injection in distribution grid itself;
- hydrogen injection in the distribution grid to verify compatibility with all its components;
- deployment of automatic pressure management systems in order to reduce methane emissions from the distribution grid;
- renewable energy sources use for gas preheating at pressure reduction stations in the distribution grid.

## 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 a summary of current Italian law and practice relating to the Italian 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 own 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 the 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.*

*This overview also assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Base Prospectus. Changes in the Issuer's organisation structure, tax residence or the manner in which it conducts its business may invalidate this overview and necessitate an update of this overview and this Base Prospectus. This overview also assumes that each transaction with respect to the Notes is at arm's length. Where in this overview, English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.*

*The following summary 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. It does not discuss every aspect of Italian taxation that may be relevant to a Noteholder if such Noteholder is subject to special circumstances or if such Noteholder is subject to special treatment under applicable law. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary does not describe the tax consequences for an investor with respect to the Notes that provide a pay-out linked to the profits of the Issuer, profits of another 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) deriving from notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) pursuant to article 44 of Italian Presidential Decree No. 917/1986, as amended and supplemented (“**TUIR**”) issued, *inter alia*, by:

- (a) companies resident in Italy for tax purposes whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States and of the States party to the European Economic Area Agreement included in the white list provided for by a decree to be issued pursuant to Article 11 (4) (c) of Decree No. 239, as amended by Article 10 of Legislative Decree No. 147 of 14 September 2015 (currently,

reference is made to the list included in the Ministerial Decree of 4 September 1996 as amended and supplemented from time to time. Last amendment being made by Italian Ministerial Decree dated 23 March 2017, the “**White List**”); or

- (b) companies resident in Italy for tax purposes whose shares are not listed, issuing notes listed upon their issuance for trading on the aforementioned regulated markets or platforms (“*negoziati nei medesimi mercati regolamentati o sistemi unilaterali di negoziazione*”); or
- (c) companies, whose shares are not listed, issuing notes that will not be traded on the aforementioned regulated markets or platforms, provided that these notes are held by “qualified investors” pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented as a result of Article 2, paragraph (1)(e) of the Regulation (EU) 2017/1129, as implemented by Article 35 (1)(d) of the CONSOB Regulation No. 20307 of February 15, 2018, as amended and supplemented.

For these purposes, debentures similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal/face value or principal amount (*valore nominale*) and that do not give any right to the holder to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

### ***Italian resident Noteholders***

Where an Italian resident Noteholder, who is the beneficial owner of the Notes, is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or (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 pursuant to Article 5 of TUIR; or (c) a private or public entity other than companies, trusts 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 a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 percent either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes (unless the Noteholders referred 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 “*regime del risparmio gestito*” regime - see “Capital Gains Tax” below). In the event that the Noteholders described under (a) to (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner’s Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

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. 509/1994 and Legislative Decree No. 103/1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law.

Where Italian resident Noteholders – beneficial owners of Interest payments – are: (i) resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected and (ii) partnerships carrying out commercial activities (“*società in nome collettivo*” or “*società in accomandita semplice*”) and (iii) holders of the Notes included categories under (a), (b) and (c) listed above who have

entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the “*regime del risparmio gestito*”, and the Notes are deposited with an authorised intermediary (as defined below), Interest from the Notes will not be subject to *imposta sostitutiva*. Where the Notes are not deposited with an Italian authorised financial intermediary (or a permanent establishment in Italy of a foreign financial intermediary), the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer. Recipients listed under (i) above are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Noteholders that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected must include in the relevant annual income tax return the Interest accrued on the Notes that will be subject to general Italian corporate taxation (“**IRES**”, generally levied at the rate of 24 percent) and, in certain circumstances, depending on the “status” of the Noteholder, also to regional tax on productive activities (“**IRAP**”, generally levied at the rate of 3.9 percent, while banks or other financial institutions will be subject to IRAP at the special rate of 4.65 percent; in any case regions may vary the IRAP rate by up to 0.92 percent). Italian resident Noteholders who have opted for the “*regime del risparmio gestito*” are subject to a 26 percent annual substitute 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 26 percent annual substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary.

### ***Italian OICRs***

If a Noteholder is resident in Italy and is an open-ended or closed-ended collective investment funds (“*organismo di investimento collettivo del risparmio*”), SICAVs (an investment company with variable capital) or SICAFs (an Italian investment company with fixed share capital) other than closed-end investment companies investing mainly in real estate properties, established in Italy (“**OICRs**”) and either (i) the OICR or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are deposited with 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 OICR accrued at the end of each tax period. The OICR will not be subject to taxation on such result, but a withholding tax, up to 26 percent will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, or upon the sale or the redemption of the relevant units or shares.

### ***Italian Real Estate OICRs***

Payments of Interest on the Notes made to Italian open-ended or closed-ended collective investment funds (“*organismo di investimento collettivo del risparmio*”) or Italian real estate SICAFs to which the provisions of Article 37 of Legislative Decree No. 58 of 24 February 1998, Law Decree No. 351 of 25 September, 2001 (“**Decree No. 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 (“**Real Estate OICRs**”), are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate OICRs provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary.

However, a withholding tax at a rate of 26 percent will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, or on the sale or the redemption of the relevant units or shares. Moreover, subject to certain conditions, income realised by the Real Estate OICR is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units/shares on a tax transparency basis.

### ***Pension funds***

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) (“**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 percent annual substitute tax (the “**Pension Fund Tax**”).

Subject to certain limitations and requirements (including minimum holding period requirement), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law.

#### ***Application of the “imposta sostitutiva”***

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Societa di intermediazione mobiliare* (“**SIMs**”), fiduciary companies, *Societa 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) a permanent establishment in Italy of a non-Italian resident financial intermediary; or (c) not resident in Italy, acting through a system of centralised administration of securities 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. If Interest on the Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners qualified as “net recipients” will be required to include Interest in their yearly income tax return and subject them to a final substitute tax at a rate of 26 percent. Moreover, in case of Notes held abroad, the Italian resident Noteholder, who receives Interest payment without the intervention of an Intermediary, may elect to pay personal income tax at the applicable progressive rates in respect of the Interest; if so, the Noteholder should generally benefit from a tax credit for withholding taxes applied outside of Italy, if any.

#### ***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 or territory which allows for a satisfactory exchange of information with Italy, included in the White List, as amended from time to time pursuant to Article 11(4)(c) of Decree 239; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) an institutional investor, whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, included in the White List, as amended from time to time pursuant to Article 11(4)(c) of Decree 239, even if it does not possess the status of a taxpayer in its own country of establishment; or
- (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

The exemption procedure for Noteholders who are non-resident in Italy and are resident in a White List country identifies two categories of intermediaries:

- (i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the “**First Level Bank**”), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and
- (ii) an Italian resident bank or certain other specific financial institutions, or a permanent establishment in Italy of a non-resident bank or certain other specific financial institutions, acting as depository or sub-depository of the Notes appointed to maintain direct relationships, via electronic link, with the Italian tax authorities (the “**Second Level Bank**”). Organisations and companies non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or certain other specific financial institutions, or a central depository of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239. If a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest and (a) timely deposit, directly or indirectly, the Notes or the coupons with an institution which qualifies as a Second Level Bank and (b) file with the First Level Bank or the Second Level Bank, 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 forth by Ministerial Decree of 12 December 2001, as subsequently amended. Additional requirements are provided for “institutional investors”.

The *Imposta Sostitutiva* will be applicable at the rate of 26% to Interest paid to non-Italian Resident Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the relevant conditions and procedural requirements set forth in Decree No. 239 and in the relevant implementing rules.

In the case of non-Italian resident Noteholders not having a permanent establishment in Italy to which the Notes are effectively connected, the *imposta sostitutiva* may be reduced (generally to 10%) or eliminated under certain applicable tax treaties entered into by Italy, if more favourable, subject to timely filing of the required documentation provided by Measure of the Director of the Italian Revenue Agency No. 2013/84404 of July 10, 2013.

### **Fungible issues**

Pursuant to Article 11 (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 and other proceeds subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed to be the same as the issue price of the 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 percent 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 percent 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 Issuer or of the business in relation to which they are issued and/or any type of control on the management, the Notes may qualify as “*atypical securities*” (*titoli atipici*) under Italian tax law and, thus, Interest in respect of such Notes may be subject to a withholding tax, levied at the rate of 26 percent 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 pursuant to Article 5 of TUIR (with the exception of a general partnership, a limited partnership and similar entities), (c) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax and the payments deriving from the Notes must be included in the relevant Noteholder’s annual income tax return to be therefore subject to ordinary Italian business income taxation (and, in certain circumstances, depending on the status of the Noteholder, also to IRAP); 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 pursuant to the applicable double tax treaty, if any, and subject to timely filing of required documentation.

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. 509/1994 and Legislative Decree No. 103/1996 may be exempt from any income taxation, including withholding taxes, on proceeds and other income relating to the Notes as above depicted if such financial instruments are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

### **Capital Gains Tax**

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.

Where an Italian resident Noteholder is (i) an individual not engaged in entrepreneurial activities to which the Notes are connected; or (ii) a partnership not carrying out commercial activities; or (iii) 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 percent. Under certain conditions and limitations, Noteholders may set off their capital losses with capital 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 standard regime for taxation of capital gains, the 26 percent *imposta sostitutiva* on capital gains will be chargeable, on an annual cumulative basis, on all capital gains, net of any offsettable capital loss, pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident Noteholders must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, 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, Italian resident Noteholders 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 (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being made timely in writing by the relevant Noteholder. The *risparmio amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes as well as in respect of capital gains realised at the revocation of its mandate, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or 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 by Italian resident Noteholders who have entrusted the management of their financial assets, including the Notes, to an Italian asset management company 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 percent 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 acting in connection with an entrepreneurial activity or social security entities may be exempt from any capital gain taxation realized on the Notes if such financial instruments are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law.

Any capital gains realised by a Noteholder which is an OICR, will be included in the results of the relevant portfolio accrued at the end of the tax period. The OICR will not be subject to taxation on such result, but a withholding tax, up to 26 percent will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, or upon the sale or the redemption of the same units or shares.

Any capital gains realised by a Noteholder which is an Italian Real Estate OICR to which the provisions of Article 37 of Legislative Decree No. 58 of 24 February 1998, Decree No. 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, accrues to the tax year end appreciation of the managed assets, which is exempt from any income tax. A withholding tax may apply in certain circumstances at a rate of 26 percent on distributions made by Italian Real Estate OICRs, or upon the sale or the redemption of the units or shares. Subject to certain conditions, income realised by the Real Estate OICR is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of 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 conditions, capital gains realised in respect to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable set forth under Italian law.

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 traded on regulated markets and in certain cases subject to timely filing of required documentation (in particular a self-declaration (*autocertificazione*) stating that the Noteholder is not resident in Italy for tax purposes) 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 held in Italy not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary with no permanent establishment in Italy to which the Notes are effectively connected: (a) is resident in a country which allows for a satisfactory exchange information with Italy, as listed in the White List as defined above; 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 a certain foreign institutional investor which is established in a White List country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence. In such cases, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *risparmio gestito* regime or are subject to the *risparmio amministrato* regime, will be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Noteholders who are institutional investors. For a non-Italian resident Noteholder, the *risparmio amministrato* regime shall automatically apply, unless it is expressly waived, where the Notes are deposited in custody or administration with an Italian resident authorised financial intermediary or permanent establishment in the Republic of Italy of a foreign intermediary.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 percent according to the ordinary rules.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale 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, provided all the conditions for the application of such double taxation treaty are met.

## Tax Monitoring Obligations

Pursuant to Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-commercial entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of TUIR) resident in Italy for tax purposes are required, under certain circumstances, to report in their annual income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), for tax monitoring purposes, the amount of securities and financial instruments directly or indirectly held abroad during a tax year, from which income taxable in Italy may be derived.

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 EUR 15,000 threshold throughout the year.

## Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006 (“**Decree No. 262**”), converted into 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 percent on the value of the inheritance or the gift exceeding, for each beneficiary, EUR 1,000,000;
- (b) transfers in favour of siblings are subject to the 6 percent inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, EUR 100,000;
- (c) transfers in favour of relatives up to the fourth degree and relatives-in-law in direct line and to other relatives in law up to the third degree are subject to an inheritance and gift tax applied at a rate of 6 percent on the entire value of the inheritance or the gift; and
- (d) any other transfer, in principle, is subject to an inheritance and gift tax applied at a rate of 8 percent 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 rates mentioned above, on the value exceeding, for each beneficiary, EUR 1,500,000.

If the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time set forth under Italian law, are exempt from inheritance tax.

## Registration tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds (“*atti pubblici*” and “*scritture private autenticate*”) and notarised deeds executed in Italy are subject to fixed registration tax at rate of EUR 200; and (ii) private deeds (“*scritture private non autenticate*”) are subject to fixed registration tax of EUR 200 only in case of use (“*caso d’uso*”) or voluntary registration or explicit reference (“*enunciazione*”).

## Stamp duty

Pursuant to Article 13 par. 2-ter of the tariff Part I, Annex A, Part I, attached to Presidential Decree No. 642 of 26 October 1972, as subsequently amended, a proportional stamp duty is generally applicable in Italy (subject to certain exclusions/exceptions) to periodical communications sent by Italian financial intermediaries to clients, relating to financial instruments deposited with them.

The proportional stamp duty does not apply, *inter alia*, to communications sent by Italian financial intermediaries to subjects not qualifying as clients, as defined by Provision of the Governor of Bank of Italy 20 June 2012. Moreover, the proportional stamp duty does not apply, *inter alia*, to communications sent to pension funds and health funds.

Where applicable, the proportional stamp duty shall apply at a rate of 0.2 percent per annum and for subjects other than individuals a maximum cap is provided equal to EUR 14,000 per annum. Periodical communications to clients are presumed to be sent at least once a year, even though the intermediary is not required to send communication. In this case, the stamp duty is to be applied on 31 December of each year or in any case at the end of the relationship with the client.

The proportional stamp duty is applied on the market value of the financial instruments or, in the lack, on the nominal or redemption value thereof, as resulting from the communication sent to clients and is applicable both to Italian and non-Italian resident investors, for financial instruments deposited with intermediaries in Italy.

## Wealth Tax on securities deposited abroad (Ivafe)

According to Article 19 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-profit entities and certain partnerships (*società semplici* or similar partnership in accordance with Article 5 of TUIR) holding financial instruments – including the Notes – abroad shall be generally subject to tax on the value thereof (the so-called “Ivafe”). Ivafe shall apply at a rate of 0.2 percent (increased to 0.4 percent, as of 2024, in case of financial assets held in countries or territories listed in the so-called “black list” provided by Ministerial Decree of the Minister of Economy and Finance of May 4, 1999, as amended or supplemented from time to time) on the value or on the redemption value of the financial instruments and is due in proportion to the percentage of ownership and the holding period. The value of financial instruments is generally equal to the market value at the end of each calendar year (or at the end of the holding period) or – in the lack of the market value – on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial assets held outside Italy. Pursuant to the provision of Article 134 of Law Decree No. 34, the wealth tax cannot exceed Euro 14,000 per year for taxpayers different from individuals.

A tax credit is generally allowed for any net worth tax paid abroad in relation to the financial instruments, in an amount not to exceed the Ivafe due. The financial assets held abroad are excluded from the scope of the wealth tax, if such financial assets are administered by Italian financial intermediaries pursuant to an administration agreement.

Details of financial instruments held abroad have to be inserted in the income tax return to be filed in Italy by the Italian resident individuals.

## Italian tax changes may affect the tax treatment of the Notes

Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 (“**Law 111**”), delegates power to the Italian Government to enact, within twenty-four months from its publication, one or more legislative decrees implementing the reform of the Italian tax system (the “**Italian Tax Reform**”). According to Law 111, the Italian Tax Reform could significantly change the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature,

extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage. The information provided in this document may not reflect the future tax landscape accurately.

Investors should be aware that the amendments that may be introduced to the tax regime of financial incomes and capital gains could increase the taxation on Interest and/or capital gains accrued or realized under the Notes and could result in a lower return of their investment. Prospective investors should consult their own tax advisors regarding the tax consequences of the Italian Tax Reform.

### **European Directive on Administrative Cooperation**

Legislative Decree No. 29 of 4 March 2014, as supplemented from time to time, has implemented the EU Council Directive 2011/16/EU (as amended from time to time), on administrative cooperation in the field of taxation (the “**DAC**”).

The main purpose of the DAC is to extend the automatic exchange of information mechanism between Member State, in order to fight against cross border tax fraud and tax evasion. The new regime under DAC is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

The Directive on Administrative Cooperation (2014/107/EU) of December 9, 2014 (“**DAC 2**”) implemented the exchange of information based on the Common reporting Standard (“**CRS**”) within the EU. Under CRS, participating jurisdictions will obtain from reporting financial institutions and automatically exchange with exchange partners, on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures.

The EU Council Directive 2018/822/EU of 25 May 2018 (“**DAC 6**”) implemented the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. Under DAC 6, intermediaries which meet certain criteria and taxpayers are required to disclose to the relevant tax authorities certain cross-border arrangements, which contain one or more of a prescribed list of hallmarks, performed from 25 June 2018 onwards.

Prospective investors should consult their tax advisers on the tax consequences deriving from the application of the Directive on Administrative Cooperation.

### **Foreign Account Tax Compliance Act (FATCA)**

Pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (provisions commonly known as “**FATCA**”) and subject to the proposed regulations discussed below, a “foreign financial institution” may be required to withhold U.S. tax on certain “foreign pass-through payments” to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after applicable final regulations defining foreign pass-through payments are published in the Federal Register generally would be “grandfathered” unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Under proposed Treasury Regulations, any withholding on foreign pass-through payments on Notes that are not otherwise grandfathered would apply to pass-through payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign pass-through payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Noteholders should consult their own tax advisors on whether and how FATCA may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated dealer agreement (as modified and/or supplemented and/or restated from time to time, the “**Dealer Agreement**”) dated 28 June 2024, 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*”, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with this 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. The Dealer Agreement also makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers, either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### 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.

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. 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

Unless the Final Terms in respect of any Notes specifies the “*Prohibition of Sales to EEA Retail Investors*” as “Not Applicable”, 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:

- (a) the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended, the “**EU 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 specifies “*Prohibition of Sales to EEA Retail Investors*” as “Not Applicable”, 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 EU Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU 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 EU 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 EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU 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**

Unless the Final Terms in respect of any Notes specifies the “*Prohibition of Sales to UK Retail Investors*” as “Not Applicable”, 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 European Union (Withdrawal) Act 2018 (“**EUWA**”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive

(EU) 2016/97, as amended, 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 (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 specifies “*Prohibition of Sales to UK Retail Investors*” as “Not Applicable”, 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 in the UK 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, a 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 with the Italian *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2, paragraph 1, letter e), of the EU Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and CONSOB regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the EU Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May, 1999, as amended from time to time, and in accordance with any applicable Italian laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the selling restriction under paragraph (i) or (ii) above and must:

- (a) be made by *soggetti abilitati* (including investment firms, banks or financial intermediaries), as defined by Article 1, first paragraph, letter r), of the Financial Services Act, permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of 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 any other applicable laws and regulations; and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, issued on 25 August 2015 and amended on 10 August 2016 and on 2 November 2020, as further amended from time to time) and/or any other competent authority.

### ***Provisions relating to the secondary market in the Republic of Italy***

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, the EU Prospectus Regulation and Financial Services Act may require compliance with the law relating to public offers of securities. Furthermore, Article 100-bis of Financial Services Act provides that where the Notes are placed solely with “qualified investors” and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business

or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Prospectus Regulation or the Financial Services Act applies.

### **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 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 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 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 2024 annual update of the Programme has been duly authorised by a resolution passed at a meeting of the Issuer's Board of Directors on 24 April 2024.

The issue of the Notes under the Programme will be authorised prior to each relevant issue of Notes by the competent bodies of the Issuer in accordance with applicable laws and the relevant provisions of the Issuer's by-laws.

### Approval of Base Prospectus, Admission to Trading and Listing of Notes on Euronext Dublin

This Base Prospectus has been approved by the Central Bank, as competent authority under the EU Prospectus Regulation. Application has also been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin's regulated market and to be listed on its Official List. Euronext Dublin's regulated market is a regulated market for the purposes of EU 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 from <https://www.2iretegas.it/en/investor-relations/programma-emtn/>:

- (a) the By-laws (*statuto*) (with an English translation thereof) of the Issuer;
- (b) the most recently published audited consolidated annual financial statements of the Issuer (with an English translation thereof) together with the audit reports prepared in connection therewith;
- (c) the Trust Deed;
- (d) a copy of this Base Prospectus; and
- (e) any future base prospectuses, prospectuses, information memoranda, supplements to this Base Prospectus and Final Terms (save that a Final Terms relating to a Note which is not admitted to trading on a regulated market in the EEA will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer as to its holding of Notes and identity) and any other documents incorporated herein or therein by reference.

In addition, this Base Prospectus, the Final Terms relating to Notes which are admitted to trading on the Euronext Dublin's regulated market and each document incorporated by reference are available on Euronext Dublin's website at [www.euronext.com/en/markets/Dublin](http://www.euronext.com/en/markets/Dublin).

### 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 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, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking, 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**

Save as disclosed in the section “*Description of the Issuer – Recent Developments*” above, there has been no material adverse change in the prospects of the Issuer since 31 December 2023 and there has been no significant change in the financial performance or financial position of the Group since 31 December 2023.

## **Litigation**

Save as disclosed in the section “*Description of the Issuer – Legal Proceedings*” above, neither the Issuer nor any other member of the 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 Group.

## **Independent Auditors**

The Issuer’s independent auditors are EY S.p.A. of Via Meravigli 12/14, 20123 Milan (“**EY**”), who were newly appointed at the Issuer’s shareholders’ meeting on 24 April 2024 for a nine-year term expiring on the date of the shareholders’ meeting convened to approve 2iRG’s financial statements as at and for the year ending 31 December 2032. EY is registered under No. 70945 in the Register of Independent Auditors (*Registro dei Revisori Legali*) maintained by the Ministry of Economy and Finance (*Ministero dell’Economia e delle Finanze*) and is a member of the Italian Association of Chartered Accountants (*Associazione Italiana Revisori Contabili* or ASSIREVI). As at the date of this Base Prospectus, EY have not performed an audit or review of any of the Issuer’s financial statements.

2iRG’s annual consolidated financial statements as at and for the years ended 31 December 2023 and 2022 were audited by PricewaterhouseCoopers S.p.A. (“**PwC**”), former auditors to the Issuer. PwC is registered under No. 119644 in the Register of Independent Auditors (*Registro dei Revisori Legali*) maintained by the Ministry of Economy and Finance (*Ministero dell’Economia e delle Finanze*) and is a member of the Italian Association of Chartered Accountants (*Associazione Italiana Revisori Contabili* or ASSIREVI).

## **Use of Foreign Language Terms**

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

## **Post-issuance information**

The Issuer will not provide any post-issuance information in relation to any issues of Notes, except if required by any applicable laws and regulations or the rules of any relevant stock exchange or under the Conditions.

## Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in lending, advisory, corporate finance services, investment banking and/or commercial banking transactions with and may perform services to the Issuer and its affiliates in the ordinary course of business for companies involved directly or indirectly in the sector in which the Issuer and/or its affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of the Dealers may also have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Some or all of the Dealers, or their affiliates, have lending relationships with the Issuer and certain companies within the Issuer's group, and a conflict of interests exists in as much as part of the proceeds from the issue of the Notes will be used to repay previous loans granted to the Issuer's group and the Dealers will receive commissions on the Notes (as further described in "*Use of Proceeds*"). 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.

In particular, the Intesa Sanpaolo banking group (the "**Intesa Sanpaolo Group**"), which includes Intesa Sanpaolo S.p.A. (one of the Dealers), and the UniCredit banking group (the "**UniCredit Group**"), which includes UniCredit Bank GmbH (one of the Dealers), each holds an interest of 9.995 per cent. of the share capital of the company (F2i SGR) that set up and manages the closed end investment funds reserved to qualified investors named "Terzo Fondo F2i" (the "**Third Fund**"), into which the "F2i — Fondo Italiano per le Infrastrutture" or "First Fund" has been merged by way of incorporation.

As at the date of this Base Prospectus, F2i SGR, in the name, on behalf and in the interest of the Third Fund, holds the majority of the share capital in the Issuer.

The Intesa Sanpaolo Group has appointed one or more members of the Board of Directors of F2i SGR., one member and one alternate member of the Board of Statutory Auditors of F2i SGR. Moreover, Intesa Sanpaolo Group form part of the shareholders' agreements stipulated between the shareholders of F2i SGR.

Furthermore (i) the Intesa Sanpaolo Group has appointed, together with other shareholders, one member of the investment committee of the "F2i – Secondo Fondo Italiano per le Infrastrutture" (the "**Second Fund**"), and (ii) UniCredit Group has appointed one member of the Board of Statutory Auditors, and one member of the investment committee of the Second Fund.

One or more of the companies of the Intesa Sanpaolo Group have granted significant financing to the Issuer and/or its parent and group companies. One or more of the companies of the Intesa Sanpaolo Group are one of the main financial lenders of the Issuer and/or its parent and group companies. The Intesa Sanpaolo Group and UniCredit Group are also investors of the Third Fund. Furthermore, the Intesa Sanpaolo Group is also investor of Second Fund.

## 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), *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 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 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 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 predetermined 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**

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**ISSUING AND PRINCIPAL PAYING AGENT**

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**TRUSTEE**

**Deutsche Trustee Company Limited**  
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**LEGAL ADVISERS**

*To the Issuer as to English and Italian law*

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United Kingdom	Italy	Italy

*To the Dealers and the Trustee as to English and Italian law*

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	United Kingdom	

**AUDITORS TO THE ISSUER**  
*(for the financial years 2022 and 2023)*

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Italy

**LISTING AGENT**

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Germany

## DEALERS

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